

Morning Call

16 September 2021

| Indices | Close | Previous | Chg. % |
|---------------|--------|----------|--------|
| Sensex Index | 58,723 | 58,247 | 0.82% |
| Nifty Index | 17,519 | 17,380 | 0.80% |
| NSEBANK INDEX | 36,852 | 36,613 | 0.65% |
| NSEAUTO INDEX | 10,297 | 10,210 | 0.86% |
| NSEIT INDEX | 36,075 | 35,432 | 1.82% |

| Market depth | Advance | Decline | T/O(bn) |
|--------------|---------|---------|---------|
| NSE | 1,280 | 743 | 742 |
| BSE | 2,033 | 1,262 | 74 |

| Indices | Close | Previous | Chg. % |
|------------|--------|----------|--------|
| DJIA | 34,814 | 34,578 | 0.68% |
| NASDAQ | 15,162 | 15,038 | 0.82% |
| S&P 500 | 4,481 | 4,443 | 0.85% |
| DAX | 15,616 | 15,723 | -0.68% |
| CAC 40 | 6,584 | 6,653 | -1.04% |
| FTSE 100 | 7,016 | 7,034 | -0.25% |
| HANG SENG | 25,033 | 25,502 | -1.84% |
| SSE INDEX | 3,656 | 3,663 | -0.17% |
| NIKKIE 225 | 30,512 | 30,670 | -0.52% |

| Nifty Gainers | Chg. % | Nifty Losers | Chg. % |
|---------------|--------|--------------|--------|
| NTPC | 7.5 | TATACONSUM | -1.0 |
| BHARTIARTL | 4.8 | NESTLEIND | -0.6 |
| COALINDIA | 4.0 | GRASIM | -0.5 |
| ONGC | 3.9 | BPCL | -0.4 |
| TITAN | 3.0 | ASIANPAINT | -0.4 |

| FII Derivatives | Buy (bn) | Sell (bn) | Net (bn) |
|-----------------|----------|-----------|----------|
| INDEX FUT | 29.6 | 27.9 | 1.7 |
| STOCK FUT | 136.5 | 139.0 | -2.5 |

Markets surged to record highs

- Bharti Airtel jumped 4.8 percent after the Union Cabinet approved a much-expected relief package for the country's cash-strapped telecoms sector, which entails relaxation to companies on payment of their long outstanding dues.
- Reliance Infrastructure jumped 5 percent. The company said it will receive Rs. 7,100 cr from the Delhi Metro Rail Corporation, which will be used to repay debt and to make the company debt-free.

Global & Asian market overview

- **European stocks** closed notably lower, weighed down by data showing an acceleration in UK inflation and disappointing retail sales and industrial production data out of China.
- **US stocks** initially showed a lack of direction during trading but climbed firmly into positive territory as the day progressed. With the advance on the day, the major averages largely offset the downturn seen in the previous session.
- **Asian stocks** ended mostly lower, as weak Chinese data and fears over the rapid spread of the Delta strain of COVID-19 in the region overshadowed optimism over cooling U.S. inflation.

Industry Buzz

- **Hindustan Copper:** Government plans to sell 10% of the company's equity through an Offer for Sale. The initial plan is for the sale of 4.83 crore shares or 5% of the total equity with a green shoe option to sell another 4.83 crore shares or 5% of the total equity. The floor price of Rs 116 per share is at a 6.82% discount to Wednesday's closing price. The OFS opens for non-retail investors today and for retail investors tomorrow.
- **Coal India:** Plans to offer 15 mines to developers to raise output by a combined 160 million tones per year, Chairman Pramod Agrawal said. The company is also executing 35 connectivity projects, including railway lines, at a total cost of Rs 11,500 crore (\$1.6 billion) to help transport 414.5 million tons of a coal a year.

- **Tata Group stocks:** Tata Sons has submitted a financial bid for Air India. Further, Tata Sons' Chairman N Chandrasekaran rejected news reports that claimed the company is considering a revamp of its leadership structure. "No leadership structural changes are on the anvil, as speculated in certain sections of media," he said.
- **SpiceJet:** Owner Ajay Singh has bid for Air India in his personal capacity, according to a Bloomberg report.
- **Telecom stocks:** The union cabinet has approved a relief package for telecom industry. Telecom Minister Ashwini Vaishnaw announced measures on AGR, spectrum, foreign direct investment and a moratorium on dues to the government. Together, these will give the companies a financial breather even as they make efforts to increase pricing and improve average revenue per user.
- **Infosys:** The company has collaborated with SAP to provide Business Process Transformation-as-a-Service to enterprises.
- **Fineotex Chemical:** The company has entered into a strategic collaboration with Eurodye-CTC, Belgium, to commercialise specialty chemicals for the Indian market.

- **JSW Energy:** JSW Renew Energy Two, a project SPV formed by JSW Future Energy (100% subsidiary of JSW Energy) has signed Power Purchase Agreements with Solar Energy Corporation of India for the cumulative contracted capacity of 450 MW awarded against Tariff based Competitive bid invited by SECI.
- **Wipro:** The company received multi-year IT managed services contract from Kuala Lumpur- headquartered Maxis Broadband Sdn Bhd, a leading converged solutions provider.
- **CEAT:** Shareholders have approved issuance of NCDs up to Rs 500 crore on private placement basis.
- **NLC India:** Allotted 10,000 Commercial Papers of Rs 5 lakh each aggregating to Rs 500 crore on September 15.
- **Srei Infrastructure Finance:** Rakesh Bhutoria has resigned as CEO effective from closing hours of September 15. Bhutoria resigned to explore alternative sectors. His resignation was also considering the salary payment issues arising out of the Trust and Retention Account (TRA) operationalized by the bankers impacting team morale
- **HG Infra Engineering:** The company has received the letter of award from National Highways Authority of India for two HAM projects.
- **Cholamandalam Investment:** To invest up to Rs 97.5 million in Paytail Commerce
- **HealthCare Global Enterprises:** Care Ratings has upgraded the rating of the long-term bank facilities of the company to A/Stable from A-/Stable.
- **Zee Entertainment** raised to Overweight at JPMorgan; price target Rs 320
- **Zomato** rated new Underweight at JPMorgan; price target Rs 120

Indian Macro

- The federal cabinet offered the telecom industry a four-year moratorium on Wednesday on payment of adjusted gross revenue and spectrum dues starting on October 1, throwing a reprieve to debt-laden entities, particularly Vodafone Idea Limited, and give them a chance to better manage cash flows in the interim. To encourage investment, 100% Foreign Direct Investment (FDI) under the automatic route was permitted in the telecom sector by the cabinet, the government said in an announcement welcomed by the top two industry players as a boost to the Digital India initiative. The government made it clear that the moratorium will carry an interest burden of the marginal cost of funds based lending rate, or MCLR, + 2 percent, making it revenue- neutral for the exchequer. All relief measures are prospective in nature.
- The Union Cabinet on September 15 cleared a Rs 25,938 crore performance-linked incentive (PLI) scheme for the automobile sector to boost the production of electric and hydrogen fuel cell vehicles. The scheme also aims to generate investment and employment in the sector that took a hit after the coronavirus outbreak and is going through sweeping changes.
- Union Cabinet on September 15 announced a moratorium of four years for the payment of the Adjusted Gross Revenue (AGR) dues, providing a relief to the debt-strapped telcos - Vodafone Idea and Bharti Airtel. With the reform measures, the government aims to boost the proliferation and penetration of broadband and telecom connectivity in the country. Apart from this the government is looking to boost 4G proliferation, infuse liquidity and create an enabling environment for investment in 5G networks with the new set of reform measures.
- The household debt as a percentage of gross domestic product (GDP) may have declined to 34 percent in the first quarter of 2021-22, according to an estimate by the State Bank of India's research report Ecowrap. The COVID-19 pandemic has resulted in a spike in household debt to the GDP rate. As per the report, it rose sharply to 37.3 percent in 2020-21 from 32.5 percent in 2019-20. "We estimate that household debt as a percentage of GDP has declined to 34 percent in Q1 FY22 with the commensurate rise in GDP in the first quarter, though it has increased in absolute terms," the research report released on Wednesday showed. In absolute numbers, the household debt has increased to Rs 75 lakh crore in the first quarter of FY22 from Rs 73.59 lakh crore in FY21, it said.

Global Macro

- Industrial production in the United States increased 0.4 percent in August 2021 after moving up 0.8 percent in July. Late-month shutdowns related to Hurricane Ida held down the gain in industrial production by an estimated 0.3 percentage point. Although the hurricane forced plant closures for petrochemicals, plastic resins, and petroleum refining, overall manufacturing output rose 0.2 percent. Mining production fell 0.6 percent, reflecting hurricane-induced disruptions to oil and gas extraction in the Gulf of Mexico. The output of utilities increased 3.3 percent, as unseasonably warm temperatures boosted demand for air conditioning.
- The price index for US imports decreased 0.3 percent in August 2021, the first monthly decline for the index since a 0.1 percent drop in October 2020 and compared with market expectations of a 0.3 percent rise. Import fuel cost declined 2.3 percent, the first monthly decrease in 10 months, mostly driven by lower petroleum prices. In addition, prices for nonfuel imports fell 0.1 percent, the first drop since November 2020, as a decrease in nonfuel industrial supplies and materials more than offset higher prices for automotive vehicles; foods, feeds, and beverages; capital goods; and consumer goods. On a yearly basis, import prices advanced 9.0 percent, the annual gain since March.

| | S1 | S2 | PIVOT | R1 | R2 |
|-------------|-------|-------|-------|-------|-------|
| ADANIAPORTS | 758 | 747 | 764 | 774 | 780 |
| ASIANPAINT | 3332 | 3321 | 3358 | 3369 | 3395 |
| AXISBANK | 787 | 782 | 792 | 797 | 803 |
| BAJAJ-AUTO | 3767 | 3741 | 3785 | 3811 | 3828 |
| BAJAJFINSV | 16740 | 16681 | 16861 | 16920 | 17041 |
| BAJFINANCE | 7359 | 7320 | 7420 | 7459 | 7520 |
| BHARTIARTL | 708 | 683 | 722 | 747 | 760 |
| BPCL | 488 | 485 | 491 | 495 | 498 |
| BRITANNIA | 4058 | 4033 | 4097 | 4122 | 4160 |
| CIPLA | 949 | 944 | 953 | 957 | 961 |
| COALINDIA | 157 | 152 | 160 | 165 | 168 |
| DIVISLAB | 5098 | 5057 | 5132 | 5173 | 5206 |
| DRREDDY | 4928 | 4895 | 4951 | 4984 | 5008 |
| EICHERMOT | 2813 | 2782 | 2832 | 2863 | 2883 |
| GRASIM | 1588 | 1572 | 1605 | 1620 | 1638 |
| HCLTECH | 1244 | 1208 | 1266 | 1302 | 1325 |
| HDFC | 2793 | 2770 | 2818 | 2841 | 2866 |
| HDFCBANK | 1537 | 1526 | 1546 | 1557 | 1566 |
| HDCLIFE | 742 | 735 | 747 | 754 | 759 |
| HEROMOTOCO | 2860 | 2847 | 2872 | 2885 | 2897 |
| HINDALCO | 479 | 470 | 483 | 493 | 497 |
| HINDUNILVR | 2759 | 2736 | 2772 | 2795 | 2808 |
| ICICIBANK | 708 | 702 | 712 | 718 | 722 |
| INDUSINDBK | 1043 | 1018 | 1052 | 1077 | 1087 |
| INFY | 1698 | 1682 | 1706 | 1723 | 1731 |
| IOC | 116 | 115 | 116 | 118 | 118 |
| ITC | 215 | 214 | 216 | 217 | 218 |
| JSWSTEEL | 691 | 683 | 694 | 701 | 705 |
| KOTAKBANK | 1853 | 1835 | 1876 | 1893 | 1916 |
| LT | 1703 | 1686 | 1714 | 1730 | 1741 |
| M&M | 749 | 741 | 755 | 763 | 768 |
| MARUTI | 6884 | 6853 | 6911 | 6942 | 6969 |
| NESTLEIND | 19979 | 19892 | 20174 | 20261 | 20457 |
| NTPC | 120 | 114 | 122 | 129 | 131 |
| ONGC | 126 | 122 | 128 | 132 | 135 |
| POWERGRID | 175 | 172 | 177 | 181 | 182 |
| RELIANCE | 2366 | 2354 | 2381 | 2393 | 2408 |
| SBILIFE | 1167 | 1161 | 1171 | 1177 | 1182 |
| SBIN | 437 | 428 | 441 | 451 | 455 |
| SHREECEM | 30593 | 30212 | 31032 | 31413 | 31852 |
| SUNPHARMA | 777 | 774 | 781 | 784 | 788 |
| TATACONSUM | 864 | 859 | 876 | 881 | 893 |
| TATAMOTORS | 308 | 304 | 311 | 315 | 317 |
| TATASTEEL | 1443 | 1434 | 1454 | 1463 | 1473 |
| TCS | 3893 | 3823 | 3937 | 4007 | 4051 |
| TECHM | 1441 | 1418 | 1460 | 1483 | 1502 |
| TITAN | 2082 | 2034 | 2107 | 2155 | 2180 |
| ULTRACEMCO | 7761 | 7706 | 7845 | 7900 | 7984 |
| UPL | 756 | 749 | 760 | 767 | 771 |
| WIPRO | 668 | 664 | 674 | 679 | 685 |

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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