

Morning Call

12 August 2021

Indices	Close	Previous	Chg. %
Sensex Index	54,526	54,555	-0.05%
Nifty Index	16,282	16,280	0.01%
NSEBANK INDEX	35,806	36,034	-0.63%
NSEAUTO INDEX	10,140	10,159	-0.18%
NSEIT INDEX	31,670	31,713	-0.14%

Market depth	Advance	Decline	T/O(bn)
NSE	653	1,358	638
BSE	1,028	2,184	44

Indices	Close	Previous	Chg. %
DJIA	35,485	35,265	0.62%
NASDAQ	14,765	14,788	-0.16%
S&P 500	4,448	4,437	0.25%
DAX	15,826	15,771	0.35%
CAC 40	6,858	6,820	0.55%
FTSE 100	7,220	7,161	0.83%
HANG SENG	26,660	26,606	0.20%
SSE INDEX	3,533	3,530	0.08%
NIKKIE 225	28,071	27,888	0.65%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
TATASTEEL	4.0	SHREECEM	-2.1
JSWSTEEL	3.5	KOTAKBANK	-1.9
IOC	2.5	SUNPHARMA	-1.8
NTPC	2.4	BAJAJ-AUTO	-1.6
HINDALCO	2.2	ICICIBANK	-1.0

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	31.9	41.0	-9.1
STOCK FUT	151.3	142.3	9.0

Markets trimmed losses in the final hour of trade to close on a flat note

- Gains in metal stocks helped key benchmark indexes recover from their intraday lows, while private banks and financials underperformed.
- The benchmark 30-share BSE Sensex swung between gains and losses before ending the session down 28.73 points, or 0.05 percent, at 54,525.93.

Global & Asian market overview

- **European stocks** closed on a firm note as strong earnings updates and optimism about economic recovery lifted sentiment. Data showing a slowdown in U.S. core consumer price growth in July eased concerns about any tightening of policy measures by the Federal Reserve.
- **US stocks** once again moved in opposite directions during trading, closing mixed for the fourth consecutive session. While the Dow and the S&P 500 reached new record closing highs, the tech-heavy Nasdaq finished the day modestly lower.
- **Asian stocks** ended mixed after the U.S. Senate approved a \$1 trillion infrastructure bill. As Fed officials talk up the prospects of unwinding some stimulus, investors awaited U.S. consumer inflation data later in the day for additional clues on the outlook for monetary policy.

Industry Buzz

- **Heidelbergcement India:** The company has entered into power purchase agreement, share subscription agreement and shareholders agreement with Lalganj Power. Heidelbergcement will procure around 22 GW hours/annum of solar power under captive arrangement for operating its plant located in Uttar Pradesh. It will also subscribe to 36.36 lakh equity shares of Rs 10 each of Lalganj Power, at a premium of Rs 3.2 per share, aggregating to Rs 4.8 crore.

- **ITC:** The company continues to be bullish about the Indian consumer space. FMCG portfolio has been “revitalised to make it future ready,” Chairman Sanjiv Puri said. FMCG segment Ebitda margins improved 640 basis points during the last 4 years, while revenue increased to nearly Rs 15,000 crore (\$2 billion) from about Rs 10,500 crore. ITC will continue to examine alternate 15,000 crore (\$2 billion) from about Rs 10,500 crore. ITC will continue to examine alternate structures in the hotels business. In the medium term, “asset-right strategy” is expected to double the number of properties in the hotel business, he said. ITC will also launch a super app during the year called ITC-MAARS for small farmers. Further, the company is investing in cutting-edge digital technologies; fast-tracked e-commerce, anticipating the surge in demand for ‘contactless shopping’ and home delivery.
- **Power Grid Corporation of India:** To inject Rs 425 crore in Energy Efficiency Services, a joint venture company of POWERGRID, NTPC, PFC and REC.

- **Indraprastha Gas:** The company has entered into an agreement with Kinetic Green Energy & Power Solutions, for setting up battery swapping stations initially at Delhi/NCR and thereafter at mutually agreed locations. The two companies plan to setup 50 battery swapping chargers for two-wheelers and three-wheelers by the end of this financial Year. According to the agreement, IGL will be involved in creating the infrastructure whereas Kinetic will provide the technology part.
- **Wipro:** The company has partnered with IP Infusion to drive disaggregated network solutions and foster innovation. The solutions will simplify management across 5G networks, enhance network automation, and reduce CapEx and OpEx, the company said.
- **Bajaj Finserv:** To incorporate a wholly owned subsidiary for alternate investments. The subsidiary will focus on investing in start-ups and property. Bajaj Finserv will invest up to Rs 300 crore in one or more tranches either in the form of equity or any other security or loan in the subsidiary.

Earnings Update

- **CESC Q1FY22 (Consolidated, QoQ):** Revenue up 11% at Rs 3,216 crore Vs Rs 2,890 crore Net profit down 36% at Rs 271 crore Vs Rs 423 crore Ebitda down 9% at Rs 768 crore Vs Rs 840 crore Margin at 23.9% vs 29.1%
- **CreditAccess Grameen Q1FY22 (Standalone, YoY):** Net Interest Income down 4% at Rs 313.77 crore Vs Rs 326.24 crore Net profit down 53% at Rs 29.59 crore Vs Rs 63.60 crore GNPA at 8.12% Vs 4.38% (QoQ)
- **HEG Q1FY22 (Consolidated, QoQ):** Revenue up 9% at Rs 413.69 crore Vs Rs 380.48 crore Net profit of Rs 56.77 crore Vs Net loss of Rs 16.08 crore Ebitda gain of Rs 72.41 crore Vs Ebitda loss of Rs 4.69 crore
- **Cummins India Q1FY22 (Consolidated, QoQ):** Revenue down 5% at Rs 1,194.91 crore Vs Rs 1,256.25 crore Net profit up 46% at Rs 246.94 crore Vs Rs 168.56 crore Ebitda down 13% at Rs 147.92 crore Vs Rs 169.41 crore Margin at 12.4% Vs 13.5%
- **Bata India Q1FY22 (Consolidated, QoQ):** Revenue down 55% at Rs 267 crore Vs Rs 589.90 crore Net loss of Rs 69.40 crore Vs Net profit of Rs 29.40 crore Ebitda loss at Rs 31.70 crore Vs Ebitda gain of Rs 112 crore Appointed Gunjan Shah, whole-time director and CEO, as the Managing Director and CEO for a term of 5 years with effect from October 1.

Results Today

- Tata Steel, Eicher Motors, Hero MotoCorp, Aurobindo Pharma, BPCL, Oil India, Ashok Leyland, Bharat Forge, Ansal Properties & Infrastructure, Apollo Micro Systems, Ashapura Minechem, Avanti Feeds, Clariant Chemicals (India), Dishman Carbogen Amcis, Dish TV India, Engineers India, Finolex Cables, Gujarat Pipavav Port, GR Infraprojects, HCC, HealthCare Global Enterprises, HUDCO, Ind-Swift Laboratories, IRCON International, IRCTC, JB Chemicals, KNR Constructions, Matrimony.com, Max India, Mazagon Dock Shipbuilders, Mishra Dhatu Nigam, Minda Corporation, Natco Pharma, NMDC, Page Industries, Power Finance Corporation, RailTel Corporation of India, RCF, Redington (India), RITES, Sadbhav Infrastructure Project, Schneider Electric Infrastructure, Skipper, Sundram Fasteners, Suryoday Small Finance Bank, Thyrocare Technologies, Trident, Ujjivan Financial Services, and Venus Remedies

Indian Macro

- The government is expecting a "very, very robust" tax revenue in the current fiscal on the back of better-than-expected corporate sector performance, Revenue Secretary Tarun Bajaj said. Acknowledging that high GST rates are impacting the automotive sector, Bajaj said the GST Council would look at solutions to bring down rates which are very high, take out certain items from the tax-exempt category and correct the inverted duty structure. "When I look at the current first quarter, the results have started coming and (tax) revenues have also started coming. The first advance tax is over, the TDS date is coming and going, I see a very, very robust tax revenue that is coming. "It is not that we have increased the taxes, or we have become more intrusive and we are coming to you asking to pay more taxes... the happy thing behind this is, perhaps the corporate sector is doing better than what we had anticipated it to. So, it is a very good thing for the economy," Bajaj said at a CII annual session.

Global Macro

- The US posted a budget deficit of USD 302 billion in July of 2021, a record for that month, and compared with a USD 62 billion gap in the same period last year and mostly in line with market expectations. Receipts for the month totaled USD 262 billion, down 54% from July 2020, while outlays were USD 564 billion, a 10% drop from the year-earlier period. For the first ten months of the 2021 fiscal year, the US federal deficit came to USD 2.540 trillion, down 10% from the year-earlier record of USD 2.807 trillion.
- US crude oil inventories fell by 0.447 million barrels in the August 6th week, following a 3.626 million increase in the previous period and compared with market consensus of a 1.27 million drop, data from the EIA Petroleum Status Report showed. Meantime, gasoline inventories were down by 1.400 million barrels, also below forecasts of a 1.657 million decline.
- China's banks extended CNY 1.08 trillion in new yuan loans in July 2021, their lowest level since October 2020 and below market expectations of CNY 1.20 trillion. The country's central bank is expected to announce additional measures to stimulate activity amid signs that economic growth is slowing in the world's second-largest economy. Last month, the PBOC cut the reserve requirement ratio (RRR) for banks, releasing around CNY 1 trillion in long-term liquidity, and analysts expect another RRR cut this year. Broad M2 money supply increased 8.3 percent from a year earlier, below June's 8.6 percent growth and estimates of 8.7 percent. Outstanding yuan loans advanced 12.3 percent in July from a year earlier, in line with expectations, and unchanged from June. Growth of outstanding total social financing (TSF), a broad measure of credit and liquidity in the economy, slowed to 10.7 percent, the weakest reading since February 2020.

	S1	S2	PIVOT	R1	R2
ADANIPOINTS	689	677	697	710	718
ASIANPAINT	2946	2925	2973	2994	3022
AXISBANK	751	743	760	767	776
BAJAJ-AUTO	3680	3632	3743	3792	3854
BAJAJFINSV	13998	13735	14116	14378	14496
BAJFINANCE	6090	6002	6145	6232	6288
BHARTIARTL	611	605	620	627	636
BPCL	445	437	448	456	459
BRITANNIA	3587	3540	3618	3665	3696
CIPLA	897	883	906	920	928
COALINDIA	142	140	143	146	147
DIVISLAB	4852	4787	4906	4970	5024
DRREDDY	4711	4662	4739	4788	4816
EICHERMOT	2699	2673	2725	2751	2777
GRASIM	1487	1465	1502	1523	1539
HCLTECH	1056	1046	1068	1078	1089
HDFC	2627	2602	2658	2682	2714
HDFCBANK	1481	1472	1500	1508	1528
HDFCLIFE	661	656	667	672	677
HEROMOTOCO	2751	2719	2783	2814	2846
HINDALCO	429	421	437	444	452
HINDUNILVR	2379	2354	2387	2411	2420
ICICIBANK	685	679	696	702	713
INDUSINDBK	1029	1012	1037	1054	1062
INFY	1667	1660	1676	1683	1692
IOC	103	102	104	106	107
ITC	207	206	209	210	212
JSWSTEEL	735	718	743	760	768
KOTAKBANK	1750	1727	1785	1808	1843
LT	1566	1547	1582	1602	1617
M&M	769	757	779	791	802
MARUTI	6939	6847	7017	7109	7187
NESTLEIND	17987	17861	18151	18277	18441
NTPC	116	114	117	118	119
ONGC	116	114	117	118	119
POWERGRID	174	171	176	179	180
RELIANCE	2097	2072	2108	2133	2145
SBILIFE	1118	1101	1130	1147	1159
SBIN	423	418	428	433	438
SHREECEM	26034	25693	26726	27066	27759
SUNPHARMA	768	760	782	790	803
TATACONSUM	754	742	764	776	786
TATAMOTORS	290	283	294	301	305
TATASTEEL	1406	1372	1418	1451	1463
TCS	3332	3313	3346	3364	3379
TECHM	1307	1288	1317	1335	1345
TITAN	1769	1751	1792	1811	1834
ULTRACEMCO	7359	7272	7454	7541	7635
UPL	761	747	771	786	796
WIPRO	598	594	602	606	610

Trading guidelines

- This model is based on the premise that the PIVOT is the most important price level that decides the intraday trend. Much like how the door or a window hangs by a hinge and sways in the wind, the intraday trend also hangs by this PIVOT LEVEL and swings because of the demand-supply, volatility and market sentiments prevailing in the market. Hence its importance in intraday trading.
- Wait for the market price to stabilize after opening in the first 30 minutes of trading.
- Opening Price is considered around close of previous day. Avoid BUYING if prices open abnormally high and avoid selling if prices open too low.
- If the market price is stable above the pivot level after 20-30 minutes of opening, then GO LONG and book profit near the resistant level (R1 & R2)
- If the market price is stable below the pivot level after 20-30 minutes of opening, then GO SHORT and book profit near the support level (S1 & S2)

Stop loss

Since you are aware of the 'potential returns' at the time of initiating an intraday trade (difference between the entry price and profit targets), you should set up an appropriate STOP LOSS around 1% above / below of the trade price or a level comfortable to you, to protect yourself if the market turns and goes against you.

Alternate strategy

If you have already initiated a trade with clear-cut profit targets and a stop loss level, and find during the course of the trading day that the market turns and goes the other way and crosses the TREND LEVEL, then trade again: For instance, if your first trade was a LONG trade and the market price drops through the TREND LEVEL to lower price levels, then GO SHORT and if your first trade was a SHORT trade and the market price rises through the TREND LEVEL to higher price levels, then GO LONG.

S1, S2 are the immediate support levels.

R1, R2 are the immediate resistance levels.

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