

Morning Call

18 October 2021

Indices	Close	Previous	Chg. %
Sensex Index	61,306	60,737	0.94%
Nifty Index	18,339	18,162	0.97%
NSEBANK INDEX	39,341	38,636	1.83%
NSEAUTO INDEX	11,800	11,870	-0.59%
NSEIT INDEX	35,745	35,286	1.30%

Market depth	Advance	Decline	T/O(bn)
NSE	1,019	1,047	984
BSE	1,658	1,696	62

Indices	Close	Previous	Chg. %
DJIA	35,295	34,913	1.09%
NASDAQ	14,897	14,823	0.50%
S&P 500	4,471	4,438	0.75%
DAX	15,587	15,463	0.81%
CAC 40	6,728	6,685	0.63%
FTSE 100	7,234	7,208	0.37%
HANG SENG	25,331	24,963	1.48%
SSE INDEX	3,572	3,558	0.40%
NIKKIE 225	29,069	28,551	1.81%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
ADANI PORTS	7.1	COALINDIA	-2.9
WIPRO	5.4	TATAMOTORS	-2.0
GRASIM	4.6	EICHERMOT	-1.9
HDFCBANK	2.9	HCLTECH	-1.5
ITC	2.9	HDFCLIFE	-0.9

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	44.0	30.7	13.3
STOCK FUT	233.2	233.7	-0.5

Markets remain closed on account of Dussehra

- Benchmark indexes Sensex and the Nifty jumped about 1 percent on Thursday to extend gains for the sixth straight session amid firm global cues and the weekly F&O expiry.
- Gold was set for its best week in more than five months as both the dollar index and benchmark U.S. 10-year Treasury yields pulled back from their multi-month highs.

Global & Asian market overview

- **European stocks** closed higher and recorded their best weekly performance in seven months, as optimism about earnings helped offset concerns over inflation and higher interest rates.
- **US stocks** moved mostly higher during trading, extending the rally seen over the course of Thursday's session. With the continued upward move, the Dow and the S&P 500 reached new one-month closing highs.
- **Asian stocks** are trading mostly higher, following the positive cues overnight from Wall Street, as traders reacted to upbeat earnings news and better-than-expected labor data from the U.S., with the spike in crude oil prices also providing support. The upside is limited as traders remain concerned about the coronavirus situation in the region, which is hindering economic activity.

Industry Buzz

- **Coal India:** The company has temporarily stopped supplies to industrial users as the energy crisis in India escalates. The move to prioritize supplies to power plants is aimed at helping boost depleted inventories that are putting continued operations at risk. But it could worsen the situation for other industries such as aluminium smelters, cement producers and steel mills.

- **Lupin:** Lupin Pharmaceuticals Inc. has voluntarily recalled Irbesartan tablets and Irbesartan and Hydrochlorothiazide tablets in the U.S. due to the presence of an impurity called N-nitrosolrbesartan. Some tested API batches were above the specification limit for the impurity, the company said. Lupin discontinued the marketing of these tablets in January 2021.
- **Dr. Reddy's Laboratories:** Exelixis Inc has in-licensed second anti-cancer compound from Aurigene Discovery following U.S. FDA acceptance of Investigational New Drug application for phase 1 clinical trial in Non-Hodgkin's Lymphoma. Further the company has launched Carmustine for Injection, USP, a therapeutic equivalent generic version of BiCNU® approved by the FDA.
- **Dixon Technologies (India):** Dixon Electro Appliances, a subsidiary of the company, has received approval from the government under PLI scheme for manufacturing of telecom and networking products in India. "With this, Dixon will be venturing into a new segment of telecom devices and we expect to begin production mainly for routers, modems and GPONs," Vice Chairman and MD, Atul Lall said.

- **NBCC India:** The company secured the total business of Rs 2,100.96 crore in September.
- **PNB Housing Finance:** The board has decided not to proceed with a preferential issue of shares to investors led by Carlyle after the plan was delayed due to pending legal proceedings. The share subscription agreements executed with the proposed allottees have been terminated. Carlyle's Pluto Investments S.a.r.l will be initiating the process to withdraw the open offer for PNB Housing shares made at Rs 403.22 each. India top court to hear plea on PNB Housing-Carlyle deal.
- **Axis Bank:** The RBI has approved the reappointment of Amitabh Chaudhry as MD and CEO of the bank from January 1, 2022, till December 31, 2024.
- **IndusInd Bank:** Board to meet on October 21 to consider proposal for raising of funds in Indian or foreign currency through the issuance of unsecured, non-convertible, redeemable, Basel III-Compliant Regulatory Tier II Bonds.
- **Shilpa Medicare:** To raise up to Rs 297.51 crore via share allotment. The company approved the preferential allotment of 52.75 lakh shares to various marquee investors at a price of Rs 564 per share.
- **BASF India:** The Karnataka Appellate Tribunal has granted stay on recovery of tax demand aggregating to Rs 40.65 crore pertaining to the tax period 2016-2017. The company had received demand notices from the Commercial Tax Department, Karnataka aggregating to Rs 744.67 crore for the tax periods 2006-2007 to 2016-2017.
- **Macrotech Developers:** Board to meet on October 21 to consider proposal to raise funds. Further the company is in talks to sell 4 lakh sq ft office building in Mumbai, according to PTI.
- **Vivimed Labs:** Ramesh Krishnamurthy has resigned as the CEO and CFO of the company effective from October 15.
- **Equitas Small Finance Bank:** Board to consider options for minimum public holding.

Earnings Update

- **HDFC Bank Q2FY22 (Standalone):** NII up 12% at Rs 17,684 crore Vs Rs 15,776.4 crore (YoY) Net profit up 17.6% at Rs 8,834 crore Vs Rs 7,513 crore (YoY) GNPA at 1.35% Vs 1.47% (QoQ) NNPA at 0.40% Vs 0.48% (QoQ) Total provisions for the bank rose 6% YoY to Rs 3,925 crore Total deposits stood at Rs 14.06 lakh crore, up 14.4% YoY
- **Avenue Supermarts Q2FY22 (Consolidated, YoY):** Revenue up 47% at Rs 7,788.94 crore Vs Rs 5,306.20 crore Net profit up 1.10 times at Rs 417.79 crore Vs Rs 198.55 crore Ebitda up 1.03 times at Rs 668.58 crore Vs Rs 329.5 crore Margin at 8.58% Vs 6.21%
- **HCL Technologies Q2FY22 (Consolidated, QoQ):** Revenue up 2.9% at Rs 20,655 crore Vs Rs 20,068 crore Ebit down 0.4% at Rs 3,916 crore Vs Rs 3,934 crore Ebit margin 19% Vs 19.6% Net profit up 1.6% at Rs 3,265 crore Vs Rs 3,205 crore Declared an interim dividend of Rs 10 per equity share
- **Cyient Q2FY22 (Consolidated, QoQ):** Revenue up 5% at Rs 1,111.60 crore Vs Rs 1,058.20 crore Net profit up 5% at Rs 121.30 crore Vs Rs 115 crore Ebit up 13% at Rs 155.50 crore Vs Rs 137.40 crore Ebit margin 14% Vs 13% Declared an interim dividend of Rs 10 per equity share
- **Mahindra CIE Automotive Q2FY22 (Consolidated, YoY):** Revenue up 23% at Rs 2,090.60 crore Vs Rs 1,694.30 crore Net profit up 1.74 times at Rs 166.32 crore Vs Rs 60.76 crore Ebitda up 78% at Rs 268.41 crore Vs Rs 150.85 crore Margin at 12.84% Vs 8.90%
- **Indiabulls Real Estate Q2FY22 (Consolidated, YoY):** Revenue up 16.43 times at Rs 349.31 crore Vs Rs 20.14 crore Net profit of Rs 5.53 crore Vs Net loss of Rs 76.13 crore Sameer Gehlaut to leave the office of non-executive director and chairman of the company by the end of the year to focus on business of providing technology-enabled transaction finance and primary healthcare services by Dhani Services.

Results Today

- UltraTech Cement, Larsen & Toubro Infotech, Route Mobile, Alok Industries, Concord Drugs, Craftsman Automation, Gujarat Hotels, Hathway Bhawani Cabletel & Datacom, Hatsun Agro Product, International Travel House, Lloyds Steels Industries, Navigant Corporate Advisors, Sunedison Infrastructure, SVP Global Ventures, Tanfac Industries, Tata Coffee, and Uniply Decor

Indian Macro

- Finance Minister Nirmala Sitharaman met the Director General of WTO Ngozi Okonjo Iweala here in the US amidst India's proposal for a temporary waiver of intellectual property rights on COVID-19 vaccines and medicines worldwide. The meeting between Sitharaman and Iweala took place on the sidelines of the World Bank and IMF annual meetings. "Union Finance Minister Smt. @nsitharaman interacts with Dr. Ngozi Okonjo Iweala @NOIweala, Director General @WTO on the sidelines of @WorldBank-@IMFNews Annual Meetings 2021 in Washington D.C., today," the Ministry of Finance said on Twitter. The meeting assumes significance as India along with South Africa has been pushing for a temporary waiver of intellectual property rights on COVID-19 vaccines and medicines globally.
- India is all set to meet its Paris climate agreement target to reduce emissions by 33-35 percent of its GDP by 2030 from the 2005 level, Finance Minister Nirmala Sitharaman has told the IMF, asserting that its ambitious renewable energy goal of 450 gigawatt by 2030 is a game changer in the successful global fight against the climate change. India barely makes it to the list of top 100 countries in terms of per capita emissions and its per capita energy use is less than half the world average, Sitharaman said in her address to the International Monetary and Financial Committee.
- The Indian government remains committed to bring the economy on the path of fiscal consolidation in the near-to-medium term, setting the target to reduce fiscal deficit to 4.5 per cent by 2025-26, Union Finance Minister Nirmala Sitharaman has told the IMF. Addressing the International Monetary and Financial Committee here, Sitharaman said the Indian government is ready to provide additional capital to Public Sector Banks (PSBs) as and when needed and the trajectory of inflation is also shifting down more favourably than anticipated. Here to attend the Annual Meeting of the International Monetary Fund and the World Bank, she said that as an accommodative fiscal stance is being maintained in the near-term to support the economy, the government remains committed to bring the economy on the fiscal consolidation path in the near-to-medium term.
- The government permitted export of 8,424 tonnes of raw or white sugar under tariff-rate quota (TRQ) to the US, which enables shipments to enjoy relatively low tariff. TRQ is a quota for a volume of exports that enter the US at relatively low tariffs. After the quota is reached, a higher tariff applies on additional imports. "The quantity of 8,424 tonnes of sugar (raw and/or white sugar) to be exported to the US under TRQ scheme from October 1 to September 30, 2022, has been notified," the Directorate General of Foreign Trade (DGFT) said in a public notice.

Global Macro

- China's retail trade rose by 4.4 percent year-on-year in September 2021, after a 2.5 percent gain in the previous month and beating market expectations of 3.3 percent, as consumption strengthened after COVID-19 outbreaks in some regions were under control. There were rises in sales of jewelry (20.1 percent vs 7.4 percent in August), cosmetics (3.9 percent vs flat reading), personal care (0.5 percent vs -0.2 percent), telecoms (22.8 percent vs -14.9 percent), home appliances (6.6 percent vs -5.0 percent), furniture (3.4 percent vs 6.7 percent), and building materials (13.3 percent vs 13.5 percent). In contrast, sales fell for both garments (-4.8 percent vs -6 percent), and automobiles (-11.8 percent vs -7.4 percent). In the January to September period, retail sales jumped 16.4 percent compared to the same period of 2020.
- China's surveyed urban unemployment declined to a 33-month low of 4.9 percent in September from August's three-month high of 5.1 percent. The jobless rate of the population aged 16-24 fell to 14.6 percent from 15.3 percent in August. Meantime, the surveyed unemployment rate in 31 large cities and towns went down to 5.0 percent from 5.3 percent in the prior month. The average weekly working hours of employees in enterprises across the country was 47.8 hours, an increase of 0.3 hours from August. In the first nine months of the year, 10.45 million new jobs were created in

cities and towns across the country, achieving 95.0 percent of the annual target. China has set a target of creating 11 million new urban jobs and a surveyed urban unemployment rate of 5.5 percent for this year.

- China's fixed-asset investment advanced by 7.3% yoy to CNY 39.78 trillion in January to September 2021, slowing from a 8.9% rise in the previous period and below market forecasts of 7.9%. Investment slowed in both public (5.0% vs 6.2% in January-August) and private sectors (9.8% vs 11.5%), amid the latest surge of COVID-19 cases in some regions. Among sub-industries, a slowdown in investment was seen for the primary sector (14.0% vs 18.1%) and secondary (12.2% vs 12.9%). Also, the tertiary industry rose 5.0 percent, following a 6.8% gain, mainly supported by water conservancy, public facilities, transportation, storage and postal industry.

	S1	S2	PIVOT	R1	R2
ADANIPOINTS	786	749	802	840	855
ASIANPAINT	3266	3247	3310	3329	3373
AXISBANK	793	783	799	809	815
BAJAJ-AUTO	3935	3917	3972	3989	4027
BAJAJFINSV	18348	18119	18444	18672	18769
BAJFINANCE	7782	7719	7876	7939	8032
BHARTIARTL	683	676	688	695	700
BPCL	457	455	460	461	464
BRITANNIA	3875	3856	3900	3919	3944
CIPLA	907	903	914	918	924
COALINDIA	180	176	186	189	195
DIVISLAB	5304	5184	5346	5466	5509
DRREDDY	4902	4860	4956	4998	5052
EICHERMOT	2812	2789	2868	2890	2946
GRASIM	1707	1646	1741	1802	1836
HCLTECH	1221	1208	1257	1271	1307
HDFC	2779	2734	2797	2843	2861
HDFCBANK	1661	1624	1676	1713	1728
HDCLIFE	690	686	696	699	706
HEROMOTOCO	2908	2882	2926	2952	2970
HINDALCO	510	501	516	525	531
HINDUNILVR	2622	2592	2649	2678	2706
ICICIBANK	716	702	723	737	744
INDUSINDBK	1181	1145	1198	1235	1251
INFY	1671	1642	1727	1757	1813
IOC	132	129	134	137	138
ITC	251	245	256	262	268
JSWSTEEL	686	676	692	702	709
KOTAKBANK	1997	1971	2011	2037	2052
LT	1762	1739	1790	1812	1840
M&M	920	909	933	944	957
MARUTI	7441	7385	7500	7556	7615
NESTLEIND	19255	19138	19342	19459	19546
NTPC	147	145	149	151	153
ONGC	157	156	159	160	163
POWERGRID	201	196	204	209	211
RELIANCE	2686	2671	2702	2716	2732
SBILIFE	1171	1160	1185	1196	1210
SBIN	483	477	488	495	500
SHREECEM	27811	27666	28055	28199	28444
SUNPHARMA	834	830	842	846	854
TATACONSUM	840	836	850	854	864
TATAMOTORS	478	466	504	516	542
TATASTEEL	1354	1336	1372	1391	1409
TCS	3584	3565	3627	3646	3689
TECHM	1406	1384	1433	1455	1482
TITAN	2541	2511	2563	2593	2614
ULTRACEMCO	7369	7296	7413	7487	7531
UPL	742	737	751	756	764
WIPRO	687	668	713	731	758

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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