

From Research Desk

11, May 2023

Equity Corner:

Despite muted overnight global cues and weak Asian markets, our markets opened firm and amidst bouts of intra-day volatility Nifty 50 managed to close with gains of 49 points. Summary for the day - profit booking in banks SBI -0.23% and IT stocks Infosys -0.59% in opening hours dragged the index lower to -40 points. Thereafter, buying in Reliance 0.69%, HDFC Bank 0.46% recovered the index to flat at noon while last hour thrust from Bajaj Finance 1.21% and Tata Motors 1.16% lead the markets in green territory. Market breadth was firm through the session; Advance/Decline ratio for NSE at close stood was 1085/945. FII's have been aggressive buyers for 10th day in running. FII's were net buyers in cash of ~Rs.1,833 crores while DIIs sold around - Rs.790 crores.

Derivative Corner:

FII's added marginal net long in Index futures (3,511 contracts) while it added 2,260 contracts of net long in stock futures. They closed out position in Index Call Long options while added in Index Put longs net effect of 99,236 contracts towards more Put long build up. Interestingly, in Index Call Options Writing unwinding to the tune of 65,077 contracts was observed while additions of 96,561 contracts in Index Put Option writing was done, thereby taking net Index Put Option writing over call option writing by around 1,61,638 contracts. Overall, bullish stance.

Take on market's:

We expect continuity of upside trajectory for Indian market. Banking, NBFC's, Cement, Engineering, Capital Goods, Infra and select pharmaceutical stocks is likely to be key drivers while IT stocks are forming a base. Relative out performance of Indian markets vis-à-vis global peers is shaping up well. Incremental gaining strength in broader market is supportive of a bigger sustainable rally.

Participant wise Open Interest	10/05/2023	09/05/2023	10/05/2023	09/05/2023
Client Type	Net Position Index Futures	Net Position Index Futures	Net Position Stock Futures	Net Position Stock Futures
FII	-4,183	-7,694	1,46,000	1,43,740
Pro	6,287	13,341	83,292	84,265

Participant wise Open Interest	10/05/2023	09/05/2023	10/05/2023	09/05/2023
Client Type	Net Position Long Call - Put	Net Position Long Call - Put	Net Position Short Call - Put	Net Position Short Call - Put
FII	-1,18,045	-18,809	-88,173	73,465
Pro	-59,404	-33,022	-1,94,032	1,06,049

Commodity Corner	Currency/Per Unit	Price	Week on Week	MTD	YTD
Copper	USD/Lbs	3.8218	-0.69%	-1.49%	1.37%
Aluminium	USD/T	2269	-2.24%	-4.06%	-1.82%
Zinc	USD/T	2619	-0.42%	-1.22%	-12.79%
Tin	USD/T	25995	-1.87%	0.13%	3.88%
Rubber	USD Cents/Kg	137.3	1.25%	1.78%	3.62%
Coal	USD/T	166.95	-7.56%	-12.75%	-57.44%
Steel	CNY/T	3567	-0.56%	-2.13%	-11.11%
Gold	USD/t.0z	2032.15	-0.83%	2.12%	11.29%
Crude Oil	USD/Bbl	73.044	6.38%	-5.34%	-5.54%
Agriculture					
Cotton	USD/Lbs	82.18	4.34%	2.48%	-1.08%
Wheat	USD/Bu	626.4	-0.55%	0.85%	-19.37%
Rice	USD/cwt	17.945	1.49%	3.48%	-2.49%
Sugar	USD/Lbs	26.66	5.92%	-1.40%	35.30%

Indices	Close	Previous	Chg. %
Sensex	61940.2	61,761.3	0.29%
Nifty	18315.1	18,266.0	0.27%
BANK Nifty	43331.05	43,198.2	0.31%
DJIA (Dow)	33531.33	33,561.8	-0.09%
NASDAQ	12306.44	12,179.6	1.04%
S&P 500	4137.64	4,119.2	0.45%
DAX	15896.23	15,955.5	-0.37%
CAC 40	7361.2	7,397.2	-0.49%

Sector Index	Close	Previous close	Change %
PSU Bank	3959.3	4,001.8	-1.06%
Nifty IT	28091.75	28,125.5	-0.12%
Nifty FMCG	48643.35	48,369.1	0.57%
Nifty Pharma	12716.9	12,716.7	0.00%
Nifty Energy	24268.95	24,099.1	0.70%
Nifty Metal	5822.1	5,836.9	-0.25%
Nifty Commodity	5880.65	5,867.5	0.22%
Nifty PSE	4813.2	4,777.0	0.76%

Bond Yields	Percentage
US 10 year	3.43%
US 2 year	3.91%
India 10 year	7.04%

FII Flows (Cash market - In Crores)		
Current	MTD	YTD
1,833.13	18235.46	6996.59

Top 8 Nifty Gainers	Chg. %	Top 8 Nifty Losers	Chg. %
INDUSINDBK	2.77	UPL	-2.00
HDFCLIFE	1.80	DRREDDY	-1.30
POWERGRID	1.66	INFY	-0.53
BPCL	1.27	HINDALCO	-0.52
TATAMOTORS	1.27	SUNPHARMA	-0.36
BAJFINANCE	1.11	ADANIANT	-0.27
DIVISLAB	1.05	SBIN	-0.24
EICHERMOT	0.98	TATASTEEL	-0.18

Currencies	D/D	MTD	YTD
DXY	-0.18%	-0.23%	-2.96%
INR	-0.24%	0.22%	-1.02%

What's in the news !

▲ Positive ■ Neutral ▼ Negative

- ▲ **Gabriel India:** Gabriel India enters vehicle sunroof segment via tie-up with Dutch-based Inalfa Roof Systems. Gabriel to make sunroofs at a new plant site near Chennai, furthering 'Make in India'. New alliance sees Gabriel expand beyond shock absorbers, struts, and front forks. Inalfa has ~25% global market share in sunroof systems. Gabriel, with a technical license from Inalfa, will supply leading OEMs in the fast-growing Indian sunroof market for passenger vehicles (PVs).
- **L&T:** Reported decent set of Q4FY23 numbers. Order inflow for the quarter was up +3% (YoY) at Rs. 76,100 crores ahead of street estimates. Revenue grew by +10%, PAT by +10% for Q4FY23 (YoY). Disappointment was dip in operating margin for the quarter at 11.7% from 12.3% in Q4FY22. Overall, at end of FY'23 its order book stood at ~Rs.3,99,500 a growth of +12% (YoY). For FY'23 revenue came at ~Rs.1,83,341 crores up +17% (YoY); PAT at ~Rs. 10,500 crores up +21% (YoY). Traction in domestic order inflow better than overseas while services related order flows outgrowing infrastructure. Management guided caution in growth numbers for FY'24 due to election year ahead. They expect revenue to grow in the range of 12-15% and order intake in the range of 10 to 12 % in FY'24. In light of falling margins, higher interest costs and slowing revenue & order inflow guidance we remain '**Neutral**' on the company.
- **Godrej Consumer Products:** 4QFY23 consolidated sales grew by 10% (YoY) aided by volume growth of 6% at Rs.3,200 crores. Operating margins improved to 20% from 16% in Q3FY22. Net profit for the quarter was up +24.51% at Rs.452 crores. India business sales grew by 12% year-on-year led by volume growth of 11%; Indonesia sales grew by 5% in CC terms; Africa, USA and Middle East sales grew by 8% in CC terms, while Latin America & SAARC was up +64% in CC terms YoY respectively. We believe acquisition of FMCG business of Raymond Consumer Care Ltd. is done at a higher valuation and will be margin dilutive from FY'24 to FY'25. **Neutral.**
- **Escorts Kubota:** The company posted in line set of Q4FY23 numbers vis-à-vis street expectation. For Q4FY23, revenue was up +17.32% at Rs.2214 crores, EBITDA margins fell~200 bps to 11% while net profit was up +13.68% at Rs.216 crores helped by higher other income of Rs.86 crores (compared to Rs. 55 crores in Q4FY22) all YoY respectively. FY'24 is likely to be a low growth year for farm equipment. Rural India's disposable income is hit by higher inflation and finance cost. We maintain **Neutral** rating on it.
- **Dr Reddy's Laboratories:** Pharma giant, Dr Reddy's Lab posted a consolidated net profit of Rs. 960.1 crore for the fourth quarter of FY23, rising by multi-fold on a year-on-year basis. Revenue also picked up traction +15.34% YoY at Rs.6315 crores. However, the Q4FY23 performance was feeble on a quarter-on-quarter basis. EBITDA margins dipped to 24% in Q4FY23 vis-à-vis 29% in Q3FY23. Both revenue and net profit along with operating was marked by sequential decline. **Neutral.**

Open Fundamental Calls (12 months)

Company Name	Entry Price*	Target	M to M	Potential return
Muthoot Finance	1091	1550	-2%	45%
Maruti Suzuki	8641	10629	6%	16%
Eicher Motors	3161	4375	8%	28%
Ashok Leyland	141	170	6%	14%

*Price at which call was generated

From Technical Analyst's Desk

NIFTY (18,315) Support - 18,000 Resistance - 18,900	• Nifty closed positive for the day and is expected to continue its trend towards 18,900.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #003366; color: white;">Recommendation</th> <th style="background-color: #003366; color: white;">Trigger level</th> <th style="background-color: #003366; color: white;">Target</th> <th style="background-color: #003366; color: white;">Stoploss</th> </tr> </thead> <tbody> <tr> <td>Nifty Futures</td> <td>Buy above 18,350</td> <td>18,700</td> <td>18,200</td> </tr> </tbody> </table>	Recommendation	Trigger level	Target	Stoploss	Nifty Futures	Buy above 18,350	18,700	18,200
Recommendation	Trigger level	Target	Stoploss							
Nifty Futures	Buy above 18,350	18,700	18,200							
BANK NIFTY (43,331) Support - 42,700 Resistance - 44,200	• BankNifty had a strong close and is trending towards the next resistance at 44,200.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #003366; color: white;">Recommendation</th> <th style="background-color: #003366; color: white;">Trigger level</th> <th style="background-color: #003366; color: white;">Target</th> <th style="background-color: #003366; color: white;">Stoploss</th> </tr> </thead> <tbody> <tr> <td>Bank Nifty Futures</td> <td>Buy above 43,400</td> <td>44,000</td> <td>43,100</td> </tr> </tbody> </table>	Recommendation	Trigger level	Target	Stoploss	Bank Nifty Futures	Buy above 43,400	44,000	43,100
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Options recommendation

Stock/Index	Recommendation	Type	Strike	Expiry	Premium	Target	Stop loss
ICICI Bank	Buy	Call	950	25May, 2023	8.00	18.00	6.00
Tata Motors	Sell	Put	500	25May, 2023	10.00	3.00	13.00

Top Pick for the day

Company Name	Entry Price*	Target	Stop Loss	M to M	Potential Return
Divi's Laboratories	3400	3650	3270	1%	7%

Positional Calls (15 days)

Company Name	Entry Price*	Target	Stop Loss	M to M	Potential Return
Grasim	1770	1870	1720	0%	5%
Havells India	1252	1340	1210	0%	7%
Hero MotoCorp	2555	2700	2480	1%	4%
Tata Motors	490	520	475	4%	2%
M&M Finance	282	310	268	1%	8%
Amara Raja Batteries	610	650	590	1%	5%
Grasim	1770	1870	1720	0%	5%

Futures Calls

Position	Company Name	Entry Price*	Target	Stop Loss	M to M	Potential Return
LONG	Reliance Industries	2480	2560	2440	1%	3%
LONG	Titan	2700	2800	2650	2%	1%
LONG	Tata Steel	110	120	105	0%	9%
LONG	Asian Paint	2965	3100	2900	3%	2%
LONG	DLF	434	458	422	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	1881	1867	1898	1912	1929
ADANIPTS	687	683	690	694	697
APOLLOHSP	4565	4542	4599	4622	4656
ASIANPAINT	3016	2998	3036	3054	3074
AXISBANK	881	872	887	896	902
BAJAJ-AUTO	4505	4494	4541	4552	4588
BAJAJFINSV	1396	1382	1408	1422	1434
BAJFINANCE	6482	6434	6574	6622	6714
BHARTIARTL	789	784	793	798	803
BPCL	363	361	368	371	376
BRITANNIA	4555	4530	4611	4636	4692
CIPLA	932	926	940	946	953
COALINDIA	235	233	236	238	239
DIVISLAB	3340	3301	3388	3427	3475
DRREDDY	4871	4793	4918	4996	5043
EICHERMOT	3348	3317	3385	3416	3453
GRASIM	1751	1737	1765	1779	1793
HCLTECH	1071	1063	1080	1087	1096
HDFC	2739	2725	2747	2761	2769
HDFCBANK	1634	1623	1644	1655	1666
HDFCLIFE	546	542	555	558	567
HEROMOTOCO	2576	2558	2590	2608	2622
HINDALCO	436	430	439	445	449
HINDUNILVR	2501	2489	2518	2530	2547
ICICIBANK	928	922	935	941	947
INDUSINDBK	1128	1126	1152	1154	1178
INFY	1262	1252	1269	1279	1286
ITC	422	420	424	426	428
JSWSTEEL	720	714	725	730	735
KOTAKBANK	1938	1919	1951	1970	1983
LT	2355	2333	2372	2394	2411
M&M	1235	1225	1245	1256	1266
MARUTI	9052	8996	9116	9172	9236
NESTLEIND	21891	21850	22011	22052	22171
NTPC	175	174	176	177	178
ONGC	164	163	166	167	168
POWERGRID	242	241	245	245	248
RELIANCE	2470	2466	2485	2489	2504
SBILIFE	1176	1172	1186	1190	1199
SBIN	568	560	571	579	583
SUNPHARMA	953	948	957	962	965
TATACONSUM	785	782	789	793	796
TATAMOTORS	499	498	506	508	515
TATASTEEL	109	108	109	110	111
TCS	3263	3244	3285	3303	3325
TECHM	1041	1033	1046	1054	1059
TITAN	2733	2719	2750	2764	2782
ULTRACEMCO	7690	7679	7732	7743	7785
UPL	685	672	690	704	709
WIPRO	381	380	383	384	385

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