

Morning Call

02 September 2021

Indices	Close	Previous	Chg. %
Sensex Index	57,338	57,552	-0.37%
Nifty Index	17,076	17,132	-0.33%
NSEBANK INDEX	36,574	36,425	0.41%
NSEAUTO INDEX	10,044	10,034	0.09%
NSEIT INDEX	34,111	34,570	-1.33%

Market depth	Advance	Decline	T/O(bn)
NSE	942	1,061	642
BSE	1,456	1,726	43

Indices	Close	Previous	Chg. %
DJIA	35,313	35,361	-0.14%
NASDAQ	15,309	15,259	0.33%
S&P 500	4,524	4,523	0.03%
DAX	15,824	15,835	-0.07%
CAC 40	6,759	6,680	1.18%
FTSE 100	7,150	7,120	0.42%
HANG SENG	26,028	25,879	0.58%
SSE INDEX	3,567	3,544	0.65%
NIKKIE 225	28,451	28,090	1.29%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
ASIANPAINT	3.1	M&M	-3.0
TATAMOTORS	2.6	CIPLA	-2.7
SBILIFE	1.9	TATASTEEL	-2.7
NESTLEIND	1.7	HINDALCO	-2.2
AXISBANK	1.5	BAJAJFINSV	-2.1

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	36.9	45.7	-8.7
STOCK FUT	150.3	151.7	-1.3

Markets ended a tad lower, with metals and information technology companies pacing the declines

- Weak auto sales figures reported by Tata Motors, Maruti Suzuki India and Mahindra & Mahindra due to electronic components shortage also weighed on sentiment.
- After a strong opening on the back of positive GDP data, key benchmark indexes failed to hold onto their early gains due to profit booking at higher levels following a three-day record-breaking streak.

Global & Asian market overview

- **European stocks** closed higher as investors shrugged off data showing an acceleration in eurozone inflation, and picked up shares, betting on hopes central banks will continue with their easy money policies to boost economic growth.
- **US stocks** saw strength for much of the session before giving back ground in the latter part of the trading day. Despite the late-day pullback, the tech-heavy Nasdaq ended the session at a new record closing high.
- **Asian stocks** rose broadly in spite of signs that the region's factory activity lost momentum in August due to a resurgence in coronavirus cases. Chinese shares advanced as weak data raised hopes for more policy support.

Industry Buzz

- **Vedanta:** Board has approved first interim dividend of Rs 18.50 per equity share for the financial year 2021-22. The interim dividend amounts to Rs 6,877 crore for the financial year. The record date for the purpose of payment of dividend is September 9, 2021.
- **State Bank of India:** Raised Rs 4,000 crore via local AT-1 bond issue. SBI raised funds at coupon rate of 7.72%. Bank received over Rs 10,000 crore in bids.
- **Indian Bank:** The Central government has appointed SL Jain as Managing Director and Chief Executive Director of the bank for a period of three years with effect from September 1.

- **Hindustan Zinc:** Extended the shutdown of one of the roasters at Chanderiya lead zinc smelter for repair and overhaul of many major structural components to avoid any operational risk in the future. The shutdown will result in loss of production of about 25,000 ton of zinc. The company expects roaster to be operational by mid of October 2021.
- **Wipro:** Appointed Mohammed Areff as the Country Head and Managing Director for the Middle East. Areff will focus on Wipro's vision for business growth, localisation, brand building and significant transformational and modernisation engagements with clients in key sectors across the region, the company said.
- **Mphasis:** Board has approved re-appointment of Nitin Rakesh as the Chief Executive Officer and appointment as the Managing Director of the company for a period of 5 years with effect from October 1, 2021
- **IIFL Wealth Management:** Appointed Sanjay Wadhwa as Chief Financial Officer of the company with effect from September 2. Wadhwa will replace Mihir Nanavati who resigned from the role effective September 1.

- **Minda Corporation:** The wholly owned subsidiary of the company, Spark Minda Green Mobility Systems, has entered into definitive agreements for acquiring 26% equity stake in EVQPOINT Solutions. The investment will see Spark Minda Group, become EVQPOINT's exclusive technology and manufacturing partner for battery chargers and EV supply equipment. This partnership with EVQPoint is meant to strengthen the Spark Minda Group's EV supply equipment portfolio and offer battery chargers for both onboard and offboard configurations in the range of 250 W to 6.6 KW, with a roadmap for further range expansion, said Executive Director Aakash Minda.
- **Aditya Birla Fashion and Retail:** To raise up to Rs 400 crore by issuing 4,000 unsecured NCDs of face value of Rs 10 lakh each on private placement basis, on or after September 8.
- **Kitex Garments:** Telangana government has approved Rs 1,000 crore expansion plan of the company.
- **Kotak Mahindra Bank:** Completed the sale of 20 crore equity shares, 8.57% shareholding on a fully diluted basis, of Airtel Payments Bank to Bharti Enterprises for Rs 294.8 crore.
- **Axis Bank:** The RBI has imposed a penalty of Rs 25 lakh on the bank for contravention of certain provisions of KYC norms.
- **Coal India:** Production in August up 14.6% year-on-year to 42.6 MT versus 37.2 MT. Offtake up 9.5% year-on-year to 48.6 MT versus 44.4 MT.
- **GRM Overseas:** Approved appointment of Vedant Garg as Chief Financial Officer with effect from September 29. Garg will replace Rattan Lal Mittal, who will step down from the position from closing of business hours on September 28.
- **Grasim Industries:** Board has approved appointment of Hari Krishna Agarwal, as the Managing Director of the company for a period of two years with effect from December 1, 2021. Agarwal will replace Dilip Gaur who will retire on November 30.
- **IFGL Refractories:** Completed the first phase of greenfield project being set up at industrial park in Andhra Pradesh at a cost of about Rs 30 crore. The company has started commercial production of Monolithics and Castables. Installed capacity is 48,000 MT per annum.
- **Shyam Metalics and Energy:** The wholly owned subsidiary of the company, Shyam SEL & Power, completed the acquisition of 90% stake in Shree Venkateshwara Electrocast for Rs 22.28 crore on August 31. The investment in Shree Venkateshwara has been done through a combination of equity and inter corporate loans.
- **NMDC:** Says Aug. sales 2.91 million tonnes vs. 1.79 million YoY
- **Morepen Laboratories:** Approves transfer of medical devices business to a unit
- **AGMs:** IPCA Laboratories (3:30 p.m.); Karnataka Bank (11 a.m.); Hikal (11:30 a.m.); Indian Energy Exchange (12 p.m.); Ingersoll-Rand India (12 p.m.); Shree Renuka Sugar (11 a.m.)

Indian Macro

- India has contracted to import 250,000 tonnes of soymeal, including 15,000 tonnes that Indian dealers had shipped out only two months ago, traders said. New Delhi last month allowed imports of genetically modified (GM) soymeal for the first time to help the poultry industry, which is reeling from a surge in local soymeal prices that tripled in a year to a record high. But even before the government allowed GM soymeal imports, traders started booking shipments to meet rising demand in the country. "Sensing huge profit, traders this week brought back Indian soymeal that was exported two months ago," said a Mumbai-based dealer with a global trading firm.
- India's first quarter GDP (Q1, FY22) growth has been lauded by many as it came in at a healthy 20.1 percent (y-o-y) primarily aided by a very weak base of the last year, when the country was subjected to a strict nation-wide lockdown. However, the year-on-year comparison offered by a volatile time-series data is always illusory. If one closely looks at the absolutes and the quarter-over-quarter variations in real terms (at constant prices), one sees a significant loss of growth momentum across almost all sectors of the economy. Except for agriculture and allied activities, a majority of the industrial sectors and services have fallen below their pre-COVID-19 production levels.
- The GDP growth rose a material 20.1 percent YoY in Q1FY22 (Emkay: 21.3 percent, Consensus:21 percent) with Real gross value added (GVA) growth at 18.8 percent (Emkay: 19.2 percent Consensus: 19.6 percent), led by pandemic-induced low base effects, but was also marked by lower-than-initially-expected economic losses from Covid-II. Most

leading indicators and robust corporate results hinted at decent annualised gain in growth momentum, while the sharp sequential contraction (-13 percent QoQ, nsa) likely reflected the impact of localised restrictions due to Covid-II. Nominal GDP was at 31.7 percent. Amid robust net taxes in Q1FY22, the yawning gap between GDP and GVA growth seen in FY21, has finally reversed.

- Goods and Service Tax collection for the month of August 2021 came in at Rs 1.12 lakh crore, compared with Rs 1.16 lakh crore in July, data released by the Finance Ministry show on September 1. This is the second consecutive month that GST collections are above the Rs 1 lakh crore mark, indicating that economic recovery post the second wave of the Covid-19 is well underway. "The GST collections are impressive as they are above Rs 1 lakh crore for several months in succession. Most of the key manufacturing states have shown an increase of 25 percent to 35 percent in collections compared to the same period last year, indicating that the economic recovery may be faster in the current year," said MS Mani, Senior Director, Deloitte India.

Global Macro

- Brent crude futures remained below \$71 a barrel on Wednesday, after OPEC+ agreed to stick to a plan to add 400,000 barrels per day (bpd) each month to the end of December despite pressure from the US to pump more and even as the cartel's has raised its forecast for oil demand next year. Meanwhile, data from the EIA showed US gasoline inventories rose by 1.3 million barrels last week, defying market expectations of a 1.6 million barrel drop, while crude inventories declined more than forecast. Brent crude futures are expected to remain under pressure as offshore oil and gas production in the Gulf of Mexico gradually recovers, after being hit by Hurricane Ida earlier this week.
- The yuan was little-changed at 6.45 against the US dollar in early September, hovering around its strongest level since mid-June, as investors turned to riskier currencies following Federal Reserve Chair Jerome Powell's dovish stance on policy while the market waits for catalysts. Still, the yuan will likely weaken over the long term as a batch of economic data added to signs of slower growth in the world's second-largest economy and spurred hopes of more stimulus from the country's central bank. Data on Wednesday showed China's factory activity slipped into contraction in August for the first time in nearly 1-1/2 years due to the resurgence of the COVID-19 virus, supply bottlenecks and rising costs. In July, the PBOC had cut banks' reserve requirement ratio to bolster a slowing economy, and is expected to announce additional measures in coming months to stimulate activity. Elsewhere, the US Federal Reserve is heading towards tapering
- Construction spending in the US went up 0.3 percent from the previous month to a seasonally adjusted annual rate of USD 1.569 trillion in July of 2021 after showing no growth in June and above market expectations of a 0.2 percent gain. Spending on private construction increased 0.3 percent and public construction outlays rose 0.7 percent, led by increases in Power (2.3 percent), highway and street (1.9 percent) and commercial (1.7 percent).
- Private businesses in the US hired 374 thousand workers in August of 2021, compared with a downwardly revised 326 thousand increase in July and well below market expectations of a 613 thousand rise. The service-providing sector added 329 thousand jobs led by leisure & hospitality (201 thousand); education & health (59 thousand); professional & business (19 thousand); and trade, transportation & utilities (18 thousand). The goods-producing sector added 45 thousand jobs, boosted by rises in construction (30 thousand), natural resources & mining (9 thousand) and manufacturing (6 thousand). "We have seen a decline in new hires, following significant job growth from the first half of the year. Despite the slowdown, job gains are approaching 4 million this year, yet still 7 million jobs short of pre-COVID-19 levels. Service providers continue to lead growth, although the Delta variant creates uncertainty for this sector", said Nela Richardson, ADP chief economist.

	S1	S2	PIVOT	R1	R2
ADANIAPORTS	737	730	745	752	759
ASIANPAINT	3242	3169	3287	3360	3405
AXISBANK	787	779	803	810	826
BAJAJ-AUTO	3714	3682	3762	3793	3842
BAJAJFINSV	16526	16372	16895	17050	17418
BAJFINANCE	7401	7347	7538	7593	7729
BHARTIARTL	654	644	664	674	683
BPCL	473	469	476	481	484
BRITANNIA	3970	3936	3998	4032	4060
CIPLA	904	895	930	939	965
COALINDIA	143	142	145	146	148
DIVISLAB	5133	5081	5202	5255	5324
DRREDDY	4710	4650	4747	4807	4845
EICHERMOT	2642	2599	2704	2746	2809
GRASIM	1468	1457	1491	1502	1525
HCLTECH	1151	1142	1171	1179	1199
HDFC	2716	2696	2756	2776	2817
HDFCBANK	1563	1557	1581	1587	1604
HDFLIFE	710	700	717	727	735
HEROMOTOCO	2723	2710	2744	2757	2777
HINDALCO	449	442	461	467	480
HINDUNILVR	2691	2673	2733	2751	2793
ICICIBANK	710	705	722	727	740
INDUSINDBK	982	972	1004	1014	1036
INFY	1659	1648	1684	1695	1721
IOC	110	109	111	112	113
ITC	208	207	210	211	213
JSWSTEEL	670	666	680	684	694
KOTAKBANK	1740	1731	1747	1756	1763
LT	1665	1646	1692	1711	1737
M&M	753	744	778	787	811
MARUTI	6727	6656	6774	6845	6891
NESTLEIND	19636	19425	19763	19974	20101
NTPC	114	114	116	116	117
ONGC	118	117	120	121	123
POWERGRID	174	173	176	177	179
RELIANCE	2251	2242	2272	2281	2302
SBILIFE	1195	1170	1209	1234	1248
SBIN	425	421	429	432	436
SHREECEM	28224	27760	28412	28876	29064
SUNPHARMA	780	775	792	797	809
TATACONSUM	854	842	864	877	887
TATAMOTORS	290	283	294	300	304
TATASTEEL	1387	1373	1421	1435	1470
TCS	3660	3629	3738	3770	3848
TECHM	1414	1400	1441	1455	1482
TITAN	1924	1900	1939	1963	1978
ULTRACEMCO	7642	7547	7786	7880	8024
UPL	742	735	747	755	760
WIPRO	635	629	641	647	653

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.

Cholamandalam Securities Limited
Member: BSE, NSE, MSE
Regd. Office: Dare House, 2 (Old) # 234 N.S.C Bose Road, Chennai – 600 001.
Website: www.cholawealthdirect.com
Email id – customercarewm@chola.murugappa.com
CIN U65993TN1994PLC028674

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RESEARCH			
Kedar S Kadam	DGM & Head of Research	+91-44 - 4004 7361	kedarsk@chola.murugappa.com
Mugilan K	Technical Analyst	+91-44 - 4004 7353	mugilank@chola.murugappa.com
Arjun Prasad Pasumarthi	Fundamental Analyst	+91-44 - 4004 7363	arjunpp@chola.murugappa.com
Nilesh Patil	Fundamental Analyst	+91-44 - 4004 7266	nileshmp@chola.murugappa.com
Ammar Haider	Associate	+91-44 - 4004 7360	amarh@chola.murugappa.com
Balaji H	Compliance Officer	044-30007226	balajih@chola.murugappa.com
Gayathri Devi	Customer service	1800 425 4477	gayathrids@chola.murugappa.com

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Cholamandalam Securities Limited

(A subsidiary of Cholamandalam Investment and Finance Company Ltd.)

Dare House, 2, N.S.C. Bose Road, Parrys, Chennai 600001, India

Tel: 91.44.30007172 / 91.44.30007370 Fax: 91.44.30007373

Website: www.cholawealthdirect.com

CIN – U65993TN1994PLC028674