

Morning Call

27 August 2021

Indices	Close	Previous	Chg. %
Sensex Index	55,949	55,944	0.01%
Nifty Index	16,637	16,635	0.01%
NSEBANK INDEX	35,618	35,586	0.09%
NSEAUTO INDEX	9,763	9,809	-0.46%
NSEIT INDEX	34,041	34,084	-0.13%

Market depth	Advance	Decline	T/O(bn)
NSE	1,005	989	537
BSE	1,672	1,520	40

Indices	Close	Previous	Chg. %
DJIA	35,213	35,406	-0.54%
NASDAQ	14,946	15,042	-0.64%
S&P 500	4,470	4,496	-0.58%
DAX	15,794	15,861	-0.42%
CAC 40	6,666	6,676	-0.16%
FTSE 100	7,125	7,150	-0.35%
HANG SENG	25,416	25,694	-1.08%
SSE INDEX	3,502	3,540	-1.09%
NIKKIE 225	27,742	27,725	0.06%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
BRITANNIA	2.7	BHARTIARTL	-4.4
TATACONSUM	2.2	JSWSTEEL	-1.8
BPCL	1.8	MARUTI	-1.5
HDFCLIFE	1.7	SBIN	-1.4
RELIANCE	1.3	HINDALCO	-1.4

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	62.4	64.4	-2.1
STOCK FUT	261.8	241.8	20.0

Markets ended little changed for the second day running

- Britannia Industries jumped 2.7 percent as Jehangir Wadia withdrew from all listed businesses of the \$15-billion Wadia Group.
- Reliance Industries, HDFC Life, BPCL and Tata Consumer Products rose 1-2 percent while Bharti Airtel slumped as much as 4.4 percent amid fund raising reports.

Global & Asian market overview

- **European stocks** closed lower as investors stayed cautious and refrained from making significant moves, looking ahead to Fed Chairman Jerome Powell's closing remarks at the Jackson Hole Symposium.
- **US stocks** closed weak, retreating from record highs, as investors stayed quite wary of making significant moves as they looked ahead to comments from Fed officials at the annual Jackson Hole symposium on Friday.
- **Asian stocks** fell as COVID-19 worries persisted and South Korea became one of the first major Asian economy to start exiting record-low borrowing costs.

Industry Buzz

- **Wipro:** The company has partnered with DataRobot to deliver Augmented Intelligence at scale, to help customers become AI driven enterprises, and accelerate their business impact. This collaboration will help accelerate the execution of AI strategy and will ensure quicker "data to value" for businesses, the company said.
- **Infosys:** Infosys Public Services Inc, a subsidiary of the company, has been awarded a contract by Manitoba Public Insurance to digitise driver licensing, vehicle registration, and International Registration Plan services for over 900,000 Manitobans.
- **Mahindra CIE Automotive:** Subscribed to 74.34 lakh equity shares of face value of Rs 10 each of ReNew Surya Alok. Consequently, the company's stake in ReNew has increased to 82.60 lakh equity shares constituting 31.20% of the total equity capital.

- **IDFC First Bank:** RBI has approved the appointment of Sanjeeb Chaudhuri as the part-time Chairman of the bank for a period of three years with effect from August 25. Chaudhuri has served on the boards of Aditya Birla Fashion & Retail, Citigroup Europe and Standard Chartered Securities
- **Adani Green Energy:** To raise up to \$750 million via bond sale overseas. The company approved issuing U.S. dollar denominated foreign currency bonds which may be issued in one or more tranches overseas. The bonds may be listed in any one or more stock exchanges in India or overseas. The company will use proceeds from the bond sale for onward lending to subsidiaries, including step-down subsidiaries, for capital expenditure requirements to fund the development of utility scale projects.
- **ADF Foods:** The company's wholly owned subsidiary, ADF Holdings (USA), will make an investment of up to \$5 million, which would entail asset purchase and setting up of a step-down subsidiary in the United States. ADF Holdings (USA) will have a 70% stake in the proposed step-down subsidiary, which will be a distribution company and will help the company move up

the value chain. This will further strengthen its penetration and distribution with the retailers with an enlarged product portfolio.

- **NLC India:** Allotted 10,000 Commercial Papers of face value of Rs 5 lakh each aggregating to Rs 500 crore on August 25.
- **JK Lakshmi Cement:** Shareholders approved the reappointment of Vinita Singhania as Managing Director of the company for a period of five years effective August 1.
- **BHEL:** The company has signed a Memorandum of Understanding with JSC Rosoboronexport. The MoU aims to cooperate and implement possible joint projects and activities with BHEL for joint production of spare parts and components for Russian-origin equipment installed onboard the Indian Navy Aircraft Carrier, Vikramaditya, and maintenance of systems and equipment of Aircraft Carrier, Vikramaditya, and on other issues of mutual interest, the company said.

Indian Macro

- As announced in the last budget on the monetisation plan, Finance Minister Nirmala Sitharaman has launched an ambitious medium-term National Monetisation Pipeline (NMP) to monetize Rs 6 trillion of brownfield infrastructure assets over a period of four years. From 2022 to 2025, the government is planning to offer existing assets across sectors to private organisations to generate additional revenue, and at the same time to maintain and manage the assets in a professional manner. The top three sectors by value identified for asset monetisation include roads, railways, and power with a respective share of 27 percent, 25 percent, and 15 percent in the total assets value.
- The Reserve Bank of India has appointed Ajay Kumar as executive director with effect from August 20, 2021, the central bank said in a press release on August 26. Kumar was earlier heading the New Delhi Regional Office of the central bank, the RBI said. With a career spanning more than three decades, Kumar has served in foreign exchange, banking supervision, financial inclusion, currency management and other areas in the Reserve Bank. As Executive Director, Kumar will be responsible for departments of currency management, foreign exchange and premises, the release said.

Global Macro

- Profits earned by China's industrial firms increased by 57.3% yoy to CNY 4.92 trillion in January-July 2021, following a 66.9% surge in the prior period, amid stable recovery momentum, with profits continuing to grow for both state-owned industrial firms (102.2%) and private-sector (40.2%). Among the 41 industries surveyed, 36 saw profit rises, including oil and natural gas extraction (266.7%), non-ferrous metal smelting (200.1%), ferrous metal smelting and rolling (182%), chemical raw materials (162.4%), coal mining and washing (127.9%), computer, communications (43.2%), electrical machinery (30.2%), general equipment (25.7%), automobile (19.7%), and textile (4.2%). In August alone, industrial profits rose by 16.4% yoy to CNY 703.67 billion, slowing from a 20% gain in July, amid the imbalance of corporate profitability on the back of high commodity prices and supply chain challenges, and outbreaks in some provinces.
- Corporate profits in the United States jumped 9.7 percent to a record high of USD 2.42 trillion in the second quarter of 2021, following a 4.5 percent rise in the previous period, a preliminary estimate showed. Undistributed profits climbed 19.2 percent to USD 1.01 trillion and net cash flow with inventory valuation adjustment, the internal funds available to corporations for investment, surged 7.2 percent to USD 3.06 trillion. Meantime, net dividends rose 3.7 percent to USD 1.41 trillion.
- The British pound held above \$1.37 during the fourth week of August, as all eyes turn to US Federal Reserve Chair Jerome Powell's speech at the Jackson Hole symposium on Friday. Still, sterling remained close to its lowest level in a month, as investors rushed for the dollar after the Federal Reserve's meeting minutes showed the increasing prospect of reduced monetary stimulus this year. At the same time, concerns over the pace of global growth due to the worldwide spike in COVID-19 infections hit risk appetite, while the Bank of England's hawkish turn helped to curb the losses.

Policymakers in the UK raised inflation forecasts for 2021 and signaled that "some modest tightening" of monetary policy over the central bank's forecast period was likely to be necessary if the economy continues to improve.

	S1	S2	PIVOT	R1	R2
ADANI PORTS	714	708	724	730	739
ASIANPAINT	3012	2990	3048	3070	3106
AXISBANK	737	726	744	755	761
BAJAJ-AUTO	3669	3645	3694	3719	3744
BAJAJFINSV	15693	15463	15909	16139	16354
BAJFINANCE	6891	6804	6942	7030	7081
BHARTIARTL	572	564	592	599	619
BPCL	462	454	467	475	480
BRITANNIA	3885	3794	3916	4006	4037
CIPLA	905	900	911	915	921
COALINDIA	136	135	138	139	141
DIVISLAB	4812	4796	4845	4860	4893
DRREDDY	4476	4447	4515	4544	4584
EICHERMOT	2563	2535	2574	2601	2612
GRASIM	1427	1413	1443	1456	1473
HCLTECH	1160	1149	1166	1177	1183
HDFC	2684	2664	2702	2722	2740
HDFCBANK	1541	1529	1556	1569	1584
HDFCLIFE	693	686	698	705	710
HEROMOTOCO	2635	2620	2658	2673	2695
HINDALCO	419	414	426	430	437
HINDUNILVR	2624	2594	2661	2691	2728
ICICIBANK	692	685	697	703	708
INDUSINDBK	994	989	1003	1008	1018
INFY	1710	1702	1728	1736	1754
IOC	105	104	106	107	107
ITC	204	203	205	206	208
JSWSTEEL	664	659	674	680	690
KOTAKBANK	1687	1674	1702	1715	1729
LT	1591	1579	1597	1609	1615
M&M	774	763	778	790	794
MARUTI	6555	6518	6628	6665	6738
NESTLEIND	19873	19682	19996	20187	20310
NTPC	111	110	113	114	115
ONGC	114	114	115	116	117
POWERGRID	171	170	173	175	177
RELIANCE	2212	2189	2228	2252	2268
SBILIFE	1144	1135	1154	1163	1174
SBIN	407	406	412	413	417
SHREECEM	26269	25936	26450	26783	26964
SUNPHARMA	755	751	763	767	775
TATACONSUM	843	828	850	866	872
TATAMOTORS	282	279	285	288	290
TATASTEEL	1362	1349	1378	1392	1408
TCS	3635	3622	3661	3675	3701
TECHM	1438	1429	1452	1460	1475
TITAN	1800	1788	1817	1830	1847
ULTRACEMCO	7266	7225	7342	7384	7460
UPL	715	710	722	728	735
WIPRO	623	618	631	636	643

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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