

From Research Desk

25, May 2023

Equity Corner:

US debt ceiling limit impasse is keeping world equity markets in jitters. Weak Asian markets led to tepid opening in our markets. Weak opening led to further weakness pushing Nifty 50 down over 120 points, thereafter consistent buying helped recover all of its losses. Nifty 50 traded in green with gains of around 20 – 40 points for an hour or so when renewed selling pressure pushed it down, ending the day with cuts of ~62 points (-0.34%).

Market breadth was evenly skewed through the session. However, towards the close decliners outpaced advancers; A/D ratio for NSE stood at 963/1071. FII's net bought in cash of ~Rs.1186 crores while DIIs bought around Rs.301 crores.

Derivative Corner:

FII's added 4364 contracts of net shorts in index futures and 547 contracts of net longs in stock futures. They added 76,391 contracts of longs in index call options while 22,083 contracts of longs in index put option, net impact being net index call option long went up by 76,391 contracts. While on writing side addition of 1,33,345 contracts of call writing was done while unwinding of 9412 contracts was done on Put writing side, net impact being 1,42,757 contracts of net call option writing. Overall, bearish for the day, in light of next session being monthly expiry of contracts....!

Take on market's:

We expect near term (couple of weeks) consolidation with positive bias for Indian market. Banking, NBFC's, Cement, Engineering, Capital Goods, Infra, IT and select pharmaceutical stocks are likely to be key drivers. Relative out performance of Indian markets vis-à-vis global peers is shaping up well.

Participant wise Open Interest	24/05/2023	23/05/2023	24/05/2023	23/05/2023
Client Type	Net Position Index Futures	Net Position Index Futures	Net Position Stock Futures	Net Position Stock Futures
FII	-4,198	166	1,87,059	1,86,512
Pro	1,547	-6,848	1,01,458	1,03,596

Participant wise Open Interest	24/05/2023	23/05/2023	24/05/2023	23/05/2023
Client Type	Net Position Long Call - Put	Net Position Long Call - Put	Net Position Short Call - Put	Net Position Short Call - Put
FII	-52,610	-1,29,001	27,511	-1,15,246
Pro	27,800	-1,39,399	2,26,496	-2,53,922

Commodity Corner	Currency/Per Unit	Price	Week on Week	MTD	YTD
Copper	USD/Lbs	3.559	-3.33%	-8.27%	-5.60%
Aluminium	USD/T	2211	-3.72%	-6.51%	-4.33%
Zinc	USD/T	2295	-9.07%	-13.44%	-23.58%
Tin	USD/T	24320	-0.83%	-6.32%	-2.82%
Rubber	USD Cents/Kg	131.6	-3.73%	-2.45%	-0.68%
Coal	USD/T	160.25	-3.03%	-16.25%	-59.15%
Steel	CNY/T	3457	-6.92%	-5.15%	-13.85%
Gold	USD/t.0z	-6.92%	-0.07%	-100.00%	-100.00%
Crude Oil	USD/Bbl	74.263	3.20%	-3.76%	-3.97%
Agriculture					
Cotton	USD/Lbs	81.89	-5.88%	2.12%	-1.43%
Wheat	USD/Bu	605.33	-1.09%	-2.55%	-22.09%
Rice	USD/cwt	16.65	-3.95%	-3.99%	-9.53%
Sugar	USD/Lbs	25.49	-1.62%	-5.73%	29.36%

Indices	Close	Previous	Chg. %
Sensex	61773.78	61,981.8	-0.34%
Nifty	18285.4	18,348.0	-0.34%
BANK Nifty	43677.85	43,954.5	-0.63%
DJIA (Dow)	32799.92	33,055.5	-0.77%
NASDAQ	12484.16	12,560.3	-0.61%
S&P 500	4115.24	4,145.6	-0.73%
DAX	15842.13	16,152.9	-1.92%
CAC 40	7253.46	7,378.7	-1.70%

Sector Index	Close	Previous close	Change %
PSU Bank	3987.3	4,007.8	-0.51%
Nifty IT	28890.8	28,873.7	0.06%
Nifty FMCG	49355.25	49,118.8	0.48%
Nifty Pharma	12440.45	12,314.2	1.03%
Nifty Energy	24085.25	24,028.5	0.24%
Nifty Metal	5855.15	5,947.7	-1.56%
Nifty Commodity	5808.9	5,819.8	-0.19%
Nifty PSE	4794.55	4,784.3	0.21%

Bond Yields	Percentage
US 10 year	3.75%
US 2 year	4.41%
India 10 year	6.99%

FII Flows (Cash market - In Crores)		
Current	MTD	YTD
1,185.84	33507.28	22268.41

Top 8 Nifty Gainers	Chg. %	Top 8 Nifty Losers	hg. %
SUNPHARMA	1.98	ADANIANT	-6.03
DRREDDY	1.31	ADANI PORTS	-2.21
ITC	1.13	TATAMOTORS	-1.49
INDUSINDBK	1.06	HDFCBANK	-1.36
TITAN	0.99	ICICIBANK	-1.29
SBILIFE	0.93	HDFC	-1.21
HEROMOTOCO	0.91	JSWSTEEL	-1.08
POWERGRID	0.90	HINDALCO	-0.82

Currencies	D/D	MTD	YTD
DXY	0.41%	2.21%	-0.58%
INR	-0.14%	1.22%	-0.04%

What's in the news !

▲ Positive ■ Neutral ▼ Negative

- ▲ **Cummins India:** Total Sales for the quarter at Rs. 1,934 Cr. increased by 29% compared to the same quarter last year and decreased by 12% compared to the previous quarter. During Q4FY23 the standalone net profit of Cummins India reached Rs. 318 Cr which is higher by 68% from Rs.189.15 Cr recorded during Q4FY22. For the year ended March 31, 2023, the total standalone sales stood at Rs.7,744 Cr up by 26% from Rs.6,140 Cr in FY22. The company's standalone domestic sales were at Rs.5,562 Cr up by 26% and exports sales stood at Rs. 2,050 Cr up by 27% YoY compared to the last year. During 12MFY23 its standalone net profit stood at Rs. 1,130 Cr up by 27% YoY from Rs. 887 Cr in 12MFY22. Operating margins improved to 16% from 14% in FY'22.
- ▲ **Hindalco Industries:** Hindalco Industries Ltd reported an 37% year-on-year fall in its consolidated net profit (attributable to its US acquisitions) the fiscal's fourth quarter ended March (Q4FY23) to Rs. 2,411 crores. The company had reported a profit of Rs. 3,851 crores in the year-ago period. Sequentially, the consolidated net profit was up 77%. On sequential basis India business delivered better set of numbers on all counts. Operating margins improved by ~200 bps to 9% from 7% in Q3 and net profit came at Rs. 832 crores up 67% Q/Q while revenue was up +5.3%. According to the company's exchange filing, the sequential growth of 77% was driven by the India business's solid operational performance and sustained focus on cost reduction. **Accumulate.**
- ▲ **Bikaji Foods: Q4FY23** - Revenue from operation grew 15% YoY to Rs 462 crores with volume growth of 13% YoY. EBITDA margin stood at 13.4% (up 320 bps YoY). Softening in raw material and packing material prices and efficient pricing measures in Q4FY23 over Q3FY23, resulting in an improvement of gross margin by 440 bps QoQ to 35.2%. FY23 - Revenue from operation grew 22% YoY to Rs 1966 crores with volume growth of 15% YoY. EBITDA margin stood at 10.9% (up 220 bps YoY). Profit After Tax (PAT) grew 63% YoY to Rs 126.5 crores. PAT margin stood at 6.4% (up 170 bps YoY).
- ▲ **Torrent Power:** Torrent Power announced award of turnkey work for a 300 MW Wind Power Project to be developed in Karnataka. Torrent Power won this project through competitive bidding in SECI Tranche XII and entered the PPA in March'23. Torrent Power currently has an aggregate installed generation capacity of ~4.1 GW, which consists largely of clean generation sources such as gas (2.7 GW) and renewables (1.07 GW). It also has a capacity of 0.4 GW of Renewable Generation plants under development apart from the 300 MW Wind Project just awarded.
- ▲ **Sonata Software:** Sonata Software, a Public Limited company is expanding in Nalgonda IT Park by adding around 200 jobs focusing on Software Development and Technology Innovation. This will be a collaborative workspace for Engineers to work on innovative solutions catering to the needs of a wide range of industries. The Technology Center will deliver service excellence for various domains like Banking and Financial, Healthcare and Lifesciences. This creates scope for workforce generation on Niche Technology skills like AIML (Artificial Intelligence and Machine learning, Data Engineering, Cloud Technologies, Pharmacy benefits validation technologies.
- ▲ **Wipro:** Wipro Limited (NYSE: WIT, BSE: 507685, NSE: WIPRO), a leading technology services and consulting company, announced a partnership between its Engineering Edge business line and Spartan Radar, an automated mobility sensor software provider, to build advanced vehicle solutions. In conjunction with this agreement, Wipro Ventures, Wipro's corporate investment arm, announced that it has invested in Spartan Radar's Series B funding round.

Open Fundamental Calls (12 months)

Company Name	Entry Price*	Target	M to M	Potential return
Muthoot Finance	1091	1550	1%	40%
Maruti Suzuki	8641	10629	7%	15%
Eicher Motors	3161	4375	14%	21%
Ashok Leyland	141	170	7%	13%

*Price at which call was generated

From Technical Analyst's Desk

NIFTY (18,285)

Support - 18,000

Resistance - 18,500

• Nifty closed weak for the day and is expected to consolidate between 18,000 - 18,500.

Recommendation	Trigger level	Target	Stoploss
Nifty Futures	Buy above 18,350	18,800	18,200

BANK NIFTY (43,678)

Support - 43,300

Resistance - 44,200

• BankNifty closed negatively for the day and is expected to consolidate between 43,300 - 44,200.

Recommendation	Trigger level	Target	Stoploss
Bank Nifty Futures	Buy above 43,900	44,700	43,600

Options recommendation

Stock/Index	Recommendation	Type	Strike	Expiry	Premium	Target	Stop loss
TVS Motors	Buy	Call	1,260	25May, 2023	9.50	15.00	7.00
TCS	Sell	Put	3,300	25May, 2023	10.00	1.00	16.00

Top Pick for the day

Company Name	Entry Price*	Target	Stop Loss	M to M	Potential Return
TCS	3310	3450	3240	0%	4%

Positional Calls (15 days)

Company Name	Entry Price*	Target	Stop Loss	M to M	Potential Return
Dr. Reddy's Laboratories	4520	4680	4440	0%	4%
L&T	2220	2340	2160	-2%	7%
Tech Mahindra	1070	1150	1030	3%	5%
TVS Motors	1250	1350	1200	2%	6%
The Indian Hotel Company	363	390	350	3%	4%
ICICI Bank	951	1020	920	-1%	8%
M&M	1258	1340	1220	1%	5%
Asian Paints	3125	3300	3040	-1%	6%
Voltas	810	870	780	-1%	8%
Tata Motors	528	550	518	-1%	6%

Futures Calls

Position	Company Name	Entry Price*	Target	Stop Loss	M to M	Potential Return
LONG	M&M Finance	287	305	278	-1%	7%
LONG	DLF	465	490	453	0%	5%
LONG	ICICI Bank	950	980	935	-1%	4%
LONG	Wipro	388	405	380	3%	2%
LONG	HCL Tech	1110	1170	1080	0%	5%

*Price at which call was generated

Pivot Table - NIFTY 50

Trading Guideline

- ❖ 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 the first 30 minutes of trading.
- ❖ Opening Price is considered around the close of the Previousday. 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.

	S1	S2	PIVOT	R1	R2
ADANIEN	2471	2286	2611	2796	2935
ADANIPTS	719	699	729	749	759
APOLLOHSP	4509	4474	4558	4592	4641
ASIANPAINT	3103	3083	3118	3138	3153
AXISBANK	911	905	916	921	926
BAJAJ-AUTO	4468	4450	4510	4528	4570
BAJAJFINSV	1424	1410	1436	1450	1462
BAJFINANCE	6721	6666	6785	6840	6904
BHARTIARTL	796	792	799	804	807
BPCL	363	359	366	370	373
BRITANNIA	4487	4460	4529	4556	4597
CIPLA	922	915	931	939	947
COALINDIA	238	236	240	241	243
DIVISLAB	3350	3308	3379	3421	3450
DRREDDY	4429	4412	4476	4493	4540
EICHERMOT	3579	3556	3602	3624	3647
GRASIM	1684	1668	1697	1712	1725
HCLTECH	1099	1090	1107	1116	1124
HDFC	2686	2656	2695	2726	2735
HDFCBANK	1627	1610	1631	1648	1652
HDFCLIFE	556	551	564	569	577
HEROMOTOCO	2691	2679	2718	2730	2757
HINDALCO	407	402	409	414	416
HINDUNILVR	2613	2596	2626	2643	2656
ICICIBANK	946	934	950	961	965
INDUSINDBK	1246	1233	1261	1274	1289
INFY	1293	1285	1299	1307	1313
ITC	425	422	430	433	438
JSWSTEEL	698	690	702	710	714
KOTAKBANK	1900	1878	1920	1943	1963
LT	2181	2162	2195	2214	2227
M&M	1257	1244	1267	1280	1291
MARUTI	9121	9060	9220	9280	9379
NESTLEIND	21292	21172	21395	21515	21618
NTPC	173	172	174	175	176
ONGC	164	163	165	166	167
POWERGRID	233	232	235	236	238
RELIANCE	2439	2421	2452	2470	2482
SBILIFE	1156	1148	1167	1175	1185
SBIN	578	575	582	585	589
SUNPHARMA	921	915	938	943	960
TATACONSUM	766	761	770	775	779
TATAMOTORS	523	516	526	534	537
TATASTEEL	105	105	105	106	106
TCS	3276	3256	3297	3318	3338
TECHM	1081	1074	1092	1100	1111
TITAN	2657	2638	2690	2709	2742
ULTRACEMCO	7607	7552	7646	7701	7740
UPL	675	669	680	686	691
WIPRO	394	390	397	401	404

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