

Morning Call

06 October 2021

Indices	Close	Previous	Chg. %
Sensex Index	59,745	59,299	0.75%
Nifty Index	17,822	17,691	0.74%
NSEBANK INDEX	37,741	37,580	0.43%
NSEAUTO INDEX	10,692	10,641	0.48%
NSEIT INDEX	35,544	35,126	1.19%

Market depth	Advance	Decline	T/O(bn)
NSE	1,226	811	711
BSE	2,023	1,271	90

Indices	Close	Previous	Chg. %
DJIA	34,315	34,003	0.92%
NASDAQ	14,434	14,255	1.25%
S&P 500	4,346	4,300	1.05%
DAX	15,194	15,037	1.05%
CAC 40	6,576	6,478	1.52%
FTSE 100	7,077	7,011	0.94%
HANG SENG	24,104	24,036	0.28%
SSE INDEX	3,568	3,536	0.90%
NIKKIE 225	27,822	28,445	-2.19%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
ONGC	10.8	CIPLA	-2.4
INDUSINDBK	5.0	HINDALCO	-2.1
COALINDIA	4.2	SHREECEM	-1.8
IOC	3.1	SUNPHARMA	-1.4
SBILIFE	2.7	TATACONSUM	-1.4

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	39.0	44.8	-5.8
STOCK FUT	146.6	153.6	-7.0

Markets rose notably despite mixed global cues

- Domestic markets opened on a weak note following a broad sell-off on Wall Street overnight on worries that the regulatory crackdowns and a collapse at Evergrande could hurt an already fragile Chinese economy and weigh on global growth.
- Stocks reversed losses to edge higher in afternoon trade after a survey showed India's services industry expanded for a second straight month in September, bolstered by improved domestic demand and easing COVID-19 restrictions.

Global & Asian market overview

- **European stocks** closed higher, reacting to a survey that showed business growth across Europe remained strong last month despite shortages of inputs.
- **US stocks** After moving sharply lower in the previous session, stocks showed a strong move back to the upside during trading. The major averages all showed strong upward moves on the day. The major averages pulled back off their highs going into the close but remained firmly positive.
- **Asian stocks** ended mostly lower as investors fretted about rising Treasury yields, the debt ceiling tussle in the United States and debt crises involving Chinese property developers, with Fantasia joining Evergrande in missing a coupon payment.

Industry Buzz

- **Godrej Consumer Products:** The company expects to deliver high single-digit sales growth with another quarter of double-digit 2-year CAGR during July-September quarter. It expects operating margins to contract during the quarter driven by a lag between the rise in input costs and increase in end consumer pricing. India sales growth expected to be in double-digit during the second quarter, driven largely by volume growth and calibrated price increases.

- **Marico:** The company expects modest profit growth, margin contraction in July-September quarter. Revenue growth was in low twenties as consumer sentiment was healthy across categories. India volume growth was close to double-digits on a 2-year CAGR basis. International business delivered double-digit constant currency growth, helped by positive trends in all markets but Vietnam.
- **Coal India:** The company's board has accorded in-principle approval to pre-feasibility report for setting up integrated greenfield aluminium project in Odisha and associated captive power plant by its subsidiary Mahanadi Coalfields.
- **Central Bank of India** has entered into a co-lending partnership with IIFL Home Finance.
- **Phillips Carbon Black:** The company closed its qualified institutional placement issue and raised Rs 400 crore by issuing over 1.63 crore equity shares to 20 qualified institutional buyers at Rs 244 per equity share.
- **Force Motors:** The company's total production in September stood at 2,159 units. It reported domestic sales of 1,968 units and exports of 272 units.

- **Canara Bank:** The bank has reduced overnight and one-month MCLR by 0.15% and three-month, six-month and one-year MCLR by 0.10%.
- **Future Retail:** The Master Franchise agreement executed between Future7-India Convenience, 7-Eleven INC, Future Corporate Resources and the company--for developing and operating 7-Eleven stores within India-- has been mutually terminated. The Future-7 was not able to meet the target of opening stores and payment of franchisee fees.
- **MTAR Technologies:** CRISIL Ratings has upgraded long-term rating of company's bank facilities to A-/Stable from BBB+/Positive and short-term rating to A2+ from A2.
- **Raymond:** Raymond Realty seeks to expand operations via joint development route
- **Glenmark Pharma:** Confirms recall of some products in U.S.

Indian Macro

- Sugar mills exported an estimated record 7.23 million tonne in the 2020-21 marketing year that ended September 30, with maximum shipments to Indonesia, trade body AISTA said. Of the total shipment, 7.06 million tonne of sugar has been exported, while about 1,66,335 tonne is under loading in the 2020-21 marketing year (October to September), it said. According to All India Sugar Trade Association (AISTA), about 6 million tonne of sugar was exported with government subsidy and 7.85 lakh tonne without subsidy in the 2020-21 marketing year. Maximum exports were undertaken to Indonesia at 1.82 million tonne, followed by Afghanistan (6,69,525 tonne), UAE (5,24,064 tonne) and Somalia (4,11,944 tonne) in 2020-21, it said in a statement.
- Indian regulations, especially when it comes to payments, have been ahead of the curve. One key example is the new rules for recurring payments on cards which the Reserve Bank of India (RBI) has introduced since October 1. The basic framework in the new rules entails issuing banks to notify customers of any automated recurring transactions 24 hours prior for transactions (if below Rs 5,000) and requires re-authentication to be done if the transaction is above Rs 5,000. Although these rules were notified initially in August 2019 with a deadline of September 1, 2019, the slow pace of implementation by all stakeholders involved (issuers, card networks, acquirers, etc.) resulted in the timelines being extended twice. Also, the limit for automatic transactions not requiring re-authentication has been extended to Rs 5,000 (from the earlier amount of Rs 2,000).
- In the bid to contain inflation and spur demand, the Reserve Bank of India (RBI) is likely to maintain status quo on interest rates and keep the accommodative stance in its upcoming bi-monthly monetary policy (MPC) review, as per experts. But traders and analysts are seeing hints that the central bank is seeking to drain record liquidity from the banking system, as it is increasingly shifting its forex intervention to the forwards market. Earlier this month, the apex bank governor Shaktikanta Das had said, "As markets settle down to regular timings and functioning and liquidity operations normalise, the RBI will also conduct fine-tuning operations from time to time as needed to manage unanticipated and one-off liquidity flows so that liquid conditions in the system evolve in a balanced and evenly distributed manner."
- Prime Minister Narendra Modi inaugurated "Azadi@75 -New Urban India: Transforming Urban Landscape' conference-cum-expo on Tuesday and digitally handed over keys of Pradhan Mantri Awas Yojana- Urban (PMAY-U) houses to 75,000 beneficiaries. After arriving at Indira Gandhi Pratisthan, Modi, along with Defence Minister Rajnath Singh, Chief Minister Yogi Adityanath, Union Urban Development Minister Hardeep Singh Puri and Governor Anandiben Patel, walked through the three exhibitions being set up in the expo. He also inquired about the Ayodhya development masterplan. Modi digitally handed over keys of PMAY-U houses to the beneficiaries and interacted with them.

Global Macro

- The IBD/TIPP Economic Optimism Index in the US slipped deeper into pessimistic territory, falling 1.7 points to 46.8 in October of 2021, its lowest since September of 2020. Americans have grown more pessimistic about the outlook for the U.S. economy with the lapse of unemployment benefits even as the latest Covid wave has slowed the jobs recovery. The six-month outlook for the U.S. economy held steady at a 13-month low of 41.3; and the federal policies subindex, which reflects views of how well government economic policies are working, fell 3.8 points to 45.3, the lowest since December, before the second round of stimulus checks. Also, the personal finances subindex, fell 2.1 points to 53.9, also the lowest since September 2020, weighed down by Dow Jones losses and inflation worries.
- The ISM Services PMI edged up to 61.9 in September of 2021 from 61.7 in August, beating forecasts of 60, and pointing to a robust growth in the services sector, although the ongoing challenges with labor resources, logistics, and materials are affecting the continuity of supply. Faster increases were seen for business activity (62.3 vs 60.1), new orders (63.5 vs 63.2) and backlog of orders (61.9 vs 61.3). On the other hand, employment (53 vs 53.7), supplier deliveries (68.8 vs 69.6) and new export orders (59.5 vs 60.6) slowed. Also, price pressures intensified (77.5 vs 75.4).

	S1	S2	PIVOT	R1	R2
ADANIPOINTS	738	734	746	750	758
ASIANPAINT	3226	3175	3243	3294	3311
AXISBANK	776	767	780	789	793
BAJAJ-AUTO	3838	3802	3856	3892	3910
BAJAJFINSV	17648	17374	17799	18073	18224
BAJFINANCE	7685	7594	7725	7815	7856
BHARTIARTL	688	673	696	711	719
BPCL	439	432	442	449	452
BRITANNIA	3873	3849	3889	3913	3929
CIPLA	918	906	940	951	973
COALINDIA	194	188	196	202	205
DIVISLAB	5155	5097	5205	5262	5312
DRREDDY	4987	4938	5018	5067	5098
EICHERMOT	2727	2698	2758	2787	2818
GRASIM	1610	1601	1632	1640	1662
HCLTECH	1282	1247	1298	1334	1349
HDFC	2725	2700	2740	2764	2779
HDFCBANK	1583	1569	1590	1604	1612
HDCLIFE	728	718	732	742	746
HEROMOTOCO	2835	2828	2847	2855	2867
HINDALCO	489	486	498	501	510
HINDUNILVR	2695	2676	2705	2724	2734
ICICIBANK	694	690	697	702	704
INDUSINDBK	1142	1091	1159	1210	1228
INFY	1672	1647	1687	1712	1727
IOC	128	125	129	132	134
ITC	233	232	235	236	238
JSWSTEEL	673	668	682	686	695
KOTAKBANK	1973	1963	1985	1995	2008
LT	1701	1686	1720	1735	1754
M&M	835	829	840	846	851
MARUTI	7178	7095	7239	7322	7383
NESTLEIND	19279	19191	19433	19521	19675
NTPC	144	142	146	147	149
ONGC	156	145	160	171	176
POWERGRID	187	185	191	192	197
RELIANCE	2578	2530	2595	2643	2660
SBILIFE	1244	1215	1256	1284	1296
SBIN	459	453	464	469	474
SHREECEM	28388	28182	28907	29112	29631
SUNPHARMA	810	803	822	830	842
TATACONSUM	794	787	806	813	826
TATAMOTORS	339	332	345	351	358
TATASTEEL	1306	1297	1320	1329	1342
TCS	3790	3717	3815	3888	3913
TECHM	1392	1367	1407	1432	1447
TITAN	2159	2106	2183	2236	2259
ULTRACEMCO	7406	7371	7486	7521	7600
UPL	705	693	712	724	731
WIPRO	640	629	645	655	660

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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