

Morning Call

31 August 2021

Indices	Close	Previous	Chg. %
Sensex Index	56,890	56,125	1.36%
Nifty Index	16,931	16,705	1.35%
NSEBANK INDEX	36,348	35,628	2.02%
NSEAUTO INDEX	9,958	9,794	1.68%
NSEIT INDEX	34,109	34,310	-0.58%

Market depth	Advance	Decline	T/O(bn)
NSE	1,424	612	604
BSE	2,202	1,114	44

Indices	Close	Previous	Chg. %
DJIA	35,400	35,456	-0.16%
NASDAQ	15,266	15,130	0.90%
S&P 500	4,529	4,509	0.43%
DAX	15,887	15,852	0.22%
CAC 40	6,687	6,682	0.08%
FTSE 100	7,148	7,125	0.32%
HANG SENG	25,540	25,408	0.52%
SSE INDEX	3,528	3,522	0.17%
NIKKIE 225	27,789	27,641	0.54%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
BHARTIARTL	5.0	TECHM	-1.4
DIVISLAB	4.2	NESTLEIND	-1.1
AXISBANK	4.0	EICHERMOT	-1.1
TATASTEEL	3.8	INFY	-0.5
COALINDIA	3.4	WIPRO	-0.5

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	41.3	35.8	5.6
STOCK FUT	134.6	120.1	14.5

Markets rose sharply, with benchmark indexes Sensex and the Nifty both climbing over 1 percent

- The rupee surged to over two-month high against the dollar after Federal Reserve Chair Jerome Powell sounded more cautious than other Fed officials when talking about tapering.
- Bharti Airtel shares jumped 5 percent after the telecom major's board approved raising capital up to Rs. 21,000 crore via a rights issue.

Global & Asian market overview

- **European stocks** closed slightly higher after a highly lackluster session as disappointing economic data weighed on sentiment. Reports that Beijing is looking at new rules that would restrict domestic internet firms from going public in the U.S. also contributed to the subdued mood in the markets.
- **US stocks** Following the advance seen, stocks moved mostly higher during trading on Monday. With the upward move, the S&P 500 and the Nasdaq reached new record closing highs. Stocks continued to benefit from recent upward momentum, which helped lift the S&P 500 and the Nasdaq to record closing highs last Friday.
- **Asian stocks** rose after U.S. Federal Reserve Chairman Jerome Powell's remarks at the Jackson Hole symposium calmed fears over the tapering timetable. That said, the monthly U.S. jobs report due later this week could be pivotal in determining how soon the Fed can trim stimulus.

Industry Buzz

- **Jindal Steel & Power:** Board has approved a plan to raise up to \$1 billion by selling bonds denominated in foreign currency or rupee in one or more tranches.
- **L&T:** The company has completed the sale of its entire stake in L&T Uttaranchal Hydropower to ReNew Power Services.
- **Bharat Forge:** Says report on Tesla talks incorrect
- **Bharti Airtel:** To take 'Baby Steps' to raise tariffs, Mittal says

- **Tata Power Co. and Adani Power Ltd.** to sell power on exchange for one month, according to a Economic Times report. Ministry of Power will issue a statutory order allowing plants run by Tata Power Co. and Adani Power Ltd. at Mundra in Gujarat to sell electricity on the power exchanges for a month. About 3,200 MW capacity at Tata Power's Mundra plant and Adani Power's 1,200 MW plant will be allowed to sell on the power exchanges for a month to ease electricity supply, according to the report.
- **Ugro Capital:** To consider raising funds through various options of borrowings including by way of issue of debt securities through private placement or public issue in September.
- **HFCL:** Board of Directors to meet on September 3 to consider the proposals for raising funds by way of issue of equity shares/preference shares/bonds/debentures/non-convertible debt instruments/warrants/any other securities, including through preferential issue on a private placement basis, QIP, rights issue or any other methods or combination thereof.

- **NHPC:** The Unit 3 (60 MW) of Bairasiul Power Station in Himachal Pradesh has been tested and commissioned after completion of renovation and modernisation works. The commercial operation of Unit 3 will start from August 31, the company said.
- **Bank of India:** Approved the closure of the issue period for QIP on August 30 and the issue price of Rs 62.89 per equity share. The issue price is at a discount of 4.99% to the floor price of Rs 66.19 per equity share.
- **AGMs:** Bharti Airtel (3 p.m.); Sun Pharmaceutical Industries (3 p.m.); GAIL India (11:30 a.m.); DLF (12:30 p.m.); Apollo Hospitals Enterprise (10:15 a.m.), Exide Industries (10:30 a.m.)

Indian Macro

- Regulation of coal supply to power plants that have more than 15 days of fuel stock will free up around 1.77 lakh tonnes of coal from 26 stations, said the power ministry. Power Secretary Alok Kumar on Sunday reviewed the report of the core management team (CMT) to ensure daily close monitoring of coal stock position at thermal power plants (TPPs), the power ministry said in a statement. CMT comprises representatives from the power ministry, Central Electricity Authority (CEA), Coal India Ltd (CIL) and Railways. During the meeting, some facts emerged which will ease out the coal stock position at TPPs and will ensure uninterrupted power supply. Firstly, it stated, the regulation of the coal to the power plants having more than 15 days' stock would free up around 1.77 lakh tone of coal from 26 stations. This coal has been redistributed to the plants having supercritical and critical coal stocks at power plants.

Global Macro

- The official NBS Non-Manufacturing PMI for China plunged to 47.5 in August 2021 from 53.3 in the previous month. This was the first contraction in services activity since February 2020, dragged down by tough restrictions due to rising cases of the Delta variant of coronavirus, with new orders (42.2 vs 49.7 in July), new export orders (43.9 vs 47.7), and employment (47.0 vs 48.2) all shrinking at steeper rates. Prices data showed input cost inflation slowed (51.3 vs 53.5) while selling prices dropped for the first time in ten months (49.3 vs 51.3). Finally, confidence hit its lowest in seven months (57.4 vs 60.7).
- The official NBS Manufacturing PMI for China fell to 50.1 in August 2021 from 50.4 a month earlier and below market expectations of 50.2. This was the weakest pace of increase in factory activity since a contraction in February 2020, amid the Delta variant of COVID-19 outbreaks and higher material cost. Both output (50.9 vs 51.0 in July) and buying levels (50.3 vs 50.8) moderated, while there were declines in new orders (49.6 vs 50.9), export sales (46.7 vs 47.7), and employment (49.6 vs 49.6). On the price front, both input cost (61.3 vs 62.9) and selling prices (53.4 vs 53.8) went up at softer paces. Looking ahead, sentiment weakened for the sixth month in a row (57.5 vs 57.8).
- The Federal Reserve Bank of Dallas' general business activity index for manufacturing in Texas fell to 9.0 in August of 2021 from 27.3 in the previous month, pointing to the smallest growth in factory activity since January. The production index, a key measure of state manufacturing conditions, slipped 10 points to 20.8; the new orders index came in at 15.6, down from 26.8 but more than double the series average of 6.5 and the growth rate of orders index fell 15 points to 10.7. The capacity utilization and shipments indexes came in at 21.7 and 15.2, respectively, down from July levels but still elevated. Perceptions of broader business conditions continued to improve in August, though the indexes came in markedly lower than in recent months.

	S1	S2	PIVOT	R1	R2
ADANIAPORTS	724	721	730	732	738
ASIANPAINT	3074	3028	3094	3140	3160
AXISBANK	765	742	777	801	813
BAJAJ-AUTO	3693	3673	3725	3745	3777
BAJAJFINSV	16358	16141	16476	16693	16811
BAJFINANCE	7043	6903	7120	7260	7337
BHARTIARTL	608	581	616	642	651
BPCL	471	470	473	474	476
BRITANNIA	3953	3912	3973	4015	4035
CIPLA	924	914	930	940	946
COALINDIA	141	137	142	146	148
DIVISLAB	5017	4872	5075	5221	5279
DRREDDY	4619	4538	4660	4741	4782
EICHERMOT	2516	2500	2562	2579	2625
GRASIM	1460	1450	1471	1481	1492
HCLTECH	1158	1148	1164	1174	1180
HDFC	2737	2709	2751	2779	2793
HDFCBANK	1560	1547	1565	1578	1583
HDCLIFE	709	704	711	716	718
HEROMOTOCO	2700	2665	2714	2749	2763
HINDALCO	442	435	447	454	459
HINDUNILVR	2666	2652	2686	2700	2720
ICICIBANK	707	697	711	721	725
INDUSINDBK	999	985	1005	1019	1026
INFY	1686	1674	1702	1714	1730
IOC	107	105	107	109	110
ITC	207	205	208	209	210
JSWSTEEL	680	676	687	691	698
KOTAKBANK	1723	1708	1731	1747	1755
LT	1638	1621	1661	1677	1701
M&M	787	779	791	798	802
MARUTI	6724	6611	6767	6880	6923
NESTLEIND	19517	19381	19820	19955	20258
NTPC	114	113	115	116	117
ONGC	118	116	119	122	123
POWERGRID	174	172	175	177	179
RELIANCE	2254	2226	2265	2293	2304
SBILIFE	1168	1161	1184	1190	1206
SBIN	418	411	421	428	430
SHREECEM	26843	26543	27132	27433	27721
SUNPHARMA	774	758	785	801	811
TATACONSUM	853	845	858	865	870
TATAMOTORS	290	288	292	294	295
TATASTEEL	1413	1382	1429	1460	1476
TCS	3683	3659	3711	3735	3764
TECHM	1405	1391	1430	1444	1469
TITAN	1853	1815	1870	1908	1925
ULTRACEMCO	7614	7506	7679	7786	7851
UPL	734	725	739	748	754
WIPRO	628	625	634	637	642

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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