

## Morning Call

20 October 2021

Indices	Close	Previous	Chg. %
Sensex Index	61,716	61,766	-0.08%
Nifty Index	18,419	18,477	-0.32%
NSEBANK INDEX	39,541	39,685	-0.36%
NSEAUTO INDEX	11,627	11,815	-1.59%
NSEIT INDEX	37,106	36,306	2.20%

Market depth	Advance	Decline	T/O(bn)
NSE	461	1,618	105
BSE	935	2,427	75

Indices	Close	Previous	Chg. %
DJIA	35,457	35,259	0.56%
NASDAQ	15,129	15,022	0.71%
S&P 500	4,520	4,486	0.74%
DAX	15,516	15,474	0.27%
CAC 40	6,670	6,673	-0.05%
FTSE 100	7,218	7,204	0.19%
HANG SENG	25,787	25,410	1.49%
SSE INDEX	3,593	3,568	0.70%
NIKKIE 225	29,216	29,025	0.65%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
TECHM	4.3	ITC	-6.3
LT	3.3	TATAMOTORS	-4.9
INFY	1.8	EICHERMOT	-4.5
KOTAKBANK	1.6	HINDUNILVR	-3.6
BAJAJFINSV	1.4	TITAN	-3.6

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	55.7	37.9	17.7
STOCK FUT	255.1	276.6	-21.5

### Markets reached fresh record highs before giving up all gains to end in the red on the back of mixed global cues

- Hindustan Unilever lost 3.6 percent as the FMCG major reported an 8.9 percent year-on-year growth in standalone profit for the quarter ended September.
- Titan Company, Eicher Motors and Tata Motors gave up 4-5 percent while Infosys, Larsen & Toubro and Tech Mahindra climbed 2-4 percent.

### Global & Asian market overview

- **European stocks** closed modestly higher as some strong earnings updates helped outweigh concerns about worries about inflation and supply-chain disruptions.
- **US stocks** closed on a firm note and the major averages posted their best intraday levels in a month, as investors reacted positively to some upbeat earnings news from top name companies. Worries about slowing growth amid supply chain bottlenecks did weigh a bit and limit market's gains.
- **Asian stocks** rose broadly as Treasury yields edged lower after disappointing data from China and the United States. Chinese shares clawed back losses a day after the country reported its weakest economic growth in a year.

### Industry Buzz

- **Bajaj Finserv:** Incorporated an asset management company called Bajaj Finserv Asset Management on October 18. It will manage various mutual fund plans. The company has been incorporated with an authorised share capital of Rs 60 crore and an initial subscribed capital of Rs 5 lakh.

- **Deepak Fertilisers & Petrochemicals Corporation:** The company launched a qualified institutional placement issue on October 19 and approved the floor price for the same at Rs 422.48 per equity share.
- **Reliance Industries:** Reliance Retail has bought majority stake in Ritu Kumar's Ritika Pvt.
- **HCL Technologies:** The company and Innovaccer Inc. have collaborated to help healthcare and life sciences organizations drive digital health transformation.
- **Jindal Saw:** The company has won contract for repair and maintenance of manufacturing facilities of Sathavahana Ispat.
- **HDFC Asset Management Company:** Chief Financial Officer Piyush Surana has resigned from the post. He will be relieved from the duties w.e.f. close of business hours on January 31, 2022.
- **Astral:** The company has decided to enter into the business of Faucets & Sanitaryware.

## Earnings Update

- **Nestle Q3CY21 (QoQ):** Revenue up 9.6% at Rs 3,882.57 crore Vs Rs 3,541.7 crore Net profit up 5.2% at Rs 617.37 crore Vs Rs 587.09 crore Ebitda up 7.3% at Rs 947.99 crore Vs Rs 883.59 crore Margin at 24.4% vs 24.9%
- **ACC Q3CY21 (Consolidated, QoQ):** Revenue down 3.5% at Rs 3,749 crore Vs Rs 3,884.9 crore (BBG estimate: Rs 3,703 crore) Net profit down 20.9% at Rs 450.2 crore Vs Rs 569.4 crore (BBG estimate: Rs 420 crore) Ebitda down 18.1% at Rs 712.3 crore Vs Rs 869.3 crore (BBG estimate: Rs 659 crore) Margin at 18.9% Vs 22.3% (BBG estimate: 18.2%)
- **L&T Technology Services Q2FY22 (Consolidated, YoY):** Revenue up 22% at Rs 1,607.70 crore Vs Rs 1,313.80 crore \$ Revenue up 22.1% at \$217.4 million Constant currency revenue growth of 22.3% Net profit up 39% at Rs 230 crore Vs Rs 165.50 crore Ebitda up 50% at Rs 349.30 crore Vs Rs 232.80 crore Margin at 21.7% Vs 17.7% Declared a special dividend of Rs 10 per equity share Raised its USD revenue growth guidance for FY22 to 19%-20%
- **ICICI Prudential Life Insurance Company Q2FY22 (Consolidated, QoQ):** Revenue up 38.3% at Rs 23,129.4 crore Vs 16,724.1 crore (BBG estimate: Rs 8,729.9 crore) Net profit of Rs 445.6 crore Vs Net loss of Rs 185.3 crore (BBG estimate: Rs 354.4 crore Profit) Ebitda gain of Rs 475.7 crore Vs Ebitda loss of Rs 215.4 crore (BBG estimate: Rs 494.6 crore) EPS at Rs 3.10 Vs Rs -1.29 (BBG estimate: Rs 3.05)
- **Navin Fluorine International Q2FY22 (Consolidated, YoY):** Revenue up 6% at Rs 338.95 crore Vs Rs 318.92 crore Net profit down 2% at Rs 63.22 crore Vs Rs 64.42 crore Ebitda down 7% at Rs 84.17 crore Vs Rs 90.72 crore Margin 24.8% Vs 28.4% Declared an interim dividend of Rs 5 per share Appointed Basant Kumar Bansal as CFO from November 1
- **ICICI Securities Q2FY22 (Consolidated, YoY):** Revenue up 26% at Rs 856.37 crore Vs Rs 680.68 crore Net profit up 26% at Rs 351.24 crore Vs Rs 278.15 crore Ebitda up 31% at Rs 543.58 crore Vs Rs 414.08 crore Margin 63.5% Vs 60.8% To pay interim dividend of Rs 11.25 per share
- **Rallis India Q2FY22 (Consolidated, YoY):** Revenue at Rs 727.80 crore Vs Rs 725.01 crore Net profit down 32% at Rs 56.49 crore Vs Rs 82.95 crore Ebitda down 25% at Rs 87.98 crore Vs Rs 116.76 crore Margin at 12.1% Vs 16.1%

## Results Today

- Jubilant FoodWorks, Havells India, L&T Finance Holdings, Angel Broking, Arihant Superstructures, Deep Polymers, Hathway Cable & Datacom, Just Dial, Menon Bearings, Moschip Technologies, Reliance Industrial Infrastructure, Rane (Madras), Shoppers Stop, Snowman Logistics, Supreme Petrochem, Suryalakshmi Cotton Mills, Syngene International, TajGVK Hotels & Resorts, Tata Communications, Tata Steel Long Products, Tejas Networks, and TT Ltd

## Indian Macro

- India's efforts in mainstreaming sustainability and reducing carbon footprint should inspire countries across the world, Niti Aayog CEO Amitabh Kant said on Tuesday, while pointing out that India is the only G20 nation well on track to achieve the goals mentioned under the Paris Agreement. Addressing 'Schneider Innovation India summit 2021' virtually, Kant said India introduced the faster adoption of electric mobility policy which is facilitating India's transition to clean mobility. "Our efforts in mainstreaming sustainability and reducing our carbon footprint should inspire countries across the world," he said.
- Finance Minister Nirmala Sitharaman said that India is in no hurry to withdraw the COVID-19 induced stimulus and emphasised that it will continue to build support required for economic growth. "The emphasis on building health infrastructure will continue," and so will government spending on capital expenditure and infrastructure, she said in an interview with Bloomberg during her visit in the United States. Reiterating the Reserve Bank of India's (RBI) economic policy outlook, Sitharaman highlighted the need to keep policy easy as the country recuperates from the pandemic.
- The Reserve Bank of India said that policy support is needed for longer for a sustained recovery in Asia's third largest economy from a coronavirus induced slowdown, even as demand has picked up. Earlier this month, The Reserve Bank of India's (RBI) monetary policy committee kept interest rates steady at record lows and reiterated the need to unwind

pandemic-era stimulus only gradually to aid the nascent economic recovery. "Premature tightening could bring about the stagflation that all fear, quashing growth just as the economy is recovering," the RBI said in its monthly bulletin.

## Global Macro

- The People's Bank of China kept its benchmark interest rates for corporate and household loans steady for the 18th straight month at its October fixing. The one-year loan prime rate (LPR) was left unchanged at 3.85%, while the five-year remained at 4.65%. At the same time, the PBoC offered a total CNY 100 billion of seven-day reverse repos at an interest rate of 2.2 percent. With CNY 10 billion of reverse repos maturing on Wednesday, the central bank injected CNY 90 billion on a net basis on the day. The central bank said the move aims to maintain the reasonable and sufficient liquidity of the banking system.
- Foreign direct investment into China jumped 19.6 percent year-on-year to CNY 859.51 billion (USD 129.26 billion) in January-September 2021, China's commerce ministry data showed. Foreign investment in the service industry soared 22.5 percent from a year earlier to CNY 685.32 billion; and that in the high-tech industry grew by 29.1 percent, of which high-tech services (33.4 percent) and high-tech manufacturing (15.2 percent). Among the main sources of investment, FDI into China rose from the ASEAN countries (31.4 percent), while FDI from the countries along the Belt and Road surged by 31.9 percent.

	S1	S2	PIVOT	R1	R2
ADANIPOINTS	774	762	797	809	832
ASIANPAINT	3141	3112	3205	3234	3298
AXISBANK	786	778	807	815	835
BAJAJ-AUTO	3881	3855	3918	3943	3981
BAJAJFINSV	18574	18225	18949	19298	19674
BAJFINANCE	7598	7513	7757	7842	8000
BHARTIARTL	670	661	685	694	708
BPCL	445	440	455	460	470
BRITANNIA	3757	3724	3812	3845	3901
CIPLA	899	894	908	913	922
COALINDIA	182	180	186	188	191
DIVISLAB	5079	5012	5234	5301	5457
DRREDDY	4730	4695	4825	4860	4955
EICHERMOT	2621	2577	2732	2777	2887
GRASIM	1692	1672	1731	1751	1790
HCLTECH	1218	1208	1236	1246	1264
HDFC	2807	2790	2817	2835	2845
HDFCBANK	1677	1663	1685	1698	1706
HDCLIFE	698	693	704	708	714
HEROMOTOCO	2838	2819	2884	2902	2948
HINDALCO	525	515	536	547	558
HINDUNILVR	2452	2380	2592	2663	2803
ICICIBANK	739	731	747	755	763
INDUSINDBK	1166	1149	1203	1220	1257
INFY	1797	1764	1816	1850	1868
IOC	132	131	134	136	138
ITC	237	232	250	255	267
JSWSTEEL	675	665	699	710	733
KOTAKBANK	2018	1978	2031	2070	2084
LT	1807	1763	1846	1889	1929
M&M	904	889	916	930	942
MARUTI	7521	7461	7645	7705	7829
NESTLEIND	19183	19009	19457	19631	19905
NTPC	148	146	150	152	154
ONGC	156	154	160	162	165
POWERGRID	194	191	199	202	207
RELIANCE	2709	2687	2730	2752	2774
SBILIFE	1183	1170	1199	1212	1229
SBIN	478	470	491	499	512
SHREECEM	27229	26974	27811	28067	28649
SUNPHARMA	818	813	830	834	847
TATACONSUM	833	826	848	855	869
TATAMOTORS	464	449	491	505	532
TATASTEEL	1335	1312	1381	1404	1450
TCS	3602	3581	3646	3667	3711
TECHM	1496	1440	1533	1589	1626
TITAN	2411	2355	2525	2581	2694
ULTRACEMCO	7019	6918	7254	7355	7590
UPL	716	707	738	747	769
WIPRO	703	695	716	725	738

## 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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