

# Morning Call

17 September 2021

Indices	Close	Previous	Chg. %
Sensex Index	59,141	58,723	0.71%
Nifty Index	17,630	17,519	0.63%
NSEBANK INDEX	37,669	36,852	2.22%
NSEAUTO INDEX	10,351	10,297	0.53%
NSEIT INDEX	35,852	36,075	-0.62%

Market depth	Advance	Decline	T/O(bn)
NSE			
BSE			

Indices	Close	Previous	Chg. %
DJIA	34,751	34,814	-0.18%
NASDAQ	15,182	15,162	0.13%
S&P 500	4,474	4,481	-0.16%
DAX	15,652	15,616	0.23%
CAC 40	6,623	6,584	0.59%
FTSE 100	7,027	7,016	0.16%
HANG SENG	24,668	25,033	-1.46%
SSE INDEX	3,607	3,656	-1.34%
NIKKIE 225	30,323	30,512	-0.62%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
INDUSINDBK	7.3	GRASIM	-1.8
ITC	6.6	BHARTIARTL	-1.3
SBIN	4.8	TCS	-1.3
RELIANCE	1.9	SHREECEM	-1.3
IOC	1.9	TATASTEEL	-1.3

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	54.9	52.6	2.3
STOCK FUT	150.6	169.4	-18.8

## Markets rose to reach fresh record highs

- Consumer product company ITC jumped 6.6 percent after multiple large trades, while SBI surged 4.8 percent after cutting interest rates on home loans. Reliance Industries and IOC both rose about 2 percent.
- Banks with exposure to the cash-strapped telecom firm followed suit, with IndusInd Bank rising 7.3 percent, Yes Bank rallying 12.6 percent and IDFC First Bank gaining 4.4 percent.

## Global & Asian market overview

- **European stocks** closed higher, rebounding from losses in the previous session, despite largely negative cues from global markets. Data showing an increase in the euro area trade surplus in the month of July on higher shipments contributed to the positive sentiment in European markets.
- **US stocks** fluctuated over the course of the trading session before ending the day little changed. The major averages recovered from an early move to the downside but eventually finished the session on opposite sides of the unchanged line.
- **Asian stocks** ended broadly lower, with fears over China Evergrande Group's financial woes and the announcement of more government scrutiny of Macau casinos denting sentiment. Investors also awaited next week's Federal Reserve meeting for more clues on the tapering of its bond-buying programs.

## Industry Buzz

- **Hero MotoCorp:** To increase prices of scooters and motorcycles by up to Rs 3,000 from September 20. Company says price hike necessitated to offset the impact of steadily increasing commodity costs. This is the fourth such price hike by Hero MotoCorp this year.
- **Poonawalla Fincorp:** Managing Director, Abhay Bhutada, has resigned from the board of the company effective September 16. Resignation came in the wake of SEBI's insider trading allegations against Bhutada. Vijay Deshwal, Group CEO, Poonawalla Fincorp will continue to run the operations of the company.

- **Biocon:** The Board of Directors of Biocon Biologics Ltd, a material subsidiary of the company, has approved the merger of Covidshield Technologies Pvt Ltd, a wholly owned subsidiary of Serum Institute Life Sciences, into BBL. Under the terms of the agreement, BBL will offer approximately 15% stake to SILS, at a post-money valuation of \$4.9 billion. In return, BBL will have access to 100 million doses of vaccines annually for 15 years and commercialisation rights of the SILS vaccine portfolio for global markets. Further, Adar Poonawalla will have a board seat in BBL.
- **JSW Steel:** The company has raised \$1 billion by issuing sustainability-linked bonds in the offshore market. Issue comprised of two tranches of 5.5 years and 10.5 years, each of \$500 million. The 10.5 year tranche is priced at 5.05% while the 5.5 year tranche is priced at 3.95%. Proceeds will be used for capex and to refinance debt. Further, the pricing of JSW Steel's SLBs can change if the company fails to achieve certain emission reduction targets by 2030.

- **TVS Motor Company:** The company will take a majority stake in EGO Movement in an all-cash deal through its Singapore unit, TVS Motor (Singapore) Pte. EGO Movement is a Swiss technology company with a portfolio of e-bikes, e-cargo bikes, and e-scooters.
- **Kotak Mahindra Bank:** Kotak Mahindra Group has acquired the vehicle loan portfolio of Volkswagen Group's Indian captive financing arm Volkswagen Finance Pvt Ltd. Kotak Mahindra Prime will acquire passenger cars and two-wheeler portfolio; KMB will acquire commercial vehicles portfolio of VFPL. With the acquisition, Kotak will gain access to more than 30,000 customers with a total loan outstanding of about Rs 1,340 crore. All these acquired loans are classified as Standard Loans as per the current RBI guidelines. In addition to the Standard Loans, Kotak has also acquired the NPA portfolio of VFPL.
- **Hindustan Copper:** Offer for sale for non-retail investors gets 141% demand as compared to the shares on offer. Demand at indicative price of Rs 116.12 per share. Consequently, the seller has decided to exercise the oversubscription option to the extent of 1.99 crore, representing 2.06% of the total equity share capital, in addition to the base offer size of 4.83 crore equity shares. The OFS for retail investors opens today.
- **Ujjivan Small Finance Bank:** RBI has approved the constitution of "Special Committee of Directors" with three independent directors as its members, to oversee the operations and administration of the bank in the absence of the Managing Director and CEO w.e.f. September 16, 2021.
- **Indiabulls Housing Finance:** The company has approved Rs 231.48 per foreign currency convertible bond as the floor price for a \$200 million issue that opened on Thursday.
- **Infosys:** Frost Bank has selected the company as strategic partner to launch new mortgage loan product offering.
- **KEI Industries:** ICRA has upgraded the rating of the long-term bank facilities to AA-/Stable from A+ and the rating of short-term bank facilities to A1+ from A1.
- **Balkrishna Industries:** The company has commenced the trial production at Green Field Project in Aurangabad, Maharashtra with an installed capacity of 30,000 MT per annum along with warehousing facility for raw materials and finished good.
- **Cosmo Films:** To set up of new production line for Biaxially Oriented Poly Propylene Film at Aurangabad, Maharashtra with rated capacity of 67,000 MT annually. The Rs 350 crore investment required for production line will be met via internal accrual, debts. The line is expected to commence production by FY2024-25. The company has also declared first interim dividend of Rs 25 per share for FY21-22.
- **Dhunseri Ventures:** Approved the appointment of Vikash Jain as Chief Financial Officer w.e.f. September 16 in place of Rajiv Sharma. The company has also approved incorporation of a new wholly owned subsidiary in U.S. for expansion and exploration of the cupcake business in the market. The company will make an initial investment of up to \$1 million in the form of equity.
- **Mangalore Chemicals and Fertilizers:** Board has approved the appointment of Shubhabrata Saha as a Managing Director for a term of five years effective September 16.
- **Intellect Design Arena:** The company has signed a multiple-year digital transformation deal with Resurs Bank, a Nordic bank with market leadership in sales finance business. The bank has chosen Intellect to implement Intellect Digital Core and iKredit360.
- **NCL Industries:** CRISIL has upgraded the long-term and short-term ratings of the company's bank loan facilities of Rs 396 crore to A/Stable from A- and A1 from A2+ respectively.
- **Capri Global Capital:** Shareholders approved raising of funds through issuance of equity or equity linked securities aggregating up to Rs 1,500 crore.

## Indian Macro

- Prospects are brightening for the economy achieving escape velocity from the pandemic as the second wave wanes and preparedness for the future remains on war-alert status, the Reserve Bank of India (RBI) bulletin said on September 16. Aggregate demand is gaining firmer ground, while on the supply side, IIP (Index of industrial production) and core industries mirror improvement in industrial activity and services sector indicators point towards sustained recovery, the Bulletin said. On September 16, the RBI released the September 2021 issue of its monthly bulletin. According to the bulletin, the trajectory of inflation is shifting down more favourably than anticipated. "As pandemic scars heal and supply conditions are restored with productivity gains, a sustained easing of core inflation can be expected, which will reinforce the growth-supportive stance of monetary policy," the bulletin said.
- A pick-up in bank credit is the RBI's preferred mode for narrowing the liquidity surplus, and the signal for any possible lift-off of interest rates will be the rate-setting panel's shift in stance of the policy, RBI Deputy Governor Michael Patra said. Patra also defended the RBI's decision of creating an asymmetrical liquidity corridor by cutting the reverse repo rate as a measure taken because of the impact of the COVID pandemic which will be normalised as time passes. The RBI is absorbing over Rs 9 lakh crore per day through the reverse repo corridor as the bank credit growth stutters around the 6 per cent mark. On the liquidity management side, concerns are being raised whether the introduction of instruments like the variable reverse repo rate (VRRR) operations are aimed at tightening.
- The GST Council, chaired by Finance Minister Nirmala Sitharaman, will meet on Friday, which among other things may review tax rate of over four-dozen items and extend till December 31, tax concessions on 11 COVID drugs. Also, taxing petrol and diesel under the single national GST tax and a proposal to treat food delivery apps such as Zomato and Swiggy as restaurants and levy a 5 percent GST tax on supplies made by them would be taken up by the Council at its meeting in Lucknow on September 17. "Finance Minister Smt @nsitharaman will chair the 45th GST Council meeting at 11 AM in Lucknow tomorrow. The meeting will be attended by MOS Shri @mppchaudhary besides Finance Ministers of States & UTs and Senior officers from Union Government & States," the Finance Ministry tweeted.
- The commerce ministry's arm DGTR has recommended the extension of anti-dumping duty on imports of certain steel products from countries like China, Japan and Korea to protect the domestic industry from cheap inbound shipments. In separate notifications, the Directorate General of Trade Remedies (DGTR) has recommended the duty after conducting a sunset review investigation on the imports of "cold rolled/cold reduced flat steel products of iron or non-alloy steel or other alloy steel of all width and thickness - not clad, plated or coated from China, Japan, Korea and Ukraine. It has also suggested extension of the duty on imports of hot-rolled flat products of alloy or non-alloy steel from China, Japan, Korea, Russia, Brazil and Indonesia. It concluded that there is a likelihood of continuation and recurrence of injury to the domestic industry if the existing duty is removed.

## Global Macro

- The United States recorded a capital and financial account surplus of USD 126 billion in July of 2021, up from USD 32 billion in the previous month. Foreign investors bought USD 10.2 billion in Treasuries in July, compared with an inflow of USD 10.9 billion in June. Meanwhile, foreigners bought USD 2 billion of long-term US securities.
- US natural gas futures eased to \$5.3 US natural gas futures on forecasts for slightly lower demand next week and after the Energy Information Administration reported a bigger than expected storage build last week. The EIA said utilities added just 83 billion cubic feet of gas into storage during the week ended September 10th, above market forecasts for a 76-bcf build. Still, prices remain not far from an over 7-1/2-year high of \$5.5/mmBtu amid soaring demand for US exports as global prices surge while almost 40% of gas production in the Gulf of Mexico remains shut-in due to Hurricane Ida. In

the UK, gas futures jumped about 18% on Wednesday to break another record after a fire shut down a major cable bringing power from France. Elsewhere, gas in Europe was trading around \$25/mmBtu as flows from top supplier Russia and Norway have been limited, and there is a competition with Asia, where prices near \$19/mmBtu, to catch liquified natural gas cargoes.

- Germany's benchmark 10-year Bund yield stood at -0.3%, its highest level since July 14th, after European Central Bank head Christine Lagarde said the Eurozone economy is recovering quicker than anticipated just six months ago. Earlier, Finnish central bank chief Olli Rehn said any exit from ECB crisis stimulus would be very gradual and would ensure favourable financial conditions were maintained. Last week, the ECB said it would moderately slow its pandemic emergency bond buying during the fourth quarter, but did not signal an end to the emergency stimulus. Meanwhile, signs of easing inflationary pressure in US could mean the Federal Reserve won't rush to taper asset purchases despite other data pointing to a strong recovery in the world's largest economy; while a jump in UK inflation reignited concerns about a sooner-than-expected policy tightening by the Bank of England.
- Manufacturers' and trade inventories in the US increased 0.5% mom in July of 2021, following an upwardly revised 0.9% rise in June and in line with market expectations. It was the 13th consecutive month of gains in business inventories. Stocks were up at wholesalers (0.6%), manufacturers (0.5%) and retailers (0.4%). Year-on-year, business inventories jumped 7.2%.

	S1	S2	PIVOT	R1	R2
ADANIAPORTS	762	754	767	774	780
ASIANPAINT	3322	3310	3346	3358	3382
AXISBANK	794	783	801	813	819
BAJAJ-AUTO	3784	3755	3809	3838	3863
BAJAJFINSV	16550	16425	16750	16875	17075
BAJFINANCE	7358	7287	7401	7472	7516
BHARTIARTL	705	699	721	727	743
BPCL	436	432	439	442	445
BRITANNIA	4036	3998	4078	4116	4158
CIPLA	947	941	956	961	970
COALINDIA	159	156	161	165	167
DIVISLAB	5141	5108	5157	5189	5206
DRREDDY	4879	4858	4938	4959	5018
EICHERMOT	2841	2822	2862	2881	2902
GRASIM	1557	1543	1587	1601	1631
HCLTECH	1244	1230	1270	1284	1310
HDFC	2807	2790	2816	2833	2841
HDFCBANK	1547	1528	1556	1575	1584
HDCLIFE	749	740	752	761	765
HEROMOTOCO	2903	2870	2914	2947	2959
HINDALCO	479	476	484	487	491
HINDUNILVR	2740	2724	2769	2786	2814
ICICIBANK	719	707	724	735	741
INDUSINDBK	1073	1014	1130	1189	1245
INFY	1688	1676	1704	1716	1732
IOC	117	115	118	120	121
ITC	222	210	228	239	245
JSWSTEEL	683	679	692	696	705
KOTAKBANK	1885	1856	1898	1927	1940
LT	1711	1701	1720	1731	1739
M&M	752	747	756	762	766
MARUTI	6891	6841	6920	6970	6999
NESTLEIND	19888	19793	20065	20160	20337
NTPC	123	121	124	125	127
ONGC	127	125	129	131	133
POWERGRID	177	176	180	181	183
RELIANCE	2389	2343	2413	2459	2483
SBILIFE	1174	1161	1180	1193	1199
SBIN	453	436	460	477	483
SHREECEM	30180	29772	30713	31121	31654
SUNPHARMA	778	775	781	784	787
TATACONSUM	869	864	876	881	888
TATAMOTORS	307	304	311	315	319
TATASTEEL	1417	1404	1444	1457	1485
TCS	3858	3830	3920	3948	4010
TECHM	1433	1422	1451	1462	1480
TITAN	2088	2073	2111	2126	2148
ULTRACEMCO	7704	7647	7787	7844	7927
UPL	745	741	758	762	774
WIPRO	661	655	671	676	686

## 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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