

Morning Call

22 October 2021

Indices	Close	Previous	Chg. %
Sensex Index	60,924	61,260	-0.55%
Nifty Index	18,178	18,267	-0.48%
NSEBANK INDEX	40,030	39,518	1.30%
NSEAUTO INDEX	11,557	11,493	0.56%
NSEIT INDEX	35,914	36,847	-2.53%

Market depth	Advance	Decline	T/O(bn)
NSE	922	1,117	854
BSE	1,492	1,789	55

Indices	Close	Previous	Chg. %
DJIA	35,603	35,609	-0.02%
NASDAQ	15,216	15,122	0.62%
S&P 500	4,550	4,536	0.30%
DAX	15,473	15,523	-0.32%
CAC 40	6,686	6,706	-0.29%
FTSE 100	7,190	7,223	-0.45%
HANG SENG	26,018	26,136	-0.45%
SSE INDEX	3,595	3,587	0.22%
NIKKIE 225	28,709	29,256	-1.87%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
KOTAKBANK	6.9	ASIANPAINT	-4.9
TATAMOTORS	4.5	HINDALCO	-3.8
GRASIM	3.5	INFY	-2.5
HDFC	2.0	RELIANCE	-2.4
BPCL	1.7	TCS	-2.1

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	46.9	62.3	-15.4
STOCK FUT	249.3	268.7	-19.4

Markets ended lower for the third day running

- While IT, metal and consumer durable stocks led losses, PSU banks witnessed some buying interest, helping limit the downside in the broader market.
- Tata Motors jumped 4.5 percent after foreign research house Jefferies raised its target price on the stock.

Global & Asian market overview

- **European stocks** closed weak with investors largely making cautious moves, digesting mixed earnings updates and reacting to news about the collapse of a \$2.6 billion asset sale at heavily indebted developer China Evergrande Group.
- **US stocks** moved mostly higher over the course of the trading day, extending the upward trend seen over the past several sessions. The S&P 500 moved higher for the seventh straight session, reaching a new record closing high.
- **Asian stocks** gave up early gains to end mixed on Thursday amid worries over possible spiraling effects of a debt crisis at developer China Evergrande Group. China's Shanghai Composite Index edged up 7.78 points, or 0.2 percent, to 3,594.78 after reports suggested that China Evergrande Group has secured an extension on a defaulted bond.

Industry Buzz

- **Tata Chemicals:** The company is considering selling its soda ash business in the U.S. It's seeking \$1 billion or more for the asset. Tata Chemicals has reached out to private equity firms and some industry groups to gauge interest, according to a Bloomberg report.
- **Tata Motors:** S&P Global Ratings has upgraded the credit rating of senior unsecured notes of Tata Motors and Tata Motors Holding Pte to BB-/Stable from B/Watch Positive. The rating agency has also upgraded the credit rating of senior unsecured notes of Jaguar Land Rover Automotive Plc to B+/Stable from B/Watch Positive.

- **Bharti Airtel:** The company's rights issue of up to Rs 20,987.39 crore has been closed for subscription on October 21. The issue was subscribed approximately 1.44 times.
- **Reliance Industries:** The company's proposal to appoint Aramco Chairman as independent director gets shareholder approval. 98% of votes cast were in favour of appointment of Yasir Othman H. Al Rumayyan as independent director on RIL's board.
- **KEC International:** The company has secured new orders of Rs 1,829 crore across its various businesses.
- **Bank of Maharashtra:** Raised Rs 1,000 crore through private placement of 1,000 Basel III Compliant Tier II Bonds of Rs 1 crore each for a period of 10 years.
- **Bank of Baroda:** Appointed Joydeep Dutta Roy as Executive Director of the bank for a period of three years.
- **IndusInd Bank:** To raise up to Rs 2,800 crore via issuance of unsecured Basel III Compliant Bonds in the nature of debentures on private placement basis.

- **IRB Infrastructure:** To consider proposal of fund raising on October 26.
- **India Grid Trust:** To consider raising funds in October 27 meeting.
- **Embassy Office Parks REIT:** Completed a lease renewal in Embassy Manyata, Bengaluru with Nokia Solutions and Networks India.
- **Thomas Cook (India)** and its group company SOTC Travel have partnered with Vistara to launch Vistara Getaways. The partnership will offer Vistara's customers a diverse range of holidays at attractive prices.
- **Wipro:** To launch a Technology Business Management Practice as part of its strategic relationship with Apptio. TBM provides technology leaders with valuable insights, data and standards to communicate the cost, quality and value of technology investments to business partners, the company said. Further it has partnered with National Grid to drive data center consolidation and implement next generation hybrid cloud architecture.
- **Vedanta:** Board approved the appointment of Ajay Goel as acting Chief Financial Officer of the company with effect from October 23.

Earnings Update

- **JSW Steel Q2FY22 (Consolidated, QoQ):** Revenue up 12.46% at Rs 32,503 crore Vs Rs 28,902 crore (BBG estimate: Rs 32,108.6 crore) Net profit up 21.44% at Rs 7,170 crore Vs Rs 5,904 crore (BBG estimate: Rs 5,744 crore) Ebitda up 1.39% at Rs 10,417 crore Vs Rs 10,274 crore (BBG estimate: Rs 10,452 crore) Margin at 32.6% Vs 35.5%
- **TVS Motor Company Q2FY22 (Consolidated, YoY):** Revenue up 23% at Rs 6,483.42 crore Vs Rs 5,254.36 crore Net profit up 35% at Rs 242.17 crore Vs Rs 179.93 crore Ebitda up 17% at Rs 739.79 crore Vs Rs 633.44 crore Margin at 11.4% Vs 12.1%
- **ICICI Lombard General Insurance Company Q2FY22 (Consolidated, QoQ):** Revenue up 3% at Rs 3,250.3 crore Vs Rs 3,152.1 crore Net profit up 1.30 times at Rs 446.7 crore Vs Rs 194.3 crore Ebitda at Rs 457.1 crore Vs Rs 54.2 crore Margins at 14.1% Vs 1.7% EPS at Rs 9.11 Vs Rs 3.96 (BBG estimate: Rs 8.27) Declared an interim dividend of Rs 4 per share
- **LIC Housing Finance Q2FY22 (Consolidated, YoY):** NII down 5% at Rs 1,212.5 crore Vs Rs 1,277.48 crore Net profit down 68% at Rs 249.74 crore Vs Rs 789.55 crore
- **Container Corporation of India Q2FY22 (Consolidated, YoY):** Revenue up 22% at Rs 1,837.20 crore Vs Rs 1,509.30 crore Net profit up 37% at Rs 253.72 crore Vs Rs 184.62 crore Ebitda up 37% at Rs 431.86 crore Vs Rs 315.96 crore Margin at 23.51% Vs 20.93% Declared an interim dividend of Rs 4 per share
- **Mphasis Q2FY22 (Consolidated, QoQ):** Revenue up 7% at Rs 2,869.22 crore Vs Rs 2,690.83 crore Net profit up 1% at Rs 341.45 crore Vs Rs 339.68 crore Ebit up 1% at Rs 431.98 crore Vs Rs 427.01 crore Margin at 15.06% Vs 15.87%
- **Macrotech Developers Q2FY22 (Consolidated, YoY):** Revenue up 1.36 times at Rs 2,123.83 crore Vs Rs 900.76 crore Net profit of Rs 220.41 crore Vs Net loss of Rs 363.22 crore Ebitda up 1.71 times at Rs 391.81 crore Vs Rs 144.39 crore Margin at 18.4% Vs 16% Approved fund raising of up to Rs 4,000 crore
- **Indian Energy Exchange Q2FY22 (Consolidated, YoY):** Revenue up 56% at Rs 110.37 crore Vs Rs 70.91 crore Net profit up 75% at Rs 77.72 crore Vs Rs 44.33 crore Ebitda up 71% at Rs 95.03 crore Vs Rs 55.44 crore Margin at 86.1% Vs 78.2% Recommended the bonus issue of equity shares in the proportion of two shares of Re 1 each for every one share of Re 1 each
- **South Indian Bank Q2FY22 (Standalone):** NII down 21% at Rs 527.15 crore Vs Rs 663.11 crore (YoY) Net loss of Rs 187.06 crore Vs Net profit of Rs 65.09 crore (YoY) GNPA at 6.65% Vs 8.02% (QoQ) NNPA at 3.85% Vs 5.05% (QoQ)
- **Indiamart Intermesh Q2FY22 (Consolidated, YoY):** Revenue up 12% at Rs 182.40 crore Vs Rs 163.20 crore Net profit up 18% at Rs 82.20 crore Vs Rs 69.80 crore Ebitda up 2% at Rs 83.20 crore Vs Rs 81.70 crore Margin at 45.6% Vs 50.1%
- **Indian Hotels Q2FY22 (Consolidated, YoY):** Revenue up 1.84 times at Rs 728.37 crore Vs Rs 256.67 crore Net loss at Rs 120.58 crore Vs Rs 230.01 crore To raise up to Rs 2,000 crore via rights issue and Rs 2,000 crore via QIP To purchase 39.84% of Roots Corporation Ltd from the existing shareholders of the company--Omega TC Holdings Pte, Tata Capital, Tata Investment Corporation and Piem Hotels--at an acquisition cost not exceeding Rs 500 crore. RCL operates and manages the Ginger brand of hotels.
- **Tanla Platforms Q2FY22 (Consolidated, YoY):** Revenue up 44% at Rs 841.61 crore Vs Rs 583.24 crore Net profit up 67% at Rs 136.17 crore Vs Rs 81.47 crore Ebitda up 83% at Rs 178.67 crore Vs Rs 97.52 crore Margin at 21.2% Vs 16.7%

- **Can Fin Homes Q2FY22 (YoY):** Revenue down 11% at Rs 467.77 crore Vs Rs 525.75 crore Net profit down 4% at Rs 123.63 crore Vs Rs 128.41 crore Ebitda down 9% at Rs 442.26 crore Vs Rs 487.68 crore Margin at 94.5% Vs Rs 92.8% Approved raising up to Rs 4,000 crore via NCDs

Results Today

- Reliance Industries, HDFC Life Insurance Company, Yes Bank, Apollo Pipes, Bharat Seats, Crompton Greaves Consumer Electricals, Dodla Dairy, Federal Bank, Gland Pharma, Hindustan Zinc, Inox Leisure, Jubilant Pharmova, Kajaria Ceramics, Kirloskar Ferrous Industries, Kwaliti Pharmaceuticals, Mahindra Holidays & Resorts India, Omkar Speciality Chemicals, Polycab India, ABB Power Products and Systems India, PVR, Steel Strips Wheels, Subros, Sundaram-Clayton, Supreme Industries, Tata Consumer Products, Tata Elxsi, and Zenotech Laboratories

Indian Macro

- With schools and offices reopening, and the festival season kicking in, there's a collective sense of relief and joy. At the same time, the warnings of coal shortage leading to a power crisis, and the possibility of a grid blackout in this sweltering October heat is cause for concern. Fortunately, that has not happened, till now — and we should spare a minute to appreciate the system operators working on the grids. But now many are left seeking answers to their queries: what was the reason for this crisis? Could it have been avoided? Is it a real or a manufactured crisis? How will this affect the consumer's electricity bill? How will India take care of a growing economy's energy needs if it does not have enough resources? Will this crisis relapse, and if yes, what can an ordinary citizen do? India as of now, is in a fairly better situation as compared to most countries facing an energy crunch. This is primarily because we rely mostly on domestic coal for electricity generation, and currently have a surplus installed power plant capacity. What that means is that if we can manage to supply coal (mine and transport) in tandem with demand (requirement from power plants), we are largely unaffected by global fuel price volatility, and logistical disruptions. Thus, the current crisis is an internal issue, which can be managed.
- With a steep and rapid rise in projects with less than four days of stock, the Centre plans to create a strategic reserve for imported coal to fight the worsening power crisis. The number of non-pit head projects with less than four days of coal reached 61 on October 19 from 58 a day before, according to data released by the Central Electricity Authority (CEA). Despite possessing the world's fourth-largest reserves, India is reeling under pressure to supply coal to power plants. This has led to a severe power outage across large parts of the country. To prevent a rerun of such supply crises, the Union government is planning a strategic reserve policy for gas and imported coal.
- Praise has poured in for India reaching the 100-crore-vaccination milestone from all quarters, from both domestic and global voices. Congratulating the people & healthcare workers of India, NITI Aayog Member-Health VK Paul said it was remarkable to reach the 100-crore-dose mark for any nation, especially counting that it was attained in just over nine months since the vaccination program had started in India. "Congratulations, PM Narendra Modi, the scientists, health workers & people of India, on your efforts to protect the vulnerable populations from COVID19 and achieve vaccine equity targets," Tedros A. Ghebreyesus, Director-General of the World Health Organization, tweeted.

Global Macro

- The People's Bank of China (PBOC) injected a total CNY 100 billion of seven-day reverse repos into the banking system for the third consecutive day at an interest rate of 2.2 percent on October 22nd. The central bank said the move aims to counteracting factors including tax payments and government bond issuance in order to keep banking system liquidity reasonably ample.
- The United Kingdom's GfK Consumer Confidence index fell for the third straight month to -17 in October of 2021 from -13 in the prior month, compared to market expectations of -16. It was the lowest reading since February, amid concerns over fuel and food shortages, surging inflation squeezing household budgets, the likelihood of interest rate rises impacting the cost of borrowing, and climbing Covid-19 rates. All five measures deteriorated compared with September, with consumers being particularly pessimistic about the general economic situation over the next 12 months (-26 vs -16 in September). "U.K. consumer confidence has taken a turn for the worse with all vital signs weakening," GfK's client strategy director Joe Staton said.
- WTI crude futures fell more than 2% to around \$81.5 a barrel on Thursday, having risen to \$84 earlier in the session, hit by a stronger dollar and as investors book some profits on worries the market was nearing overbought territory. Oil has been on an upward trajectory since mid-August to reach 7-year highs amid supply tightness and as soaring natural gas and coal prices drove a switch to fuel for power generation and heating. However, the Chinese government already started to intervene in the coal market aiming to cool the prices. It said it would ensure coal mines operate at full capacity to help ease a power shortage. As of storage, the latest EIA data showed crude and fuel inventories tightened, with crude inventories at the Cushing storage hub falling to a three-year low.

	S1	S2	PIVOT	R1	R2
ADANIAPORTS	765	756	784	793	812
ASIANPAINT	2878	2761	3036	3153	3311
AXISBANK	802	786	808	823	829
BAJAJ-AUTO	3762	3713	3819	3868	3924
BAJAJFINSV	18379	18141	18584	18821	19027
BAJFINANCE	7678	7609	7754	7823	7899
BHARTIARTL	685	675	699	708	722
BPCL	443	438	449	454	460
BRITANNIA	3663	3612	3731	3781	3849
CIPLA	905	895	911	921	928
COALINDIA	180	178	182	184	186
DIVISLAB	5119	5003	5169	5285	5335
DRREDDY	4567	4489	4678	4755	4867
EICHERMOT	2627	2561	2663	2729	2764
GRASIM	1720	1673	1737	1784	1801
HCLTECH	1189	1164	1214	1239	1264
HDFC	2820	2779	2839	2880	2898
HDFCBANK	1669	1655	1676	1691	1697
HDCLIFE	685	678	698	705	718
HEROMOTOCO	2707	2661	2771	2817	2881
HINDALCO	479	471	500	508	529
HINDUNILVR	2410	2380	2457	2487	2534
ICICIBANK	747	731	753	769	776
INDUSINDBK	1169	1144	1190	1215	1236
INFY	1723	1702	1769	1791	1836
IOC	129	128	132	134	137
ITC	242	240	245	247	250
JSWSTEEL	657	636	675	695	714
KOTAKBANK	2089	1989	2122	2222	2255
LT	1790	1773	1808	1826	1844
M&M	888	882	900	906	917
MARUTI	7483	7402	7567	7648	7732
NESTLEIND	18959	18696	19320	19583	19943
NTPC	147	145	148	150	150
ONGC	153	151	157	159	163
POWERGRID	193	191	195	197	199
RELIANCE	2573	2526	2650	2697	2775
SBILIFE	1136	1114	1160	1182	1207
SBIN	497	487	502	512	517
SHREECEM	27403	27008	27595	27990	28182
SUNPHARMA	811	801	820	830	839
TATACONSUM	802	789	820	832	851
TATAMOTORS	497	479	504	521	528
TATASTEEL	1283	1252	1320	1351	1389
TCS	3485	3450	3546	3581	3642
TECHM	1491	1448	1519	1561	1589
TITAN	2377	2351	2407	2433	2462
ULTRACEMCO	7089	7027	7147	7209	7267
UPL	713	701	718	731	736
WIPRO	683	669	696	710	723

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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