

From Research Desk

31st, August 2023

Equity Corner:

- Nifty 50 index:** The index opened with a gap-up of 91 points on the back of favourable global cues. Post opening; no follow-up buying was seen and thus the index traded in a range of 30 points indicating indecisiveness. As the session progressed; selling in banking counters such as HDFCBANK (-0.71%), SBIN (-1.28%) & ICICIBANK (-0.96%) wiped off the gap-up gains. The index ended the session on a flattish note with a marginal gain of 5 (+0.02%) points.
- Bank Nifty:** The banking space saw major underperformance. Selling in HDFCBANK (-0.71%), SBIN (-1.28%) & ICICIBANK (-0.96%) led the index closed on a negative note with a loss of 263 (-0.59%) points.
- Market breadth:** The market breadth was positive; indicating overall strength in stock price during the session.
- Sectorial performance:** Majority of the sectors closed on a positive note such as METALS (+0.92%), IT (+0.77%) & AUTO (+0.64%), except NIFTYBANK (-0.59%) & PSUBANK (-0.33%).
- Nifty Midcaps:** The midcaps are continuing to outperform as the index closed at new ATH levels. Buying in ESCORTS (+7.38%), INDHOTEL (+6.22%) and PRESTIGE (+5.53%) led the index close +0.73%.
- Advance/Decline Ratio:** Advance/Decline ratio at close for NSE stood at 1305/720 indicating a higher number of advancing stocks compared to declining ones.
- FII and DII Activity:** FII's were net sellers in cash segment of around Rs. 494 crores while DIIs bought around Rs. 1323 crores.

Derivative corner:

- Nifty OI Put/Call ratio has marginally come down from 0.97 to 0.92 levels.
- Options data:** The maximum Call OI is seen at 19,400 and 19,500 while maximum Put OI is seen at 19,300 and 19,200. This indicates that the market is expecting a trading range of 19,200 to 19,500 zones.
- FII Activity in Derivatives:** Marginal addition of shorts is seen in index futures. On options buying front; there are more call buyers and on option writing front; net call-put writing is indicating dominance of call writing. FII Long/Short ratio in index futures has remained unchanged 46%.

Take on Market: Buy Corrections, stay put on Longs.

- Earnings:** Q1FY24 earnings update by corporates have largely been in line with expectation. Pharmaceuticals, FMEG, FMCG, Cement, Automobiles, Auto-ancillary all delivered good set of numbers. Management commentary across sectors were largely bullish, having an expectation of high teen growth in FY'24; the only sore point being IT. Financials have been an all-round beat. Fundamentally, from long term perspective economy is building on strong demand traction.
- Market Outlook:** The current strategy is to buy on corrections and hold onto long positions. However, present volatility may extend to couple of weeks. Probability, of deep cuts on Nifty 50 index is high.
- Relative Outperformance:** The medium-term relative outperformance of Indian markets compared to global peers is likely to continue.

Indices	Close	Previous	Chg. %
Sensex	65,087.3	65,075.8	0.02%
Nifty	19,347.5	19,342.7	0.02%
BANK Nifty	44,232.6	44,495.3	-0.59%
DJIA (Dow)	34,890.2	34,852.7	0.11%
NASDAQ	14,019.3	13,943.8	0.54%
S&P 500	4,514.9	4,497.6	0.38%
DAX	15,891.9	15,930.9	-0.24%
CAC 40	7,364.4	7,373.4	-0.12%

Sector Index	Close	Previous close	Change %
PSU Bank	4,542.5	4,564.9	-0.49%
Nifty IT	30,866.1	30,773.6	0.30%
Nifty FMCG	51,223.1	51,390.8	-0.33%
Nifty Pharma	15,121.1	15,161.8	-0.27%
Nifty Energy	26,056.7	26,015.8	0.16%
Nifty Metal	6,616.7	6,533.3	1.28%
Nifty Commodity	6,258.0	6,190.3	1.09%
Nifty PSE	5,525.6	5,501.2	0.44%

Bond Yields	Percentage
US 10 year	4.11%
US 2 year	4.89%
India 10 year	7.19%

FII Flows (Cash market - In Crores)		
Current	MTD	YTD
-494.68	18298.49	159623.95

Top 8 Nifty Gainers	Chg. %	Top 8 Nifty Losers	Chg. %
JIOFIN	5.00	BHARTIARTL	-1.73
UPL	2.44	HINDUNILVR	-1.20
HINDALCO	2.38	RELIANCE	-0.89
TATASTEEL	1.87	DRREDDY	-0.87
HEROMOTOCO	1.80	AXISBANK	-0.84
ADANI PORTS	1.67	APOLLOHOSP	-0.68
TECHM	1.60	INDUSINDBK	-0.60
BAJAJ-AUTO	1.53	KOTAKBANK	-0.47

Currencies	D/D	MTD	YTD
DXY	-0.35%	1.26%	-1.29%
INR	0.04%	0.45%	-0.17%

Participant wise Open Interest	30/08/2023	29/08/2023	30/08/2023	29/08/2023
Client Type	Net Position Index Futures	Net Position Index Futures	Net Position Stock Futures	Net Position Stock Futures
FII	-24,098	-22,837	-74,028	-96,647
Pro	-1,354	-11,725	2,33,518	2,39,799

Participant wise Open Interest	30/08/2023	29/08/2023	30/08/2023	29/08/2023
Client Type	Net Position Long Call - Put	Net Position Long Call - Put	Net Position Short Call - Put	Net Position Short Call - Put
FII	1,27,785	-95,454	2,60,814	66,818
Pro	3,99,609	-17,542	8,45,457	31,406

Commodity Corner	Currency/Per Unit	Price	Week on Week	MTD	YTD
Copper	USD/Lbs	3.7886	0.47%	-3.28%	0.49%
Aluminium	USD/T	2203	1.08%	-1.28%	-4.67%
Zinc	USD/T	2440	2.91%	-2.36%	-18.75%
Tin	USD/T	25497	0.94%	-12.11%	1.89%
Rubber	USD Cents/Kg	136.9	4.42%	4.42%	3.32%
Coal	USD/T	156	4.00%	16.42%	-60.24%
Steel	CNY/T	3738	0.08%	-0.66%	-6.84%
Gold	USD/t.Oz	1946.48	1.51%	-0.63%	6.60%
Crude Oil	USD/Bbl	81.705	3.38%	1.40%	5.65%
Agriculture					
Cotton	USD/Lbs	87.95	2.16%	3.40%	5.87%
Wheat	USD/Bu	573.69	-4.98%	-18.54%	-26.16%
Rice	USD/cwt	16.73	6.46%	7.07%	-9.09%
Sugar	USD/Lbs	25.34	6.25%	5.94%	28.60%

What's in the news !

▲ Positive ■ Neutral ▼ Negative

US Q2 GDP: The United States' second quarter GDP growth was revised downward from an initial estimate of 2.4 percent to 2.1 percent annualised, according to the Bureau of Economic Analysis. This brings the Q2 growth rate to about 2 percent seen in Q1 2023. The downward revision mostly reflects lower estimates for corporate expenditure.

Job Openings in US decelerating: US job openings dropped for a third straight month in July, raising hopes that the Federal Reserve may pause rates high for some time. Job openings, a measure of labor demand, declined 338,000 to 8.827 million on the last day of July, the lowest level since March 2021, the Labor Department said in its monthly Job Openings and Labor Turnover Survey, or JOLTS report, on Tuesday. Data for June was revised lower to show 9.165 million job openings instead of the previously reported 9.582 million.

Titagarh Rail Systems: The rail wagon and coach maker bagged a Rs 350-crore contract from Gujarat Metro Rail Corporation. The order win is for design, manufacture, supply, testing, commissioning and training of 30 standard gauge coaches for the second phase of the Ahmedabad Metro Rail Project. The prototype has to be delivered within 70 weeks from the date of receiving the letter of acceptance (LoA) and delivery is to be completed in 94 weeks.

PhonePe enters stock broking business with launch of Share.Market app: Walmart-backed fintech major PhonePe announced on 30 August its entry into the stock broking business with the launch of its app called "Share.Market". The app will allow users to trade and invest in stocks, mutual funds, and ETFs. It is entering the stock broking business under its subsidiary PhonePe Wealth.

BPCL, IOC, HPCL stocks slide 1-3% on reports: Shares of oil marketing companies (OMCs) were under selling pressure in Wednesday's trade, a day after the government rolled out a Rs 200 subsidy on domestic LPG cylinders. The pressure on the companies, which are the leading domestic LPG suppliers in India, came as reports said that the three OMCs will bear the cost of the LPG cylinder price cut. A businessline report said that the subsidy cost absorption will be for all non-Ujjwala consumers

Escorts Kubota considering sale of its railway business: The company is considering the sale of its railway business in order to concentrate on its core tractor business. For the financial year 2023, Escorts Kubota's railway business reported revenue of Rs 842 crore, which was a growth of 33 percent from the previous financial year. As of the financial year 2023, Escorts Kubota's railway business comprised 10 percent of the overall top line. Its share has tripled over the last decade.

India's power demand and shortage smash records in August: Electricity usage, which started rising in July, touched record demand in August as rainfall sputtered, driving stocks of power companies to new highs. As demand surged, power shortage also shot up. India saw a record peak shortage of 9.11 GW, or over 4 percent of the peak demand, on 21 August, when peak demand was 226GW, data from the Grid Controller showed. Generation outage stood at 51.65GW.

Open Fundamental Calls (12 months)

Company Name	Entry Price*	Target	M to M	Potential return
Muthoot Finance	1091	1550	18%	20%
Maruti Suzuki	8641	10629	13%	8%
Eicher Motors	3161	4375	8%	28%

*Price at which call was generated

From Technical Analyst's Desk

NIFTY (19,347)

Support - 19,250
Resistance - 19,650

• Nifty closed flat and is expected to consolidate between 19,250 - 19,650.

Recommendation	Trigger level	Target	Stoploss
Nifty Futures	Buy above 19,400	19,700	19,300

BANK NIFTY (44,233)

Support - 43,500
Resistance - 45,000

• BankNifty closed negative for the day and is expected to consolidate between 43,500 - 45,000.

Recommendation	Trigger level	Target	Stoploss
Bank Nifty Futures	Buy above 44,300	44,800	44,100

Options recommendation

Stock/Index	Recommendation	Type	Strike	Expiry	Premium	Target	Stop loss
TCS	Buy	Call	3,400	31Aug, 2023	5.00	10.00	3.00
TATASTEEL	Buy	Call	120	31Aug, 2023	1.80	5.00	0.50

Top Pick for the day

Company Name	Entry Price*	Target	Stop Loss	M to M	Potential Return
Cochin Shipyards	866.5	930	835	0%	7%

Positional Calls (15 days)

Company Name	Entry Price*	Target	Stop Loss	M to M	Potential Return
Axis Bank	995	1065	960	-1%	8%
Tata Communications	1807	1862	1780	0%	3%
NMDC	124	134	119	0%	8%
DCM Shriram Industries	136.85	143	134	-2%	6%
Muthoot Finance	1290	1390	1240	0%	8%
TVS Motor	1355	1470	1298	4%	4%
National Aluminium Company	89.5	97	86	5%	3%
Shriram Finance	1890	2030	1820	0%	8%
ICICI Prudential Life Insurance Company	554	594	534	1%	6%
Canara Bank	330.65	346	323	-2%	6%
Granules India	300	326	287	1%	8%
United Spirits	1022	1120	975	-1%	11%
Dixon Technologies	4840	5085	4720	2%	3%
Hindustan Copper	150	162	144	3%	5%
L&T Technology Services	4325	4520	4230	1%	3%
Bajaj Finserv	1490	1590	1440	1%	6%
Berger Paints	720	770	695	-1%	8%
Godrej Properties	1640	1720	1600	1%	4%
Federal Bank	146	152	143	-2%	6%

*Price at which call was generated

Pivot Table - NIFTY 50

Trading Guideline

- ❖ 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 the first 30 minutes of trading.
- ❖ Opening Price is considered around the close of the Previousday. 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.

	S1	S2	PIVOT	R1	R2
ADANIEMT	2481	2461	2512	2532	2563
ADANIPTS	815	808	824	832	841
APOLLOHSP	4856	4828	4873	4901	4918
ASIANPAINT	3272	3261	3288	3299	3314
AXISBANK	972	967	985	990	1003
BAJAJ-AUTO	4635	4619	4678	4694	4737
BAJAJFINSV	1494	1486	1506	1513	1526
BAJFINANCE	7257	7221	7294	7330	7367
BHARTIARTL	852	851	857	858	864
BPCL	355	350	355	359	359
BRITANNIA	4507	4486	4533	4554	4580
CIPLA	1217	1211	1237	1243	1263
COALINDIA	229	228	230	231	232
DIVISLAB	3630	3599	3654	3685	3709
DRREDDY	5666	5595	5711	5782	5827
EICHERMOT	3328	3314	3370	3383	3425
GRASIM	1789	1782	1807	1814	1832
HCLTECH	1151	1149	1163	1164	1176
HDFCBANK	1575	1559	1590	1605	1620
HDFCLIFE	632	630	636	638	642
HEROMOTOCO	2955	2916	2982	3021	3047
HINDALCO	451	449	458	461	468
HINDUNILVR	2518	2511	2527	2534	2543
ICICIBANK	958	946	967	978	987
INDUSINDBK	1388	1375	1400	1412	1424
INFY	1411	1411	1424	1424	1437
ITC	438	438	441	442	445
JIOFIN	217	218	224	224	231
JSWSTEEL	779	777	785	787	793
KOTAKBANK	1769	1753	1781	1797	1809
LT	2704	2690	2721	2734	2751
LTIM	5098	5077	5155	5176	5233
M&M	1546	1538	1568	1575	1597
MARUTI	9517	9460	9668	9725	9876
NESTLEIND	21928	21834	22104	22198	22374
NTPC	220	219	221	222	223
ONGC	175	174	176	177	178
POWERGRID	249	245	250	254	255
RELIANCE	2406	2397	2425	2434	2453
SBILIFE	1290	1284	1299	1304	1313
SBIN	569	562	573	581	585
SUNPHARMA	1107	1105	1113	1116	1122
TATACONSUM	833	831	841	844	852
TATAMOTORS	603	600	608	611	616
TATASTEEL	118	118	121	121	123
TCS	3364	3361	3386	3389	3411
TECHM	1184	1176	1203	1212	1230
TITAN	3057	3040	3084	3101	3128
ULTRACEMCO	8142	8114	8229	8257	8343
UPL	593	591	600	602	609
WIPRO	406	405	408	410	412

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