

Morning Call

03 September 2021

Indices	Close	Previous	Chg. %
Sensex Index	57,853	57,338	0.90%
Nifty Index	17,234	17,076	0.92%
NSEBANK INDEX	36,831	36,574	0.70%
NSEAUTO INDEX	10,022	10,044	-0.21%
NSEIT INDEX	34,680	34,111	1.67%

Market depth	Advance	Decline	T/O(bn)
NSE	1,306	679	615
BSE	1,983	1,205	51

Indices	Close	Previous	Chg. %
DJIA	35,444	35,313	0.37%
NASDAQ	15,331	15,309	0.14%
S&P 500	4,537	4,524	0.28%
DAX	15,841	15,824	0.10%
CAC 40	6,763	6,759	0.06%
FTSE 100	7,164	7,150	0.20%
HANG SENG	26,090	26,028	0.24%
SSE INDEX	3,597	3,567	0.84%
NIKKIE 225	28,544	28,451	0.33%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
SHREECEM	6.0	M&M	-1.9
HDFCLIFE	5.8	ONGC	-0.9
CIPLA	3.5	BAJAJ-AUTO	-0.9
TCS	3.0	DIVISLAB	-0.8
HINDUNILVR	2.5	TATAMOTORS	-0.8

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	38.3	26.0	12.3
STOCK FUT	128.6	124.0	4.6

Markets rose sharply, with IT and FMCG stocks pacing the gainers on the back of mixed global cues

- Tata Motors shed 0.8 percent and Mahindra & Mahindra gave up 1.9 percent on concerns related to an acute shortage of semiconductors.
- Vodafone-Idea shares rallied as much as 18 percent after the Chairman of Aditya Birla Group (ABG) Kumar Mangalam Birla met with Telecom Minister Ashwini Vaishnaw, helping fuel speculation the government may come up with some relief measures for the stressed telecom sector.

Global & Asian market overview

- **European stocks** closed slightly higher after a somewhat volatile session as investors digested the latest batch of economic data from the region and looked ahead to the crucial monthly jobs data from the U.S.
- **US stocks** After seeing early strength, stocks gave back ground in afternoon trading but still managed to end the session modestly higher. With the uptick on the day, the Nasdaq and the S&P 500 finished the day at new record closing highs.
- **Asian stocks** ended mixed as caution prevailed ahead of the release of the U.S Labor Department's closely watched monthly jobs report on Friday, which could shed more light on the Federal Reserve's tapering strategy.

Industry Buzz

- **Reliance Industries Ltd:** Reliance Retail Ventures has acquired sole control of Just Dial. Just Dial on September 1 allotted 2.12 crore equity shares at a price of Rs 1,022.25 per equity share to Reliance Retail, representing 25.35% of Just Dial's paid-up share capital. Move follows acquisition of 1.31 crore shares, representing 15.63% of Just Dial shares on July 20. Reliance Retail now holds 40.98 in Just Dial.
- **Rossari Biotech:** The company has completed the acquisition of the first tranche of 76% of the total equity share capital (on a fully diluted basis) of Tristar Intermediates on September 1.

- **Granules India:** The company has received licence from Defence Research & Development Organisation, Ministry of Defence, to manufacture and market 2-Deoxy-D-Glucose. Developed by DRDO, 2-DG has been granted permission by Drug Controller General of India for emergency use as adjunct therapy in moderate to severe Covid-19 patients.
- **IRB Infrastructure Developers:** The company has emerged as a preferred bidder for the construction of six lanes of 20.060 kms, Pondavakkam to Kannigaipair stretch, on the upcoming Chittoor – Thachur Highway in Tamil Nadu at the cost outlay of Rs 909 crore. The company bid Rs 844.14 crore for the highway project. The construction is expected to be completed in 730 days.
- **RailTel Corporation of India:** The company has received a contract from Directorate of Information Technology, Indian Air Force for implementation of secure OPS Network for value of Rs 299.95 crore. The work is expected to be completed over a period of 12 months.

- **Jammu & Kashmir Bank:** Approved raising of equity share capital up to Rs 1000 crore in one or more tranches by way of rights issue/preferential allotment/private placement/QIP or any other approved mode. The bank also approved raising up to Rs 1000 crore via bonds.
- **OnMobile Global:** A branch of the company in Panama has been dissolved effective August 31.
- **Hindustan Aeronautics:** Board to consider sub-division of equity shares on Sept. 21.
- **Jain Irrigation:** Board meeting on Sept. 7 to consider fund raising plan
- **MT Educare (MTEL):** Defaults on repayment of interest and principal

Indian Macro

- The Q1 GDP estimates for FY22 (Rs 51.23 trillion at current prices) have yielded two opposing views, depending on whether one tends to view a glass as half full or half empty. One view is that the 20.1 percent growth (as compared to contraction of 24.4 percent in Q1 of FY21) shows strong economic recovery, and the other points out that the GDP value is still below what it was before the pandemic (Q1 of FY20). Both views are correct because the latest quarter coincided with the second wave of the COVID-19 pandemic but the state-wise lockdowns were less severe than the lockdowns imposed in 2020. The result was a slowdown in economic activity compared with Q4 of FY21, but better than during the first wave. The simple fact is that economic activity has now become strongly correlated with the intensity of the pandemic and consequent government restrictions. The economy is performing as well as the COVID-19 situation permits. However, when we dig beyond the headline GDP number, we can find some pointers for government policy and the road ahead.

Global Macro

- The Caixin China General Services PMI plunged to 46.7 in August 2021 from 54.9 in the prior month. This was the first contraction in services activity since April 2020, amid a surge in the Delta strain of COVID-19 cases in some parts of the country. New orders shrank for the first time in 16 months, while employment fell for the second time in three months on the back of rising outstanding business. At the same time, new export business was broadly unchanged for the second month running. Prices data showed input prices rising modestly due to higher staffing costs and increased transport fees, while output price fell following a solid increase in July. Looking forward, confidence remained upbeat, though the degree of positive sentiment dipped from July and remained below the series average.
- New orders for US manufactured goods edged up 0.4% mom in July of 2021, slowing from a 1.5% jump in the previous month but less than market forecasts of 0.3%. Orders rose for machinery (2.9%), namely mining, oil field, and gas field machinery (21.1%) and industrial machinery (8.1%); and primary metals (3%), namely ferrous metal foundries (7%). In contrast, orders for transport equipment fell 2.1%; computers and electronic products went down 0.4%; and those of electrical equipment, appliances and components dropped 1.7%. Excluding transportation equipment, new orders rose 0.8%.
- The US trade deficit narrowed to \$70 billion in July of 2021, slightly below market forecasts of a \$71 billion gap, mainly due to a drop in the goods deficit to \$87.7 billion and a decrease in the services surplus to \$17.7 billion. Exports were up 1.3% mom to \$212.9 billion, the highest since May of 2019, led by sales of capital goods, gem diamonds, autos and parts, trucks, buses, and special purpose vehicles, other business services and charges for intellectual property products. Imports edged down 0.2% mom to \$282.9 billion, after touching a record high of \$283.3 billion in June, led by falls in purchases of toys, games, and sporting goods, cell phones, nonmonetary gold and lumber. The deficit with China decreased \$2.0 billion to \$25 billion in July and the gap with Canada fell \$1.9 billion to \$3.6 billion while the shortfall with Mexico widened by \$1.3 billion to \$8.5 billion.

	S1	S2	PIVOT	R1	R2
ADANIPOINTS	745	736	753	762	770
ASIANPAINT	3273	3244	3296	3325	3348
AXISBANK	795	787	801	809	814
BAJAJ-AUTO	3690	3668	3740	3762	3812
BAJAJFINSV	16565	16443	16733	16855	17023
BAJFINANCE	7431	7368	7509	7573	7650
BHARTIARTL	660	657	667	670	677
BPCL	478	475	480	483	484
BRITANNIA	4048	3974	4076	4150	4178
CIPLA	937	912	948	973	985
COALINDIA	141	140	142	143	145
DIVISLAB	5118	5090	5181	5209	5272
DRREDDY	4802	4759	4853	4897	4948
EICHERMOT	2697	2661	2723	2759	2784
GRASIM	1489	1476	1498	1511	1520
HCLTECH	1161	1143	1171	1189	1199
HDFC	2751	2720	2768	2799	2816
HDFCBANK	1579	1565	1586	1600	1606
HDCLIFE	732	698	754	788	810
HEROMOTOCO	2713	2690	2726	2749	2762
HINDALCO	452	449	458	461	468
HINDUNILVR	2761	2706	2786	2841	2865
ICICIBANK	721	714	725	732	735
INDUSINDBK	1001	990	1007	1019	1024
INFY	1670	1651	1682	1702	1714
IOC	109	108	110	111	111
ITC	209	208	210	211	213
JSWSTEEL	680	674	685	691	696
KOTAKBANK	1766	1733	1777	1811	1822
LT	1674	1664	1692	1702	1720
M&M	743	734	759	767	783
MARUTI	6705	6631	6782	6855	6933
NESTLEIND	19978	19605	20134	20507	20663
NTPC	116	114	116	117	118
ONGC	118	117	119	120	121
POWERGRID	175	174	175	177	177
RELIANCE	2267	2234	2287	2319	2340
SBILIFE	1232	1215	1241	1258	1267
SBIN	427	424	430	432	436
SHREECEM	29163	27804	29839	31197	31874
SUNPHARMA	786	783	791	793	798
TATACONSUM	864	857	870	877	883
TATAMOTORS	291	289	294	295	298
TATASTEEL	1414	1401	1423	1436	1445
TCS	3759	3672	3809	3896	3946
TECHM	1421	1406	1437	1453	1468
TITAN	1949	1931	1964	1981	1997
ULTRACEMCO	7824	7676	7909	8056	8142
UPL	746	740	752	758	764
WIPRO	644	634	650	660	667

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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