

## Morning Call

09 September 2021

Indices	Close	Previous	Chg. %
Sensex Index	58,250	58,279	-0.05%
Nifty Index	17,354	17,362	-0.05%
NSEBANK INDEX	36,768	36,469	0.82%
NSEAUTO INDEX	10,100	10,153	-0.52%
NSEIT INDEX	34,678	34,951	-0.78%

Market depth	Advance	Decline	T/O(bn)
NSE	1,062	918	596
BSE	1,725	1,460	38

Indices	Close	Previous	Chg. %
DJIA	35,031	35,100	-0.20%
NASDAQ	15,287	15,374	-0.57%
S&P 500	4,514	4,520	-0.13%
DAX	15,610	15,843	-1.47%
CAC 40	6,669	6,726	-0.85%
FTSE 100	7,096	7,149	-0.75%
HANG SENG	26,321	26,354	-0.12%
SSE INDEX	3,675	3,677	-0.04%
NIKKIE 225	30,181	29,916	0.89%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
KOTAKBANK	3.6	DIVISLAB	-2.4
POWERGRID	1.8	NESTLEIND	-2.3
GRASIM	1.6	WIPRO	-1.7
BPCL	1.6	SBILIFE	-1.7
COALINDIA	1.6	HINDALCO	-1.4

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	29.8	29.4	0.4
STOCK FUT	119.4	129.0	-9.5

### Markets swung between gains and losses before ending on a flat note

- Hindalco, SBI Life, Wipro, Nestle India and Divis Laboratories fell 1-2 percent in the Nifty pack, while Kotak Mahindra Bank, which is seeking inorganic opportunities in the financial services space, jumped as much as 3.6 percent.
- Heavyweight Reliance Industries ended half a percent lower to snap five sessions of gains.

### Global & Asian market overview

- **European stocks** ended notably lower amid worries the rapid spread of the Delta variant of coronavirus could significantly slow down the pace of global economic recovery.
- **US stocks** moved mostly lower during trading following the mixed performance seen in the previous session. With the drop on the day, the tech-heavy Nasdaq pulled back off yesterday's record closing high. The major averages all finished the day in negative territory.
- **Asian stocks** ended mixed as traders weighed the likely impact of the spread of the Delta variant of coronavirus in the region. Chinese shares ended on a flat note amid bets that the worst of Beijing's regulatory crackdown has passed.

### Industry Buzz

- **Jindal Steel & Power:** The company has prepaid \$105.66 million loan of Australian unit. The prepayment has helped reduce the unit's debt by about 50%. The company plans to pay off its overseas debt in coming quarters and aims to be net debt-free by March 2023. Further JSPL will expand steelmaking capacity in Angul to more than 12 million tons a year by 2025 through internal accruals, Managing Director VR Sharma said.

- **SBI Life Insurance Company:** Canada Pension Plan Investment Board is selling 20 million shares in the company in an accelerated bookbuild offering, according to a Bloomberg report. Shares are being offered at Rs 1,159.05 to Rs 1,220.05 each, which is at a discount of 0% to 5% to Wednesday's close. There is an option to increase the deal size by as many as 3 million shares. The seller will be subject to a 90-day lockup period.
- **ONGC:** The company is exploring a purchase of a significant minority stake in the \$4 billion-plus Sangomar oil project off the coast of Senegal from Woodside Petroleum Ltd., according to a Bloomberg report. The company is discussing acquiring an interest of 20% to 40% in the field.
- **BASF India:** The Competition Commission of India searched local offices of BASF and other vegetable seed companies, according to a Reuters report. BASF is aware of a raid in its Nunhems India Gurgaon branch, a spokeswoman told Bloomberg News; adding the company wasn't aware of the precise reason for the raid and was cooperating with the authorities.

- **UCO Bank:** RBI has freed UCO Bank from its prompt corrective action framework, intended to help weak banks revive. As per UCO Bank's FY21 results, the lender is no longer in breach of the PCA parameters, RBI said. The bank has provided a written commitment that it would comply with the norms of minimum regulatory capital, net NPA and leverage ratio on an ongoing basis. UCO Bank was put under PCA in May 2017.
- **Punjab National Bank:** Banks Board Bureau has recommended two names for MD & CEO role at Punjab National Bank. BBB recommended Atul Kumar Goel for the role and named Ajay Kumar Srivastava as the candidate on reserve list. SS Mallikarjuna Rao, the current MD & CEO of PNB, will superannuate on January 31, 2022.
- **Infosys:** The company and The Economist Group have announced a new strategic partnership designed to enable and accelerate sustainability solutions and drive world-changing impact through a new business-to-business model. The company has also approved the closure of the buyback on September 8. It has bought back 5.58 crore equity shares, at an average price of Rs 1,648.53 per equity share, for Rs 9,199 crore.
- **Tata Consultancy Services:** Avianca, one of the leading airlines in South America, has partnered with TCS to accelerate its journey to the cloud. TCS will modernise Avianca's IT infrastructure and build a new future-ready cloud-based digital core on Microsoft Azure. It will help the airline migrate 129 core applications to the cloud and will also manage the new cloud estate.
- **Adani Enterprises:** CG Natural Resources, a subsidiary of the company, has emerged as a successful bidder for Jhigador (250 MT) and Khargaon (250 MT) coal blocks in Birsampur, Chhattisgarh.
- **BPCL:** Appointed Arun Kumar Singh as Chairman and Managing Director and Vetsa Ramakrishna Gupta as additional Director and Director (Finance) with effect from September 7.
- **Rashtriya Chemicals and Fertilizers:** To set up a plant to manufacture 75 KL per day i.e. 1.50 lakh bottles (500 ml. capacity) per day, of Nano Urea (Liquid) fertilizer at RCF's Trombay unit based on proprietary technology developed and patented by Indian Farmers Fertiliser Cooperative Ltd.
- **KPI Global Infrastructure:** The company has terminated power purchase agreement signed for the capacity of 1.10 MW solar power plant under Independent Power Producer segment.

## Indian Macro

- COVID-19 has had a devastating impact on businesses across sectors. However, the MSME sector took the most brutal hit due to technological, capital, and scalability constraints. India has approximately 63 million MSMEs and entrepreneurs that have showcased capabilities to innovate and create products. Accounting for more than 48 percent of the exports, 110 million jobs, and more than 30 percent of India's GDP, the MSMEs are among one of the most critical spheres of the Indian economy. Despite this crucial role, the MSMEs have been largely ignored. The scope of growth by technologically equipping and correctly integrating MSMEs into the larger ecosystem is immense. For example, estimates of the Ministry of MSME show that mainstreaming MSMEs can double the ocean freight footprint while raising the export share by ~60 percent.
- India is expected to post strong economic growth in the coming quarters, even as inflation, led by food prices, is likely to remain elevated, S&P Global Ratings said. The economy is expected to clock 9.5 per cent growth in the current fiscal year, followed by 7 per cent expansion in the next year, it said, adding high nominal GDP growth would be important for ensuring fiscal consolidation going forward. "Given India's weak fiscal settings and high stock of debt around 90 per cent of GDP, the nominal GDP growth is going to be very important to prevent any further erosion of fiscal settings in the country and to enable some degree of fiscal consolidation going forward," S&P Global Ratings Director (Sovereign) Andrew Wood said.
- India has raised the price it will pay to buy new-season wheat from local farmers by 2% to 2,015 rupees per 100 kg, the government said, in a move to placate protesting farmers and encourage them to step up planting. India, the world's second-biggest wheat consumer, sets a price each year to protect domestic farmers from distress sales and to cover emergency needs. It uses the grain to sell food to the poor at low prices.

- The Supreme Court said it does not want freedom of press to be muzzled or stifled but it cannot create a separate avenue for journalists to approach it directly for quashing of FIRs lodged against them. The apex court stated this while hearing a plea filed by Foundation for Independent Journalism, which publishes digital news portal 'The Wire', and its three journalists seeking quashing of three FIRs lodged against them in Uttar Pradesh. A bench headed by Justice L Nageswara Rao asked the petitioners to approach the Allahabad High Court to seek the quashing of FIRs and granted them protection for two months.

## Global Macro

- China's producer prices increased by 9.5% year-on-year in August 2021, compared with market expectations and July's figure of a 9% gain. This was the eighth straight month of increase in factory gate prices and the steeper pace since August 2008, amid rising commodity prices and despite Beijing's efforts to cool them.
- China's annual inflation rate unexpectedly was at 0.8% in August 2021, compared with market consensus and July's figure of 1%. This was the lowest figure in five months, amid a steeper decline in cost of food with pork prices dropping faster and a slowdown in cost of non-food. On a monthly basis, consumer prices rose by 0.1% in August, missing forecasts of 0.5% and after a 0.3% rise in July.
- Stocks of crude oil in the United States fell by 2.882 million barrels in the week ended September 3rd of 2021, following a 4.045 million barrels drop in the previous week, and marking the sixth straight weekly decline, data from the American Petroleum Institute showed. It compares with market expectations of a 3.832 million fall.
- Consumer credit in the United States increased by USD 17.0 billion in July of 2021, following an upwardly revised USD 37.86 billion gain in the previous month, missing market expectations of a USD 25 billion rise. Revolving credit increased by USD 5.56 billion while non-revolving credit went up by USD 11.45 billion.

	S1	S2	PIVOT	R1	R2
ADANIAPORTS	741	732	747	756	762
ASIANPAINT	3304	3268	3333	3368	3397
AXISBANK	789	779	793	803	808
BAJAJ-AUTO	3699	3683	3734	3751	3786
BAJAJFINSV	16414	16292	16651	16774	17011
BAJFINANCE	7401	7355	7458	7504	7561
BHARTIARTL	659	652	671	677	690
BPCL	484	478	489	495	500
BRITANNIA	4034	3989	4061	4106	4133
CIPLA	947	937	950	960	963
COALINDIA	148	145	149	151	152
DIVISLAB	4998	4935	5110	5172	5285
DRREDDY	4862	4822	4901	4941	4980
EICHERMOT	2775	2738	2799	2836	2860
GRASIM	1552	1524	1580	1608	1637
HCLTECH	1176	1160	1184	1200	1208
HDFC	2810	2781	2831	2860	2881
HDFCBANK	1573	1562	1577	1587	1591
HDCLIFE	736	729	742	750	755
HEROMOTOCO	2783	2767	2796	2813	2826
HINDALCO	450	447	458	461	469
HINDUNILVR	2778	2749	2794	2822	2839
ICICIBANK	718	712	720	725	728
INDUSINDBK	987	975	1004	1016	1034
INFY	1688	1676	1694	1705	1712
IOC	111	110	112	113	114
ITC	209	208	211	213	215
JSWSTEEL	682	677	687	692	697
KOTAKBANK	1791	1737	1810	1864	1883
LT	1647	1634	1671	1684	1708
M&M	751	745	754	759	763
MARUTI	6729	6691	6794	6831	6896
NESTLEIND	19528	19284	20029	20273	20774
NTPC	113	112	114	115	116
ONGC	118	117	119	120	121
POWERGRID	171	169	172	175	176
RELIANCE	2406	2383	2430	2454	2478
SBILIFE	1201	1189	1224	1236	1259
SBIN	428	423	432	436	440
SHREECEM	30485	30077	30708	31115	31338
SUNPHARMA	769	759	774	785	790
TATACONSUM	866	848	874	892	900
TATAMOTORS	291	288	295	299	302
TATASTEEL	1416	1405	1429	1440	1453
TCS	3748	3722	3781	3807	3840
TECHM	1416	1407	1429	1439	1452
TITAN	2034	1999	2050	2086	2102
ULTRACEMCO	7922	7870	7998	8050	8126
UPL	748	735	760	774	786
WIPRO	655	650	665	671	681

## 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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