

Morning Call

25 October 2021

Indices	Close	Previous	Chg. %
Sensex Index	60,822	60,924	-0.17%
Nifty Index	18,115	18,178	-0.35%
NSEBANK INDEX	40,324	40,030	0.73%
NSEAUTO INDEX	11,434	11,557	-1.07%
NSEIT INDEX	35,395	35,914	-1.44%

Market depth	Advance	Decline	T/O(bn)
NSE	718	1,311	793
BSE	1,258	2,053	54

Indices	Close	Previous	Chg. %
DJIA	35,677	35,603	0.21%
NASDAQ	15,090	15,216	-0.82%
S&P 500	4,545	4,550	-0.11%
DAX	15,543	15,473	0.45%
CAC 40	6,734	6,686	0.71%
FTSE 100	7,205	7,190	0.20%
HANG SENG	26,127	26,018	0.42%
SSE INDEX	3,583	3,595	-0.34%
NIKKIE 225	28,805	28,709	0.34%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
HDFC	2.2	HINDALCO	-4.6
BAJAJ-AUTO	1.7	COALINDIA	-3.7
KOTAKBANK	1.3	TATAMOTORS	-3.4
AXISBANK	1.2	ITC	-3.4
ONGC	1.0	TATACONSUM	-2.8

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	54.0	60.1	-6.1
STOCK FUT	279.8	290.7	-10.9

Markets ended a choppy session lower, extending losses for the fourth straight session

- Tata Consumer Products, ITC, Tata Motors, Coal India and Hindalco fell 3-5 percent in the Nifty pack, while ONGC, Axis Bank, Kotak Mahindra Bank, Bajaj Auto and HDFC rose 1-2 percent.
- IRB Infrastructure Developers soared as much as 20 percent to scale a fresh three-year high ahead of the company's board meet next week to consider a proposal for raising funds.

Global & Asian market overview

- **European stocks** closed higher after China Evergrande Group supplied funds to pay interest on a U.S. dollar bond, helping ease contagion fears.
- **US stocks** Following the upward trend seen over the past several sessions, stocks turned in a mixed performance during trading. While the tech-heavy Nasdaq moved to the downside, the Dow reached a new record closing high.
- **Asian stocks** recouped early losses to end on a flat note, as embattled developer China Evergrande Group made a bond payment just before a 30-day grace period expired.

Industry Buzz

- **SBI Cards and Payment Services:** Board to meet on Oct. 28 to consider issuance of Rs 2,000 crore worth NCDs.
- **Nalco:** The company's Lean Slurry Project at Angul was inaugurated on October 20. The project will help in 100% utilization of ash generated at the company's captive power plant.
- **Zee:** India Court to Give Verdict on Zee-Invesco Case on Oct. 26
- **Petronet LNG:** India to press Qatar for past LNG cargoes with contract renewal

Earnings Update

- **RIL Q2FY22 (Consolidated, QoQ):** Revenue up 20% at Rs 1,67,611 crore Vs Rs 1,39,949 crore Net profit up 11.50% at Rs 13,680 crore Vs Rs 12,273 crore
- **Reliance Retail Q2FY22 (Consolidated, QoQ):** Revenue up 19% to Rs 39,926 crore Vs Rs 33,566 crore Net profit up 76% to Rs 1,695 crore Vs Rs 962 crore Ebitda up 50% at Rs 2,913 crore Vs Rs 1,941 crore Margins at 7.3% Vs 5.8%
- **Gland Pharma Q2FY22 (Consolidated, YoY):** Revenue up 30% at Rs 1,080.46 crore Vs Rs 831.50 crore Net profit up 38% at Rs 302.08 crore Vs Rs 218.85 crore Ebitda up 27% at Rs 376.59 crore Vs Rs 297.64 crore Margin at 34.9% Vs 35.8%
- **Tata Consumer Products Q2FY22 (Consolidated, QoQ):** Revenue up 1% at Rs 3,033.12 crore Vs Rs 3,008.46 crore (BBG estimate: Rs 3,092.8 crore) Net profit up 9% to Rs 261.39 crore Vs Rs 240.65 crore (BBG estimate: Rs 284.87 crore) Ebitda up 3% to Rs 413.3 crore Vs Rs 399.5 crore (BBG estimate: Rs 429.29 crore) Margins at 13.6% Vs 13.3% (BBG estimate: 13.9%)

- **Tata Elxsi Q2FY22 (Consolidated, YoY):** Revenue up 38% at Rs 595.33 crore Vs Rs 430.17 crore Net profit up 59% at Rs 125.33 crore Vs Rs 78.87 crore Ebitda up 56% at Rs 183.63 crore Vs Rs 118.04 crore Margin at 30.8% Vs 27.4%
- **Crompton Greaves Consumer Electricals Q2FY22 (Consolidated, YoY):** Revenue up 14% at Rs 1,385.12 crore Vs Rs 1,213.19 crore Net profit up 12% at Rs 158.81 crore Vs Rs 141.68 crore Ebitda up 12% at Rs 214.11 crore Vs Rs 191.25 crore Margin at 15.5% Vs 15.8%

Results Today

- Tech Mahindra, HDFC Asset Management Company, Aditya Birla Sun Life AMC, ANG Lifesciences India, Aurionpro Solutions, Ceat, Coforge, Colgate-Palmolive (India), CSB Bank, Dwarikesh Sugar Industries, Gujarat Mineral Development Corporation, Goodluck India, Home First Finance Company India, ICRA, Indus Towers, Jagran Prakashan, Kansai Nerolac Paints, Karda Constructions, LKP Securities, Maharashtra Scooters, Mangalam Organics, Newgen Software Technologies, Orient Cement, Prakash Industries, Quick Heal Technologies, Ramco Cements, Shriram Asset Management, SRF, Suven Life Sciences, and Welcure Drugs & Pharmaceuticals

Indian Macro

- Speeches of central bankers are tracked widely across the financial markets. While speeches by central bankers from developed countries are tracked for economic outlook, and possible impact on financial markets, those by central bankers from developing countries are tracked for new developments, and changes in policy. In a speech on policy developments, any mention of capital account convertibility (CAC) immediately catches the attention. So when Reserve Bank of India (RBI) Deputy Governor T Rabi Shankar gave a speech on 'India's Capital Account Management – An assessment', on October 14, it was not surprising that it created excitement among market participants. What is CAC? Countries trade with each other, and these transactions are recorded in the Balance of Payments (BOP). The BOP transactions are classified under two heads. The current account transactions comprise exports and imports of goods and services, remittances, and so on. The capital account transactions comprise inflows and outflows of investments, which could take the form of either direct investment or investment via the financial markets.
- Onions and tomatoes have become more expensive and so have petrol and diesel since the monetary policy committee of the Reserve Bank of India met earlier this month. Prices of other vegetables have also moved up after heavy rains in parts of the country damaged standing crops. These increases are bound to further upset household budgets and show up in the consumer price index reading for October. Cooking gas, or liquefied petroleum gas, have also been rising with every adjustment at the beginning of every month. It will inch close to the Rs 1,000 mark per 14.2 kg cylinder if global crude oil prices continue to rise. International prices of almost every commodity are elevated and trending upwards as supplies remain tight.

Global Macro

- WTI crude continued its upward momentum to trade above \$84 a barrel, new 7-year high as concerns over the supply in the US outweighed the easing of energy crises. US crude inventories remain at historically low levels and OPEC+ has been struggling to add crude back to the market. At the same time, coal and gas prices eased, curbing oil-switching in generators.
- In the 2021 fiscal year, the US budget deficit reached \$2.772 trillion, the second-highest on record, compared with the \$3.132 trillion reported in 2020. Receipts jumped 18.3% to \$4.046 trillion, amid higher individual and business income taxes from a recovering economy; while outlays rose 4.1% to \$6.818 trillion due to continued spending to counteract the devastating effects of the global pandemic. The massive deficits in both years were only surpassed by a shortfall of \$1.4

trillion in 2009 during the Obama administration, amid higher spending to lift the country out of a severe recession following the 2008 financial crisis. In September only, the budget deficit hit USD 62 billion, the fiscal year's final month, compared with a USD 125 billion shortfall a year ago and market expectations of a USD 60 billion gap. That was the smallest budget gap since January of 2020, as receipts grew 23.1% to \$460 billion while outlays increased only 4.7% to \$521 billion.

- The Fed is on track to begin tapering although it would be premature to raise rates, Fed Chair Powell said during a Panel Discussion at the Virtual Bank for International Settlements-South African Reserve Bank Centenary Conference. Powell also mentioned that supply bottlenecks are still weighing and have gotten worse in some cases recently. At the same time, high inflation and pressure on wages will likely last into next year but will abate. Still, the Chair added, "if we see serious risk on inflation expectations persistently rising we will use our tools".

	S1	S2	PIVOT	R1	R2
ADANIPOINTS	746	733	767	780	800
ASIANPAINT	2925	2873	2964	3016	3055
AXISBANK	808	799	817	827	835
BAJAJ-AUTO	3821	3768	3865	3917	3962
BAJAJFINSV	18327	18088	18789	19027	19489
BAJFINANCE	7581	7488	7758	7851	8028
BHARTIARTL	684	674	695	706	716
BPCL	442	437	447	452	458
BRITANNIA	3632	3586	3696	3742	3806
CIPLA	883	873	899	909	925
COALINDIA	171	169	178	180	187
DIVISLAB	4964	4912	5101	5153	5290
DRREDDY	4602	4551	4645	4697	4740
EICHERMOT	2563	2536	2628	2655	2719
GRASIM	1688	1672	1726	1742	1781
HCLTECH	1174	1161	1199	1211	1236
HDFC	2866	2820	2902	2948	2984
HDFCBANK	1664	1649	1686	1702	1723
HDFCLIFE	682	668	692	706	716
HEROMOTOCO	2709	2682	2754	2781	2827
HINDALCO	457	447	475	485	502
HINDUNILVR	2420	2391	2459	2488	2527
ICICIBANK	752	746	759	764	771
INDUSINDBK	1181	1165	1193	1209	1221
INFY	1690	1670	1726	1746	1783
IOC	129	128	131	133	135
ITC	230	226	238	243	250
JSWSTEEL	650	638	670	682	702
KOTAKBANK	2133	2088	2167	2212	2246
LT	1764	1748	1798	1814	1848
M&M	878	869	894	902	918
MARUTI	7291	7219	7458	7529	7696
NESTLEIND	18659	18461	19049	19247	19637
NTPC	143	141	145	147	149
ONGC	155	153	156	158	160
POWERGRID	191	188	194	196	200
RELIANCE	2599	2579	2632	2652	2685
SBILIFE	1150	1131	1161	1180	1191
SBIN	498	495	503	507	512
SHREECEM	27306	26872	27660	28094	28448
SUNPHARMA	800	786	813	826	840
TATACONSUM	777	767	799	808	831
TATAMOTORS	479	472	495	502	518
TATASTEEL	1268	1243	1296	1322	1350
TCS	3464	3436	3513	3540	3589
TECHM	1480	1443	1521	1558	1599
TITAN	2367	2334	2431	2463	2528
ULTRACEMCO	7098	7033	7166	7231	7299
UPL	692	684	707	716	731
WIPRO	669	660	687	697	715

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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