

Morning Call

30 September 2021

Indices	Close	Previous	Chg. %
Sensex Index	59,413	59,668	-0.43%
Nifty Index	17,711	17,749	-0.21%
NSEBANK INDEX	37,743	37,945	-0.53%
NSEAUTO INDEX	10,656	10,696	-0.38%
NSEIT INDEX	35,283	35,240	0.12%

Market depth	Advance	Decline	T/O(bn)
NSE	1,145	865	831
BSE	1,854	1,432	97

Indices	Close	Previous	Chg. %
DJIA	34,391	34,300	0.26%
NASDAQ	14,512	14,547	-0.24%
S&P 500	4,359	4,353	0.16%
DAX	15,365	15,249	0.77%
CAC 40	6,561	6,507	0.83%
FTSE 100	7,108	7,028	1.14%
HANG SENG	24,664	24,500	0.67%
SSE INDEX	3,536	3,602	-1.83%
NIKKIE 225	29,544	30,184	-2.12%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
NTPC	6.4	HDFC	-2.1
COALINDIA	6.2	KOTAKBANK	-1.8
POWERGRID	5.7	ASIANPAINT	-1.8
SUNPHARMA	4.5	ULTRACEMCO	-1.7
IOC	4.0	EICHERMOT	-1.5

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	78.4	94.1	-15.7
STOCK FUT	438.5	475.3	-36.8

Markets fell for a second straight session

- Mortgage lender HDFC paced the declines to end down more than 2 percent, followed by Kotak Bank, Asian Paints, UltraTech Cement and Eicher Motors.
- PSU stocks extended gains from the previous session, with Power Grid Corp, Coal India and NTPC all surging around 6 percent.

Global & Asian market overview

- **European stocks** closed higher, rebounding after yesterday's sharp setback, as a pullback by treasury yields generated some buying interest.
- **US stocks** After ending the previous session sharply lower, stocks fluctuated over the course of the trading session. The major averages eventually ended the session mixed, with the tech-heavy Nasdaq edging down to a new two-month closing low.
- **Asian stocks** ended broadly lower after tech stocks led a sell-off on Wall Street overnight on jitters over inflation and signs of slowing economic growth.

Industry Buzz

- **Persistent Systems:** The company's wholly owned subsidiary, Persistent Systems Inc., USA, to acquire Software Corporation International and its affiliate Fusion360 LLC for \$53 million. The company will acquire Shree Infosoft, India along with certain assets of Shree Partners LLC, USA—the parent company of Shree Infosoft—for \$6.87 million. These acquisitions are subject to customary closing conditions which are expected to be completed in a span of 2-5 weeks.
- **Indian Overseas Bank:** The bank has exited RBI's prompt corrective action framework. It is no longer in breach of PCA triggers based on FY21 earnings. IOB has provided a written commitment that it will comply with regulatory requirements. It has also apprised RBI of systemic improvements.

- **Sterling and Wilson Solar:** Promoters Shapoorji Pallonji and Company and Khurshed Daruvala have facilitated the repayment of the balance outstanding loans (Rs 741 crore) along with interest accrued till date, by Sterling and Wilson and its subsidiary Sterling and Wilson International FZE to the company and its subsidiary Sterling and Wilson International Solar FZCO respectively. With this, the entire outstanding loans of Rs 2,563 crore along with interest accrued till date has been repaid in full, the company said.
- **GMR Infrastructure:** The company's equity shareholders and secured creditors have approved the composite scheme of amalgamation and arrangement amongst GMR Power Infra, GMR Infrastructure and GMR Power and Urban Infra and their respective shareholders during the NCLT convened meetings.
- **Zee Entertainment Enterprises:** Institutional investor, Invesco Fund, has moved NCLT asking Zee Entertainment to call an extraordinary general meeting of shareholders to induct its nominees on the company's board.
- **Blue Dart Express:** The company will raise average shipment price by 9.6% from January 1, 2022.

- **HCL Technologies:** The company has launched a 5G Open Radio Access Network lab in India to help telecom companies with 5G transition.
- **Axis Bank:** The bank has accepted Executive Director Rajesh Dahiya's early retirement. The said retirement will be effective after the close of business hours on December 31, 2021.
- **Ashoka Buildcon:** The company has acquired balance 40% stake in Ashoka Bettadahalli Shivamogga Road for Rs 2 lakh. ABSRPL is a special purpose vehicle incorporated to execute the project awarded by NHA.
- **Adani Total Gas:** Supreme Court has dismissed company's appeal in Ahmedabad distribution area. The company in addition to Ahmedabad and Daskori area had claimed authorisation for Sanand, Bavla & Dholka.
- **Radico Khaitan** rated new Buy at Batlivala & Karani. Price target set to Rs 1,300, implies a 47% increase from last price.

Indian Macro

- India's external debt rose modestly by 2.1 percent year-on-year to USD 570 billion as of March-end 2021, notwithstanding the COVID-19 pandemic, according to the finance ministry. External debt to GDP ratio rose marginally to 21.1 percent from 20.6 percent as at end-March 2020. Reserves to external debt ratio, however, increased to 101.2 percent from 85.6 percent during the same period, thereby consolidating the country's position as a net creditor to the world, as per the status report on India's external debt released by the ministry.
- GST levy on annuity payments of BOT-HAM projects will have limited impact on project cash flows, domestic rating agency ICRA. "With NHA reimbursing additional tax burden on account of GST levy on annuity payments for BOT (build-operate-transfer)-HAM (hybrid annuity model) projects, there would be no impact on the cashflows, project debt coverage and return metrics of the concessionaire," Vinay Kumar G, assistant vice-president and sector head (corporate ratings) of ICRA, said in a statement. For projects bid between July 1, 2017, and October 13, 2017, NHA would not reimburse the GST on annuity under the change in law as bids were invited inclusive of GST, it said.
- The Cabinet has provided an additional capital infusion of Rs 4,400 crore to the Export Credit Guarantee Credit Corporation and has decided to begin the process of listing it on the stock market. "Of the announced amount, Rs 500 crore will be provided immediately, while Rs 500 crore to be provided next year," Commerce and Industry Minister Piyush Goyal said. This expanded capital is expected to provide the ECGC greater cushion to provide insurance to exporters in the country. The government estimates Rs 88,000 crore worth of export insurance can be provided by ECGC as a result, the Minister said.
- The Income Tax department has issued an order asking taxmen to accept till September 30, applications for settlement of pending tax cases. The 2021-22 Budget, through the Finance Act, amended the provisions of the Income-Tax Act, 1961 to provide that the Income-tax Settlement Commission (ITSC) shall cease to operate from February 1, 2021. Further, it has also been provided that no application for settlement can be filed on or after February 1, which was the date on which the Finance Bill, 2021 was laid before the Lok Sabha. In order to dispose off the pending settlement applications as on January 31, 2021, the government had constituted an Interim Board for Settlement.

Global Macro

- The Caixin China General Manufacturing PMI rose to 50.0 in September 2021 from 49.2 in the prior month and beating market estimates of 49.5. New orders rose for the first time in three months and buying levels returned to growth while output fell at a softer rate. Meantime, exports sales continued to fall while employment dropped for the second straight month and at a steeper pace. On the cost side, inflationary pressure surged with input prices rising the most in four months, its 16th straight month of increase, amid reports of greater energy and raw material costs. This in turn led to a

solid increase in prices charged. Looking forward, sentiment strengthened to its highest since June, underpinned by forecasts of an end to the pandemic, planned company expansions, rising customer demand, and new product launches.

- The People's Bank of China injected a total CNY 100 billion of 14-day reverse repos at an interest rate of 2.35 percent on September 30th 2021, the same as in the previous day, and marking the tenth straight day of cash injections in the financial system. The central bank reinforced the moves aim to maintain liquidity in the banking system. The moves are also seen as a sign the authorities are willing to support the financial system and avoid a big collapse and contagion due to the Evergrande crisis.
- WTI crude futures fell for the 2nd session to around \$75 a barrel in a volatile session on Wednesday, having touched a near 3-year high above \$76.5 earlier in the week as investors assess an unexpected rise in US crude stockpiles and rising Covid-19 cases. EIA data showed US inventories rose by 4.578 million barrels in the week ending September 24th, against market expectations of a 1.652 million barrels draw and in line with API figures. Gasoline and distillate inventories also rose last week. Additionally, the US energy department estimated that output rose to 11.1 million barrels per day, in line with pre-hurricane levels. Meanwhile, traders expect OPEC+ to keep supplies tight when they meet next week.

	S1	S2	PIVOT	R1	R2
ADANIPOINTS	736	730	742	748	754
ASIANPAINT	3284	3261	3333	3356	3405
AXISBANK	775	771	782	786	793
BAJAJ-AUTO	3849	3807	3892	3935	3978
BAJAJFINSV	17258	17113	17453	17598	17793
BAJFINANCE	7420	7348	7528	7600	7708
BHARTIARTL	687	681	694	699	707
BPCL	432	423	435	444	447
BRITANNIA	3945	3922	3982	4005	4043
CIPLA	971	948	988	1011	1028
COALINDIA	173	161	185	198	209
DIVISLAB	4724	4657	4819	4887	4982
DRREDDY	4819	4740	4871	4951	5002
EICHERMOT	2813	2796	2851	2868	2906
GRASIM	1648	1620	1663	1692	1707
HCLTECH	1261	1239	1281	1304	1324
HDFC	2720	2703	2757	2774	2811
HDFCBANK	1584	1574	1595	1606	1617
HDCLIFE	729	717	734	746	751
HEROMOTOCO	2855	2833	2888	2911	2943
HINDALCO	483	467	490	507	514
HINDUNILVR	2655	2632	2700	2723	2767
ICICIBANK	704	697	708	715	719
INDUSINDBK	1112	1101	1124	1134	1147
INFY	1665	1637	1683	1712	1730
IOC	125	120	126	131	132
ITC	235	233	238	241	244
JSWSTEEL	665	644	674	695	705
KOTAKBANK	2011	1996	2036	2051	2075
LT	1707	1699	1725	1733	1750
M&M	801	792	808	818	825
MARUTI	7295	7206	7380	7469	7554
NESTLEIND	19335	19239	19517	19613	19796
NTPC	134	125	139	147	153
ONGC	141	135	145	150	154
POWERGRID	187	178	192	201	206
RELIANCE	2505	2488	2538	2555	2587
SBILIFE	1199	1189	1207	1217	1225
SBIN	448	432	455	471	478
SHREECEM	29131	28971	29328	29489	29685
SUNPHARMA	786	754	803	834	851
TATACONSUM	814	803	822	832	840
TATAMOTORS	326	320	329	335	338
TATASTEEL	1273	1249	1291	1315	1334
TCS	3753	3695	3779	3836	3863
TECHM	1378	1357	1394	1414	1430
TITAN	2121	2087	2144	2179	2202
ULTRACEMCO	7349	7284	7505	7571	7727
UPL	708	702	716	722	730
WIPRO	631	620	639	651	658

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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