

Morning Call

16 August 2021

Indices	Close	Previous	Chg. %
Sensex Index	55,583	55,437	0.26%
Nifty Index	16,563	16,529	0.21%
NSEBANK INDEX	34,628	34,415	0.62%
NSEAUTO INDEX	10,089	10,178	-0.88%
NSEIT INDEX	32,578	32,679	-0.31%

Market depth	Advance	Decline	T/O(bn)
NSE	655	1,356	543
BSE	1,122	2,180	77

Indices	Close	Previous	Chg. %
DJIA	35,625	35,515	0.31%
NASDAQ	14,794	14,823	-0.20%
S&P 500	4,480	4,468	0.27%
DAX	15,926	15,977	-0.32%
CAC 40	6,839	6,896	-0.83%
FTSE 100	7,154	7,219	-0.90%
HANG SENG	26,181	26,392	-0.80%
SSE INDEX	3,517	3,516	0.03%
NIKKEI 225	27,523	27,977	-1.62%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
TATASTEEL	3.7	MARUTI	-2.6
BAJFINANCE	3.4	SHREECEM	-2.3
M&M	2.7	EICHERMOT	-2.2
BRITANNIA	2.5	POWERGRID	-2.0
IOC	2.3	BAJAJ-AUTO	-2.0

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	21.2	24.5	-3.3
STOCK FUT	134.8	132.1	2.6

Markets ended volatile session closing at record highs

- Benchmark indices recovered from early losses to end in the green on Monday. Buying was seen in metal and FMCG names, but auto and pharma stocks were under selling pressure.
- The broader market continued to lose momentum as most small and midcap indices closed in the red. The volatility indicator also jumped as traders were on their toes.

Global & Asian market overview

- **European stocks** closed in the red, snapping a ten-day winning streak, the longest since 2006 as global sentiment turned south after latest data from the world's biggest economies cast a shadow over the growth outlook as the delta virus variant spreads. Daily COVID-19 cases in Germany rose the most since May, while the seven-day average of Covid-19 deaths in the US was also the highest since May.
- **US stocks** After coming under pressure early in the session, the major U.S. stock indexes turned mixed over the course of the trading day. The Dow and the S&P 500 recovered to end the day at new record closing highs, while the Nasdaq regained ground but still closed in the red.
- **Asian stocks** Fears of weakening economic recovery in China exacerbated the negative sentiment attributed to the worsening coronavirus situation in the region and dragged down most Asian stocks. Key regional benchmarks closed in the red after several economic indicators for July from China missed forecasts.

Industry Buzz

- **Lupin:** received tentative approval from USFDA for Brivaracetam tablets, which are indicated for the treatment of partial-onset seizures in patients four years of age and older.
- **Suven Life Sciences:** announced Phase 3 clinical trial of SUVN-502 (Masupirdine), a 5-HT6 antagonist for treatment of agitation and aggression in Alzheimer's type dementias'.

- **Infosys:** has agreed to invest an additional sum \$0.45 million in TidalScale Inc. Earlier, the company had invested \$1.5 million in 2016 and \$1.5 million in 2018. Further, it bought back shares worth Rs 3.77 crore on August.
- Adani Road Transport, a wholly owned subsidiary of **Adani Enterprises**, to acquire Maharashtra Border Check Post Network portfolio from Sadbhav Infrastructure Project at an enterprise value of Rs 1,680 crore. ARTL will acquire 49% at first, with option to acquire additional stake, subject to approvals.
- **3i Infotech:** Mrinal Ghosh has resigned as Chief Financial Officer. He will be relieved from the duties effective September 14.
- **Fiem Industries:** To supply head lamps, tail lamps, indicators, rear fender assembly and mirrors to Ola Electric Mobility for its Scooter S1 and S1 Pro.

Indian Macro

- The wholesale price inflation rate in India eased to 11.16% year-on-year in July 2021, from 12.07% in the previous month and slightly below market expectations of 11.30%. Cost for primary articles advanced at a softer pace (5.72% vs 7.74%) as food articles were unchanged (vs 3.09% in June) while non-food articles inflation accelerated (22.94% vs 18.86%). In addition, prices of fuel & power advanced 26.02%, slower than 32.83% in June; while manufactured products inflation rose to 11.20% from 10.88%. On a monthly basis, wholesale prices increased by 0.6% in July, the same pace as in the previous month.
- The microfinance industry's gross loan portfolio (GLP) marginally declined by around 4 percent to Rs 2,14,528 crore as of June 30 this year, against Rs 2,24,205 crore as of June 20, 2020, according to a report by Sa-Dhan. Despite the ongoing pandemic, the sector witnessed disbursement of Rs 25,820 crore by all lenders, though a quarter-on-quarter GLP was down 14 percent, in 1QFY22.
- Foreign portfolio investors (FPI) have made a net investment of Rs 2,085 crore so far in August in Indian equities, according to data from NSDL. With the investments in August, the net FPI investment in the equities segment in 2021 now stands at Rs 51,121 crore.

Global Macro

- The People's Bank of China (PBoC) injected a CNY 600 billion one-year medium-term lending facility (MLF) into the financial system and kept the rate unchanged at 2.95% on August 16th, 2021. The central bank also injected CNY 10 billion into the market through seven-day reverse repos at an interest rate of 2.2%. The central bank said the move aims to maintain the reasonable and sufficient liquidity of the banking system.
- The Baltic Dry Index jumped 3% to 3,606 on Monday, its highest level since mid-2010 and extending gains for a fifth straight session, amid improving demand and ongoing concerns about congestion in Chinese ports. The capesize index, which tracks iron ore and coal cargoes of 150,000-tonnes advanced 5.3% to 4,852, a peak since May 11th; and the panamax index which tracks cargoes of about 60,000 to 70,000 tonnes of coal and grains, increased 1% to its highest since June 20 at 3,584. Among smaller vessels, the supramax index rose about 40 points to a fresh all-time high of 3,119.
- Sugar futures on ICE soared to \$20 per pound for the first time since February 2017, as downgrades to the production outlook in top sugar exporter Brazil exacerbated an already tight global supply outlook. Brazil's 2021/22 center-south sugar production is forecast to fall to 32.5 million tonnes from a June forecast of 34.1 million tonnes as drought and frosts damage the sugarcane crop, food trader Czarnikow said. Sugar is currently up around 30% year-to-date buoyed by concerns that severe frosts and the worst drought in nearly a century in the leading sugar producer will cause considerable losses in sugar production.

	S1	S2	PIVOT	R1	R2
ADANIPTS	699	693	708	713	722
ASIANPAINT	2964	2950	2974	2988	2998
AXISBANK	755	751	760	765	770
BAJAJ-AUTO	3708	3683	3768	3793	3853
BAJAJFINSV	14349	14180	14478	14647	14776
BAJFINANCE	6217	6015	6306	6509	6597
BHARTIARTL	627	623	635	639	647
BPCL	457	450	462	470	475
BRITANNIA	3608	3520	3641	3728	3762
CIPLA	881	876	891	896	906
COALINDIA	141	140	142	143	145
DIVISLAB	4855	4820	4905	4939	4989
DRREDDY	4621	4576	4654	4699	4732
EICHERMOT	2453	2430	2505	2527	2579
GRASIM	1470	1460	1498	1508	1535
HCLTECH	1115	1107	1122	1130	1137
HDFC	2712	2683	2723	2753	2764
HDFCBANK	1522	1515	1529	1536	1542
HDFCLIFE	667	662	671	676	681
HEROMOTOCO	2727	2716	2752	2763	2789
HINDALCO	436	431	441	446	452
HINDUNILVR	2401	2375	2419	2445	2463
ICICIBANK	698	694	703	707	711
INDUSINDBK	1012	1007	1021	1026	1035
INFY	1688	1674	1704	1718	1734
IOC	105	103	106	109	110
ITC	210	209	211	212	214
JSWSTEEL	743	725	757	775	788
KOTAKBANK	1763	1753	1782	1793	1812
LT	1646	1638	1662	1670	1685
M&M	787	772	796	811	819
MARUTI	6716	6659	6867	6924	7075
NESTLEIND	18178	18017	18339	18500	18660
NTPC	118	117	119	119	120
ONGC	113	112	116	117	120
POWERGRID	179	178	182	183	186
RELIANCE	2132	2092	2167	2206	2242
SBILIFE	1127	1120	1136	1143	1152
SBIN	419	417	427	429	437
SHREECEM	25603	25374	26169	26397	26964
SUNPHARMA	775	767	779	786	791
TATACONSUM	795	790	805	810	820
TATAMOTORS	301	300	304	306	309
TATASTEEL	1484	1447	1509	1546	1572
TCS	3436	3407	3465	3494	3523
TECHM	1350	1335	1375	1390	1415
TITAN	1822	1804	1835	1852	1865
ULTRACEMCO	7274	7231	7375	7418	7519
UPL	765	760	775	779	789
WIPRO	608	604	615	619	625

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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