

From Research Desk

17, August 2023

Equity Corner:

- Nifty 50 index:** The index opened on a negative note as indicated by weak global cues. During the opening hours; no follow-up selling was seen and hence the index traded in a range supported by counters such as NTPC (+2.11%), INFY (+1.75%) and LT (+1.10%). As the session progressed; short covering in SBIN (+0.76) & HINDUNILVR (+0.67%) led the index close on a positive note with a gain of 30 (+0.16%) points.
- Bank Nifty:** The banking index continued it's underperformance as further selling in PNB (-1.04%), BANKBARODA (-1.06%) and AXISBANK (-0.73%) led the index close on a negative note with a loss of 145 (-0.33%) points.
- Market breadth:** The market breadth was positive; indicating overall strength in stock price during the session.
- Sectorial performance:** Mixed sectorial performance as REALTY (+1.10%), AUTO (+0.64%) and PHARMA (+0.61%) were strong, meanwhile; METALS (-0.94%) & BANKS (-0.33%) were weak.
- Nifty Midcaps:** The midcaps showed signs of strength as buying in JSWENERGY (+6.15%), ESCORTS (+4.48%) and PEL (+3.69%) led the index close positive +0.08%.
- Advance/Decline Ratio:** Advance/Decline ratio at close for NSE stood at 1088/959 indicating a higher number of advancing stocks compared to declining ones.
- FII and DII Activity:** FII's were net buyers in cash segment of around Rs. 722 crores while DIIs bought around Rs. 2406 crores.

Derivative corner:

- Nifty OI Put/Call ratio has gone up from 1.00 to 1.12 levels.
- Options data:** The maximum Call OI is seen at 19,500 and 19,600 while maximum Put OI is seen at 19,300 and 19,400. This indicates that the market is expecting a trading range of 19,300 to 19,600 zones.
- FII Activity in Derivatives:** There has been marginal addition of longs in index futures. On options buying front; there are more put buyers and on option writing front; net call-put writing is indicating marginal liquidation of call writers. FII Long/Short ratio in index futures has remained unchanged at 39%.

Take on Market: Buy Corrections, stay put on Longs.

- Earnings:** Q1FY24 earnings update by corporates have largely been in line with expectation. Pharmaceuticals, FMEG, FMCG, Cement, Automobiles, Auto-ancillary all delivered good set of numbers. Management commentary across sectors were largely bullish, having an expectation of high teen growth in FY'24; the only sore point being IT. Financials have been an all-round beat. Fundamentally, from long term perspective economy is building on strong demand traction.
- Market Outlook:** The current strategy is to buy on corrections and hold onto long positions. However, present volatility may extend to couple of weeks. Probability, of deep cuts on Nifty 50 index is high.
- Relative Outperformance:** The medium-term relative outperformance of Indian markets compared to global peers is likely to continue.

Indices	Close	Previous	Chg. %
Sensex	65,539.4	65,401.9	0.21%
Nifty	19,465.0	19,434.6	0.16%
BANK Nifty	43,946.4	44,091.0	-0.33%
DJIA (Dow)	34,765.7	34,946.4	-0.52%
NASDAQ	13,474.6	13,631.1	-1.15%
S&P 500	4,404.3	4,437.9	-0.76%
DAX	15,789.5	15,767.3	0.14%
CAC 40	7,260.3	7,267.7	-0.10%

Sector Index	Close	Previous close	Change %
PSU Bank	4,528.7	4,523.5	0.11%
Nifty IT	31,212.1	31,028.9	0.59%
Nifty FMCG	51,815.4	51,604.4	0.41%
Nifty Pharma	15,398.8	15,305.4	0.61%
Nifty Energy	26,541.8	26,375.6	0.63%
Nifty Metal	6,484.1	6,546.0	-0.94%
Nifty Commodity	6,225.1	6,216.6	0.14%
Nifty PSE	5,444.2	5,415.7	0.53%

Bond Yields	Percentage
US 10 year	4.28%
US 2 year	5.00%
India 10 year	7.21%

FII Flows (Cash market - In Crores)		
Current	MTD	YTD
722.76	4916.07	146241.53

Top 8 Nifty Gainers	Chg. %	Top 8 Nifty Losers	hg. %
APOLLOHOSP	2.60	TATASTEEL	-1.90
ULTRACEMCO	2.37	ADANI PORTS	-1.56
NTPC	2.11	HINDALCO	-1.51
INFY	1.75	HDFCLIFE	-1.35
TATAMOTORS	1.72	BHARTIARTL	-1.22
POWERGRID	1.51	HEROMOTOCO	-1.02
M&M	1.50	BAJAJFINSV	-0.82
LT	1.10	TATA CONSUM	-0.79

Currencies	D/D	MTD	YTD
DXY	0.23%	1.53%	-1.02%
INR	0.03%	1.21%	0.59%

Participant wise Open Interest	16/08/2023	14/08/2023	16/08/2023	14/08/2023
Client Type	Net Position Index Futures	Net Position Index Futures	Net Position Stock Futures	Net Position Stock Futures
FII	-41,248	-42,127	-1,00,095	-83,366
Pro	-989	2,487	2,83,908	2,79,927

Participant wise Open Interest	16/08/2023	14/08/2023	16/08/2023	14/08/2023
Client Type	Net Position Long Call - Put	Net Position Long Call - Put	Net Position Short Call - Put	Net Position Short Call - Put
FII	-1,07,326	-28,402	8,999	12,857
Pro	-14,740	45,918	22,906	2,14,459

Commodity Corner	Currency/Per Unit	Price	Week on Week	MTD	YTD
Copper	USD/Lbs	3.6285	-3.28%	-7.37%	-3.75%
Aluminium	USD/T	2143	-2.37%	-3.97%	-7.27%
Zinc	USD/T	2301	-7.20%	-7.92%	-23.38%
Tin	USD/T	25186	-7.74%	-13.18%	0.64%
Rubber	USD Cents/Kg	126.4	-2.09%	-3.59%	-4.60%
Coal	USD/T	147.5	3.51%	10.07%	-62.40%
Steel	CNY/T	3683	2.02%	-2.13%	-8.21%
Gold	USD/t.0z	1892.43	-1.03%	-3.39%	3.64%
Crude Oil	USD/Bbl	79.198	-4.35%	-1.72%	2.41%
Agriculture					
Cotton	USD/Lbs	85.32	-0.13%	0.31%	2.70%
Wheat	USD/Bu	596.78	-6.42%	-15.26%	-23.19%
Rice	USD/cwt	15.545	-3.06%	-0.51%	-15.53%
Sugar	USD/Lbs	24.19	2.02%	1.13%	22.77%

What's in the news !

▲ Positive ■ Neutral ▼ Negative

IRFC: The government is mulling to sell some of its stake in state-owned Indian Railway Finance Corp (IRFC) through an offer for sale (OFS) in the current fiscal, PTI reported Wednesday. The Indian government currently holds an 86.36% stake in the financing arm of the Indian Railways. The government has to dilute 11.36% stake in IRFC, to make the central public sector enterprise compliant to Sebi's minimum public shareholding (MPS) norm. As per MPS norm, a listed entity must have a minimum public float of 25% within five years of listing.

Adani Power: Australia-listed investment firm GQG Partners on Wednesday invested \$1.1 billion (Rs 9,000 crore) in Adani Power by buying an 8.1 per cent stake from the Adani family via multiple block deals. With this investment, GQG Partners has bought Rs 34,000 crore (\$4.2 billion) in Adani group companies since March this year. The success of this investment programme underscores the Group's unparalleled ability to raise substantial funds seamlessly across all its portfolio of companies.

Credit Exposure of Banks to NBFC's: Rose by a robust 35.1 per cent on-year to Rs 14.2 lakh crore in June, indicating non-banking finance firms' decreased reliance on international borrowings. This also pushed up NBFCs' share in overall credit from 8.5 per cent in June 2022 to 9.9 per cent in the reporting month. However, the report noted that the merger of HDFC with HDFC Bank, effective July 1, will lead to a reduction in the share and also the exposure of banks to NBFCs, as HDFC's bank borrowings will undergo a temporary reclassification, resulting in a shift of exposure to HDFC Bank. Meanwhile, mutual funds' debt exposure to NBFCs, including through commercial papers (CPs) and corporate debt, also increased 14.5 per cent to Rs 1.62 lakh crore in June.

Aurobindo Pharma Ltd has announced the launch of its HIV triple combination product for children living with HIV in low- and middle-income countries. Aurobindo has a paediatric dolutegravir voluntary licence with ViiV Healthcare. This enabled the company to develop and supply this product in 123 low and middle-income countries (LMIC), including India. In a release shared by the company, the USFDA has provided a tentative approval for the first generic dispersible tablet formulation of the fixed-dose.

UNO Minda: - Uno Minda Ltd, a leading global manufacturer and supplier of proprietary automotive solutions and systems, has recently commissioned a new EV systems plant in Farukhnagar, Haryana under the joint venture with FRIWO AG Germany. This new plant would manufacture On-Board Charger, Off-board charger, Motor Control Unit, DCDC converter, Battery Management System, and many more products catering to EV 2wheeler and 3wheeler. Supplies from this plant has already started and is expected to further rampup in coming quarters with start of production (SOP) of more orders received.

Open Fundamental Calls (12 months)

Company Name	Entry Price*	Target	M to M	Potential return
Muthoot Finance	1091	1550	15%	23%
Maruti Suzuki	8641	10629	9%	13%
Eicher Motors	3161	4375	5%	31%

*Price at which call was generated

From Technical Analyst's Desk

NIFTY (19,465)

Support - 19,250
Resistance - 19,650

• Nifty closed positive and is expected to consolidate between 19,250 - 19,650.

Recommendation	Trigger level	Target	Stoploss
Nifty Futures	Buy above 19,500	20,000	19,350

BANK NIFTY (43,947)

Support - 43,500
Resistance - 45,000

• BankNifty closed negative for the day and is expected to consolidate between 43,500 - 45,000.

Recommendation	Trigger level	Target	Stoploss
Bank Nifty Futures	Buy above 44,150	45,000	43,800

Options recommendation

Stock/Index	Recommendation	Type	Strike	Expiry	Premium	Target	Stop loss
INFY	Buy	Call	1,420	31Aug, 2023	16.70	30.00	10.00
RELIANCE	Buy	Put	2,560	31Aug, 2023	34.50	5.00	45.00

Top Pick for the day

Company Name	Entry Price*	Target	Stop Loss	M to M	Potential Return
Tata Motors	613	658	590	1%	6%

Positional Calls (15 days)

Company Name	Entry Price*	Target	Stop Loss	M to M	Potential Return
Laurus Labs	391	409	382	0%	5%
Lupin	1100	1200	1050	1%	8%
Larsen & Toubro	2673	2760	2630	1%	3%
NTPC	213.5	220	210.3	2%	1%
Cipla	1262	1395	1195	-1%	12%
LTIMindtree	5180	5440	5050	0%	5%
Hindustan Aeronautics	3852	3970	3795	1%	2%
Piramal Enterprises	1035	1150	980	3%	8%
Titan	3020	3180	2940	0%	6%
Mahindra & Mahindra	1515	1650	1450	4%	5%
Bharat Electronics	132.6	140	129	-1%	7%
TCS	3471	3600	3407	0%	4%
HDFC AMC	2510	2640	2445	2%	3%
SBI Life Insurance Company	1300	1400	1249	-1%	8%
Polycab	4743	4970	4630	2%	2%
Reliance	2545	2675	2480	1%	4%

Pivot Table - NIFTY 50

Trading Guideline

- ❖ 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 the first 30 minutes of trading.
- ❖ Opening Price is considered around the close of the Previousday. 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.

	S1	S2	PIVOT	R1	R2
ADANIEMT	2434	2404	2449	2479	2494
ADANIPTS	780	770	783	794	797
APOLLOHSP	4721	4638	4837	4921	5037
ASIANPAINT	3187	3166	3198	3219	3230
AXISBANK	936	929	938	944	947
BAJAJ-AUTO	4589	4547	4602	4644	4657
BAJAJFINSV	1473	1458	1477	1492	1496
BAJFINANCE	6981	6914	6988	7055	7062
BHARTIARTL	857	845	865	877	886
BPCL	353	350	357	360	365
BRITANNIA	4454	4392	4483	4545	4574
CIPLA	1226	1216	1236	1246	1256
COALINDIA	233	231	234	235	236
DIVISLAB	3687	3627	3714	3774	3801
DRREDDY	5766	5713	5828	5881	5942
EICHERMOT	3308	3267	3328	3369	3388
GRASIM	1795	1773	1807	1829	1842
HCLTECH	1163	1158	1175	1179	1191
HDFC	1597	1575	1603	1625	1632
HDFCBANK	628	619	629	638	639
HDFCLIFE	2980	2938	2999	3041	3059
HEROMOTOCO	446	438	447	455	456
HINDALCO	2518	2506	2536	2548	2567
HINDUNILVR	953	943	956	966	970
ICICIBANK	1378	1362	1383	1399	1404
INDUSINDBK	1386	1389	1403	1401	1418
INFY	445	442	451	454	460
ITC	792	783	798	807	813
JSWSTEEL	1788	1777	1789	1800	1801
KOTAKBANK	2638	2624	2667	2681	2710
LT	5154	5118	5196	5233	5275
M&M	1530	1517	1551	1564	1586
MARUTI	9230	9150	9334	9413	9517
NESTLEIND	21727	21584	21929	22072	22273
NTPC	210	208	214	216	220
ONGC	176	174	178	180	181
POWERGRID	242	240	245	247	251
RELIANCE	2561	2540	2572	2593	2604
SBILIFE	1288	1275	1294	1307	1313
SBIN	555	548	561	567	573
SUNPHARMA	1122	1110	1134	1146	1158
TATACONSUM	841	836	842	848	849
TATAMOTORS	595	584	608	619	632
TATASTEEL	117	115	117	119	120
TCS	3434	3419	3450	3465	3481
TECHM	1210	1206	1225	1229	1244
TITAN	2992	2966	3004	3030	3042
ULTRACEMCO	7916	7813	8090	8193	8368
UPL	585	579	589	595	599
WIPRO	412	410	416	418	422

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