

# Morning Call

18 August 2021

Indices	Close	Previous	Chg. %
Sensex Index	55,792	55,583	0.38%
Nifty Index	16,569	16,563	0.04%
NSEBANK INDEX	35,758	36,095	-0.93%
NSEAUTO INDEX	10,013	10,089	-0.76%
NSEIT INDEX	33,346	32,578	2.36%

Market depth	Advance	Decline	T/O(bn)
NSE	680	1,322	644
BSE	1,081	2,089	44

Indices	Close	Previous	Chg. %
DJIA	35,343	35,625	-0.79%
NASDAQ	14,656	14,794	-0.93%
S&P 500	4,448	4,480	-0.71%
DAX	15,922	15,926	-0.02%
CAC 40	6,820	6,839	-0.28%
FTSE 100	7,181	7,154	0.38%
HANG SENG	25,746	26,181	-1.66%
SSE INDEX	3,447	3,517	-2.00%
NIKKIE 225	27,424	27,523	-0.36%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
TATACONSUM	3.8	JSWSTEEL	-2.4
WIPRO	3.3	ADANI PORTS	-2.3
TECHM	3.2	TATAMOTORS	-2.2
HINDUNILVR	2.4	COALINDIA	-1.9
NESTLEIND	2.4	UPL	-1.6

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	30.6	35.2	-4.6
STOCK FUT	216.7	200.9	15.8

## Markets eked out modest gains

- Fiem Industries shares soared 20 percent after the company informed exchanges that it became sole supplier for some auto parts to Ola Electric Mobility.
- Steel Strips Wheels jumped 5 percent after announcing a stock split.

## Global & Asian market overview

- **European stocks** were broadly lower as a spike in COVID-19 cases in Asia and elsewhere raised fears of a slowdown in global economic growth. Worries about tighter regulation in China and the fast-evolving situation in Afghanistan also dented sentiment.
- **US stocks** Following the release of disappointing retail sales data, stocks saw significant weakness during trading on Tuesday. With the notable drop on the day, the Dow and the S&P 500 pulled back off Monday's record closing highs.
- **Asian stocks** fell broadly as worries about the impact of the fast-spreading Delta coronavirus variant weighed on sentiment. Chinese shares fell sharply as U.S. Securities and Exchange Commission Chair Gary Gensler issued his most direct warning yet about the risks of investing in Chinese companies.

## Industry Buzz

- **HDFC Bank:** The Reserve Bank of India has allowed the bank to issue new credit cards, partially removing a months-long ban on the lender, a person with direct knowledge of the matter said. The central bank, however, retained the ban on bank launching new digital products.
- **Canara Bank:** Opened its QIP on Tuesday to raise up to Rs 2,500 crore and set the floor price of the issue at Rs 155.58 per equity share. The floor price is at a premium of 1.91% to Tuesday's closing price. A meeting of the sub-committee of the board will be held on August 23 to determine the issue price for the equity shares as well as the number of shares to be allotted to qualified institutional buyers, pursuant to the QIP.

- **HCL Technologies:** Signed a five-year, end-to-end IT transformation services deal with Wacker Chemie AG, a German multinational chemical company. HCL Tech will help Wacker Chemie AG to establish a modernised digital workplace and improve its quality-of-service delivery.
- **Bharat Dynamics:** The company has signed a licencing agreement with MBDA to establish a facility for the final assembly, integration, and test of Advanced Short Range Air-to-Air Missile (ASRAAM) missiles in India. Under the agreement, MBDA will transfer the equipment and knowledge to Bharat Dynamics for establishing the facility. The facility is expected to commence operations by 2022-23.
- **DCM Shriram Industries:** The company has entered into an agreement with Zyrone Dynamics Havacilik Danismanlik Ve Ar-Ge San. Tic. A.S., Turkey—which manufactures and markets Unmanned Aerial Vehicles of different types. The company would subscribe to 30% of the capital of the foreign company comprising of 25,715 shares at a total investment of just over \$1.05 million in five tranches over a period of about a year, subject to necessary approval. Zyrone Dynamics will provide to

the company technological support for two variants of UAVs at different times during the subscription period. Further, the two companies will support each other in marketing the products in India and globally.

- **Isgec Heavy Engineering:** Received an order for two Gas Fired Boilers from Naval Project, Indian Navy. The company will manufacture two 40 TPH Boilers on a turnkey basis.
- **Suzlon Energy:** Approved allotment of 3.17 crore equity shares on conversion of bonds. The company allotted 1.36 crore equity shares on conversion of 1,470 US\$ denominated Convertible Bonds due 2032 having a face value of \$320 each. It allotted 1.80 crore equity shares on conversion of 2,031 US\$546,916,000 Step-up Convertible Bonds due July 2019 of \$1,000 each.
- **Dilip Buildcon:** Dhrol Bhadra Highways, a wholly owned subsidiary of the company, has received the financial closure letter from the NHAI for four laning of Dhrol-Bhadra Patiya section of NH-151A in Gujarat. The project is expected to be completed in 2 years and will cost Rs 882 crore.
- **Kaveri Seed Company:** Board to consider a proposal for buyback of equity shares of the company on August 25.
- **InterGlobe Aviation:** ICRA has downgraded the long-term rating of the company to A from A+; the outlook remains negative. The rating agency has attributed the downgrade to prolonged disruption caused by the Covid-19 pandemic on the company's financials. Further it has reaffirmed the company's short-term rating at A1.
- **IFCI:** Care Ratings has downgraded the credit rating of Long-Term Bank Facilities to BB/Negative from BBB-/Negative. The credit rating of NCDs of the company has been downgraded to BB+/Negative from BBB+/Negative. Similarly Subordinate Bonds' rating has been downgraded to BB/Negative from BBB-/Negative.
- **Manorama Industries:** India Ratings and Research has upgraded the company's Long-Term Issuer Rating to BBB+ from BBB. The outlook is stable.
- **Annual General Meetings:** CESC, Honeywell Automation, ICICI Securities, South Indian Bank, UltraTech Cement

## Indian Macro

- The Reserve Bank of India on August 17 issued its monthly bulletin of August 2021 issue where it analyses the state of the economy. The central bank said that the course of the economy over the month and a half gone by has been altered by the slow retreat of the second wave of the pandemic. The aggregate demand conditions are buoyed by pent-up demand post unlock and the supply situations are improving with monsoon catching up to normal levels and sowing activity gaining pace, the central bank said in a release. The RBI said with reaffirming the traction that the economy is gaining, the manufacturing activity is gradually turning around while the contraction in services has moderated.
- Retail sales across the country continued to recover in July, reaching 72 per cent of the pre-pandemic levels of July 2019, and businesses are pinning hopes on the festive seasons for a further boost, Retailers Association of India (RAI) said. According to the retailer's body, the rate of recovery was 50 per cent of pre-pandemic levels in June 2021. In its latest business survey, RAI retail businesses in south India have indicated a very sharp comeback in July 2021 with sales at 82 per cent of the pre-pandemic levels (July 2019), as against 50 per cent sales in June 2021.
- The government approved the construction of 16,488 houses in urban areas under the Pradhan Mantri Awas Yojana, taking the total number of houses sanctioned so far to over 1.13 crore, according to a statement. The Union Housing and Urban Affairs (HUA) Ministry said the decision was taken at a meeting of the Central Sanctioning and Monitoring Committee (CSMC), attended by officials from four states and union territories. The houses approved in the meeting on Monday are proposed to be constructed under Beneficiary-Led Construction (BLC) and Affordable Housing in Partnership (AHP) verticals of PMAY-U.

## Global Macro

- Stocks of crude oil in the United States fell by 1.163 million barrels in the week ended August 13th of 2021, following a 0.816 million drop in the previous week, and marking the fourth straight weekly decline, data from the American Petroleum Institute showed. It compares with market expectations of a 1.259 million fall.
- Manufacturers' and trade inventories in the US increased 0.8% mom in June of 2021, following a revised 0.6% rise in May and in line with market expectations. It was the 12th consecutive month of gains in business inventories. Stocks were up at wholesalers (1.3%) and manufacturers (1.1%) but fell 0.9% at retailers. Year-on-year, business inventories jumped 6.6%.
- Industrial production in the United States increased 0.9 percent in July 2021, following a downwardly revised 0.2 percent growth in June and beating market expectations of 0.5 percent. Manufacturing output rose 1.4 percent, mainly due to a jump of 11.2 percent for motor vehicles and parts, as a number of vehicle manufacturers trimmed or canceled their typical July shutdowns. Despite the large increase last month, vehicle assemblies continued to be constrained by a persistent shortage of semiconductors. The output of utilities decreased 2.1 percent in July, while the index for mining rose 1.2 percent.

	S1	S2	PIVOT	R1	R2
ADANIAPORTS	677	667	696	705	725
ASIANPAINT	2978	2940	3011	3048	3082
AXISBANK	752	746	756	763	767
BAJAJ-AUTO	3768	3716	3794	3846	3872
BAJAJFINSV	14579	14250	14690	15019	15129
BAJFINANCE	6341	6257	6389	6473	6521
BHARTIARTL	619	613	628	634	643
BPCL	460	456	465	468	473
BRITANNIA	3661	3645	3684	3701	3724
CIPLA	895	884	901	911	917
COALINDIA	137	134	140	142	145
DIVISLAB	4869	4839	4904	4934	4969
DRREDDY	4670	4637	4695	4728	4753
EICHERMOT	2481	2441	2510	2549	2579
GRASIM	1460	1441	1479	1499	1518
HCLTECH	1122	1098	1137	1162	1176
HDFC	2724	2694	2737	2767	2780
HDFCBANK	1507	1497	1515	1525	1534
HDCLIFE	666	663	671	674	680
HEROMOTOCO	2742	2689	2766	2819	2843
HINDALCO	430	422	437	445	452
HINDUNILVR	2457	2416	2472	2513	2528
ICICIBANK	696	688	699	707	711
INDUSINDBK	989	980	1002	1010	1024
INFY	1706	1665	1728	1769	1790
IOC	104	103	106	108	110
ITC	208	207	210	210	212
JSWSTEEL	730	720	746	757	773
KOTAKBANK	1780	1770	1788	1798	1805
LT	1619	1602	1642	1659	1682
M&M	780	770	792	801	814
MARUTI	6792	6671	6867	6988	7064
NESTLEIND	18478	18142	18638	18974	19134
NTPC	116	114	118	119	121
ONGC	112	111	114	116	118
POWERGRID	181	180	183	184	185
RELIANCE	2144	2127	2165	2182	2202
SBILIFE	1121	1108	1136	1149	1165
SBIN	416	410	421	426	431
SHREECEM	25937	25569	26094	26462	26619
SUNPHARMA	776	769	784	791	799
TATACONSUM	818	796	826	848	856
TATAMOTORS	292	287	297	302	307
TATASTEEL	1480	1465	1507	1523	1549
TCS	3499	3432	3530	3597	3628
TECHM	1382	1347	1405	1440	1464
TITAN	1853	1816	1866	1902	1915
ULTRACEMCO	7353	7261	7390	7482	7519
UPL	745	729	761	776	793
WIPRO	621	603	629	647	655

## 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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