

## Trading Calls

**HDFCLIFE** Long/Buy 10th January 2019

The stock has corrected from the peak of 548 and currently it has shown signs of bottoming out around 379 levels. Formation of CUP & HANDLE on weekly chart showing positive move on up side. Long bullish candle near demand zone on weekly chart along with trendline breakout showing the possibility of bounce back further on upside. Moreover, MACD line crosses signal line in negative territory which is also indicating bullishness. With decent volume participation witnessed, we recommend a buy in this scrip around 400-404 and on dip towards 380-385 with stop loss of 364 for an upside target of 450 and 490 levels.

**AXISBANK** Long/Buy 8th January 2019

Scrip seems bottoming out after hitting the low of 580 and gave a sharp pullback on upside. It gave breakout from inverted Head and Shoulder pattern on upside which is showing strength. Emergence of Bullish belt hold along with Bullish engulfing suggest reversal on cards. Strong support is seen in the zone of 580-575 as it is the zone of 50% and 61.8% retracement of the upside move from the low 534 to the high of 638 levels. Accelerated volume with decent breakout is conducive for the prices. One can go long in the scrip near the levels of 625-632 and on the dip towards 605-610 with stop loss of 580 for the target of 675 and 690 levels.

**QUESS** Long/Buy 4th January 2019

Quess Corp Ltd. Has given a bullish breakout above its immediate crucial resistance of 50 DMA (710) and thereafter it is maintaining above this level since last couple of trading days. In the weekly chart the stock has made a 'Bullish- Engulfing' pattern after long downtrend. Therefore some sharp pullback rally is expected in the stock from the current level.

**DABUR** Long/Buy 3rd January 2019

Since 5th Nov 2018 to till date Dabur is moving in impulse. It has completed its first wave on 28th Nov 2018 and wave 2 at 395 and after making wave 3 at 19th December 2018, recently it has completed wave 4 at 411. Now further we expect that internal wave (iii) of wave 5 may help Dabur to achieve its targets. During wave 4 it has taken support at 50 DMA with resonable volume. Therefore we advise our client to accumulate Dabur in the range of 424-418 and on decline towards 408-402 for the price targets of 437 and 449 with 389 as SL.

**TCS** Long/Buy 2nd January 2019

On daily scale Nifty has achieved its DB target of 112.50% and after achieving targets it is falling corrective and taken support at 50% retracement level with good volume. Momentum oscillator stochastics is also supporting this setup. Therefore we recommend buy in the range of 1932-1912 and on decline towards 1880-1860 for the targets of 2010 and 2060 with 1783 as SL.

Market	Value	% Change
SGX Nifty (at 8.15 am IST)	10827.00	0.09%

### Nifty Key Levels

Support	S1: 10750	S2 : 10700
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Resistance	R1 : 10900	R2 : 10950
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### Market Outlook

As we discussed earlier Nifty has been consolidating in between 50 DMA currently placed at 10710 and 100 DMA trading around 10856. A fresh momentum is expected to come in the market very soon as both the DMAs are converging to each other. It is wise decision to initiate fresh long above 100 DMA & fresh short below 50 DMA in the benchmark index.

### Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
11-Jan-19	3,195	3,882	(687)
Jan-19	30,625	32,998	(2,373)
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
11-Jan-19	3,810	3,687	123
Jan-19	27,042	25,720	1,322

### FII DERIVATIVES POSITION FOR 11-Jan-2019

	Net (Amt. in crs)
INDEX FUTURES	(540)
INDEX OPTIONS	218
STOCK FUTURES	205
STOCK OPTIONS	(142)

### Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	(0.43)	(0.62)	1.32	(20.70)
Automobiles	(0.74)	0.64	(0.50)	(25.48)
Chemicals	0.08	0.65	4.06	(6.16)
Construction & Engineering	(1.10)	(1.17)	3.12	(16.09)
Construction Materials	(1.17)	(2.80)	0.06	(26.25)
Diversified Financial Services	0.18	(0.30)	6.81	(5.52)
Electrical Equipment	(0.04)	0.32	1.79	(15.99)
Energy	(0.23)	(1.23)	1.19	(9.10)
Financials	(0.15)	0.36	6.04	(1.08)
Health Care	(0.08)	1.69	2.87	(7.25)
Household Durables	0.33	0.57	5.06	(21.23)
Household & Personal Products	(0.56)	(0.40)	1.14	17.42
Information Technology	(0.94)	0.21	(3.44)	16.24
Metals/Mining/Minerals	(0.09)	(0.65)	(1.42)	(27.89)
Telecom	(1.16)	1.55	11.87	(36.48)
Utilities	(0.06)	0.96	4.98	(17.49)

## Participant wise Open Interest In Equities Derivative (no. of contracts)

Long Position				
	DII	FII	Pro	Other
Future Index	60961	197995	32702	159444
Future Stock	16960	813751	153343	910081
Option Index Call	24357	200058	189049	611041
Option Index Put	91078	363210	241953	520418
Option Stock Call	0	38064	52266	303683
Option Stock Put	0	42429	63191	112779

Short Position				
	DII	FII	Pro	Other
Future Index	19030	212831	36219	183022
Future Stock	990655	546633	108642	248205
Option Index Call	0	64206	293755	666544
Option Index Put	0	128630	264352	823677
Option Stock Call	0	34518	121073	238422
Option Stock Put	0	32727	43202	142470

## High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
506820	ASTRAZEN	21.8
500123	DRBECK	17.1
506197	BLISSGVS	16.6
500126	MERCK	16.1
505890	WIDIA	15.4
500238	WHIRLPOOL	14.4
509930	SUPREMEIND	14.0
506076	GRINDWELL	12.6
522074	ELGIEQUIP	12.2
530813	KRBL	11.3

## High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
532662	HTMEDIA	29.9
500495	ESCORTS	20.6
500266	MAHSCOOTER	19.8
535789	IBULHSGFIN	17.3
532772	DCBbank	16.6
500049	BEL	16.3
532892	MOTILALOF	16.3
511196	CANFINHOME	16.1
533150	GODREJPROP	15.9
523756	SREINFRA	15.3

## Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
531737	GREENCREST	(34.34)
532121	DENABANK	(15.48)
533758	APLAPOLLO	(13.34)
532915	RELIGARE	(11.04)
500405	SUPPETRO	(8.04)
530073	SANGHVIMOV	(7.58)
538562	SKIPPER	(5.12)
500067	BLUESTARCO	(4.33)
532805	REDINGTON	(4.24)
500877	APOLLOTYRE	(3.31)

## Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
502865	FORBESGOK	(10.89)
532144	WELCORP	(8.35)
532843	FORTIS	(7.41)
509820	PAPERPROD	(7.08)
505192	SMLISUZU	(5.39)
500440	HINDALCO	(4.90)
500124	DRREDDY	(4.41)
517380	IGARASHI	(4.07)
500002	ABB	(3.98)
500165	KANSAINER	(3.04)

\* ES- Earning Score is average of EM (Earning Momentum defined as relative performance in terms of operating profit growth) and EQ (Earning Quality defined as relative balance sheet strength in terms of debt and working capital)

\* PS- Price Score is of a company is relative price performance in multiple time-frame

# Analysis shown here is only for companies with market cap more than Rs 1,000 Cr.

## STDC / R25 Open Calls for 14-Jan-2019 (6)

STDC (6)									
No	Date	Type	Buy/Sell	Stock	Entry1	Entry2	SL	Tgt 1	Tgt 2
1	10-Jan-19	STDC	BUY	HDFCLIFE	402	382.5	364	450	470
2	08-Jan-19	STDC	BUY	AXISBANK	628.5	607.5	580	675	690
3	04-Jan-19	STDC	BUY	QUESS	720	682.5	628	804	880
4	03-Jan-19	STDC	BUY	DABUR	421	405	389	437	449
5	02-Jan-19	STDC	BUY	TCS	1922	1870	1783	2010	2060
6	27-Dec-18	STDC	BUY	MCDOWELL-N	627	592.5	565	715	640

## VIEW

Domestic market started on a muted note at the beginning of Q3 earning result. Although positive trade talks between US & China and dovish comment on interest rate by Fed chief Powell along with robust US job data helped Indices to sustain above key support levels. Lack of follow thru buying or selling forced indices to trade in the sideways range and market is waiting for the trigger to trade in either of direction. We continue to remain cautiously optimistic on indian market in the near term. The focus of investors would shift to Q3 earning results including Reliance & Wipro and macro data (CPI & WPI) which are likely to dictate market trends. Further, Investors would also take cues from the movement of rupee and crude oil prices as it would further induce volatility in the domestic market. We would suggest investors to stay focussed on selective blue chip companies, while traders should strictly hedge their leveraged positions.

## NIFTY-

- Last week, Nifty gyrated in the range of 10730 -10870 with alternate bouts of buying and selling pressure
- This is due to range of **expansion and contraction** from last few weeks which has taken the form of **DIAMOND PATTERN** in Nifty which suggest 750 point of movements on either of side
- Emergence of an **INSIDE PATTERN** on weekly chart imply indecisiveness and narrow range
- A directionless and thin breadth restrained upside as the range for an Index broadly on a higher side remains between 10900 and 10700 while with inside range of 10750 and 10850 levels.
- This is the pure compression in the form of volatility which suggest a move is round the corner
- Intersection of MACD & SIGNAL LINE suggest range bound move with positive bias in coming sessions.
- For any decisive move to occur, Nifty will have to surpass 100 DMA along with the peak of Diamond pattern which comes at 10930-10985 zone as they are likely to act as major resistance zones going ahead
- With the market trading in the same range, try to escape from the short as there is no breakdown is seen on chart yet.
- Strong support lies ahead at the levels of 10625 followed by 10530 levels.

## CHART ANALYSIS



## SUPPORT &amp; RESISTANCE LEVELS

## NIFTY LEVEL

## JUSTIFICATION

Resistance 2	10985	Peak of Diamond Pattern
Resistance 1	10855	100 DMA
Close	10794	
Support 1	10625	Low of previous hammer
Support 2	10530	Low of previous swing

## Banknifty Weekly

14-Jan-19

## VIEW

Last week Bank Nifty started to trade with a green session and then rose to make a weekly high of 27554.45 on Wednesday. However it was unable to maintain at the higher level and some profit booking was witnessed on last two trading sessions of the week. At the end of the week Banknifty closed with a net gain of 0.8% over its previous week's close.

**OBSERVATIONS:**

- 1) Bank Nifty is moving in a rising channel since last October 2018.
- 2) Bank Nifty is currently trading above 50, 100 & 200 DMAs
- 3) A 'Hanging man' pattern was formed on daily candlestick chart.

According to the above observations it can be concluded that the short term trend of Bank Nifty is positive. However, as the index is trading in a rising channel, it would be prudent strategy to initiate fresh long position near the lower band of the channel and book the profit near the upper band of the channel. Therefore we recommend initiating fresh long position in Banknifty in 26700-26900 zone.

## CHART ANALYSIS



## SUPPORT &amp; RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	27880
Resistance 1	27755
Close	27454
Support 1	26907
Support 2	26596

VIEW

Against our expectation, USDINR pair bounced back after breaching our mentioned support of 69.55 mark. It is due to the hike in crude oil prices which surged higher more than 20% since hitting an almost two year low in december. Brightening prospects for US-CHINA trade talks was another reason for pushing the gauge above \$60 a barrel. But for an indian rupee hope is still alive due to weakening of Dollar index as it was not able to capitalize gains in spite of having strong employment data. On the domestic front, market participants will look over inflation data and any lower-than-expected number could restrict any major fall in the currency.

TECHNICAL FACTORS-

- a) Although positive divergence in RSI & MACD and sustainability above 21 DMA are giving room for moving higher
- b) But it has to face major resistance near 71.36 levels which is looking difficult to break in coming week.
- c) On sustaining below 70.30, it can extend down till 69.76 and 69.25 marks.
- d) In case, if it sustains above 71.36 then pair can surge higher till 72.05 and 72.65 mark

CHART



## STDC : Long / BUY

10-Jan-19

BSE Code	540777
NSE Symbol	HDFCLIFE
52wk Range H/L	354/547
Mkt Capital (Rs Cr)	82021.66
Av.Cash Volume(,000)	6.16
Open Interest	NA

Buy Price	400-404 & 380-385
Stop Loss	364
Target Price1	450
Target Price2	490
Upside in Tgt1	11%-18%
Upside in Tgt2	22%-30%

### Technical Chart



### STDC- BUY HDFC LIFE @ 400-404 AND ON DIP TOWARDS 380-385 SL- 364 (CLOSING BASIS) TGT- 450, 490

The stock has corrected from the peak of 548 and currently it has shown signs of bottoming out around 379 levels. Formation of CUP & HANDLE on weekly chart showing positive move on up side. Long bullish candle near demand zone on weekly chart along with trendline breakout showing the possibility of bounce back further on upside. Moreover, MACD line crosses signal line in negative territory which is also indicating bullishness. With decent volume participation witnessed, we recommend a buy in this scrip around 400-404 and on dip towards 380-385 with stop loss of 364 for an upside target of 450 and 490 levels.

## STDC : Long / BUY

8-Jan-19

BSE Code	500112
NSE Symbol	AXISBANK
52wk Range H/L	677/447
Mkt Capital (Rs Cr)	106335
Av.Cash Volume(,000)	18777302
Open Interest	NA

Buy Price	625-632 & 605-610
Stop Loss	580
Target Price1	675
Target Price2	690
Upside in Tgt1	11%-18%
Upside in Tgt2	22%-30%

### Technical Chart



### STDC- BUY AXIS BANK @ 625-632 AND ON DIP TOWARDS 605-610 SL- 580 (CLOSING BASIS) TGT- 675, 690

Scrip seems bottoming out after hitting the low of 580 and gave a sharp pullback on upside. It gave breakout from inverted Head and Shoulder pattern on upside which is showing strength. Emergence of Bullish belt hold along with Bullish engulfing suggest reversal on cards. Strong support is seen in the zone of 580-575 as it is the zone of 50% and 61.8% retracement of the upside move from the low 534 to the high of 638 levels. Accelerated volume with decent breakout is conducive for the prices. One can go long in the scrip near the levels of 625-632 and on the dip towards 605-610 with stop loss of 580 for the target of 675 and 690 levels.

## STDC : Long / BUY

4-Jan-19

BSE Code	539978
NSE Symbol	QUESS
52wk Range H/L	1303.15/579.10
Mkt Capital (Rs Cr)	10,664.00
Av.Cash Volume(,000)	96
Open Interest	NA

Buy Price	710-730 & 675-690
Stop Loss	628
Target Price1	804
Target Price2	880
Upside in Tgt1	11%-18%
Upside in Tgt2	22%-30%

### Technical Chart



STDC BUY QUESS @ 710-730 & 675-690 SL-628 (CLOSING BASIS) TGT-804,880

Quess Corp Ltd. Has given a bullish breakout above its immediate crucial resistance of 50 DMA (710) and thereafter it is maintaining above this level since last couple of trading days. In the weekly chart the stock has made a 'Bullish- Engulfing' pattern after long downtrend. Therefore some sharp pullback rally is expected in the stock from the current level.

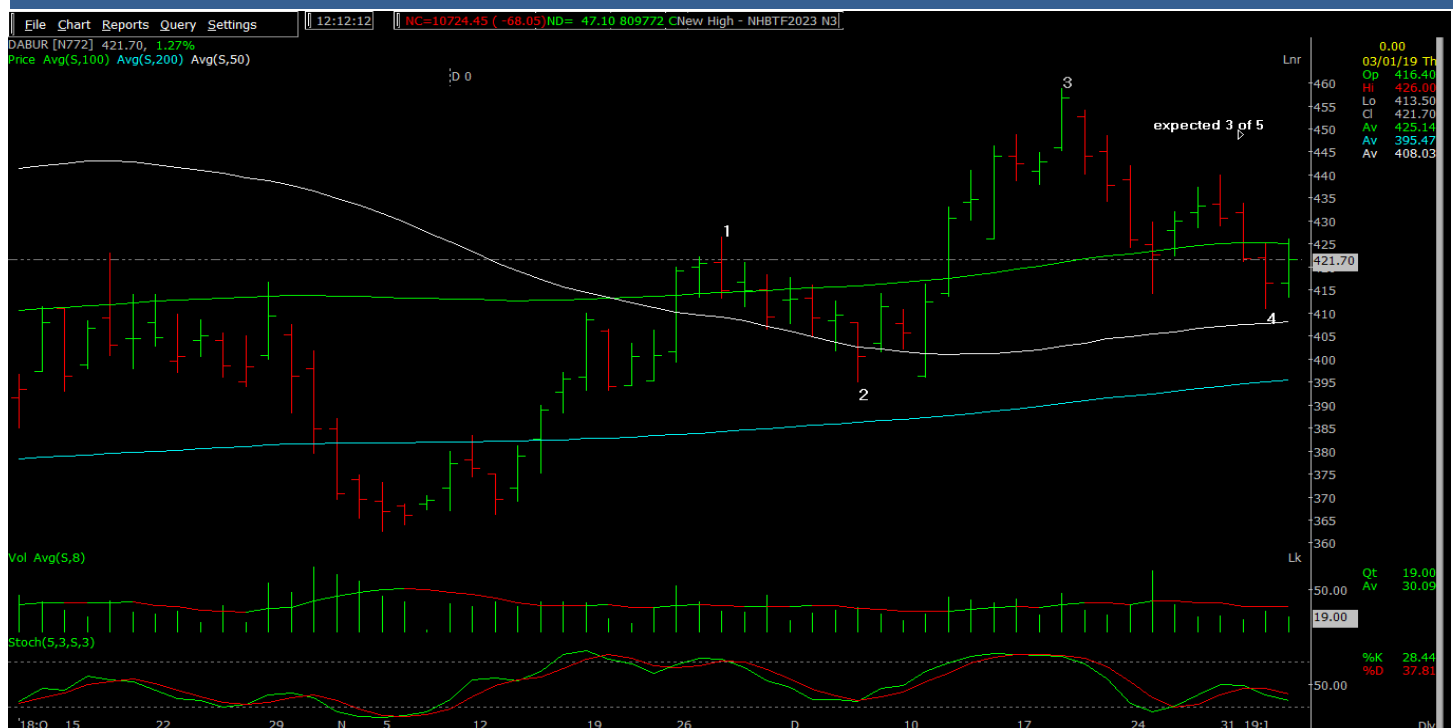
## STDC : Long / BUY

3-Jan-19

BSE Code	500096
NSE Symbol	DABUR
52wk Range H/L	490.70/312.45
Mkt Capital (Rs Cr)	74,439.00
Av.Cash Volume(,000)	23820
Open Interest	

Buy Price	413
Stop Loss	389
Target Price1	437
Target Price2	449
Upside in Tgt1	6%
Upside in Tgt2	9%

### Technical Chart



**STDC- BUY DABUR @ 424-418 AND ON DIP TOWARDS 408-402 SL- 389 (CLOSING BASIS) TGT-437, 449**

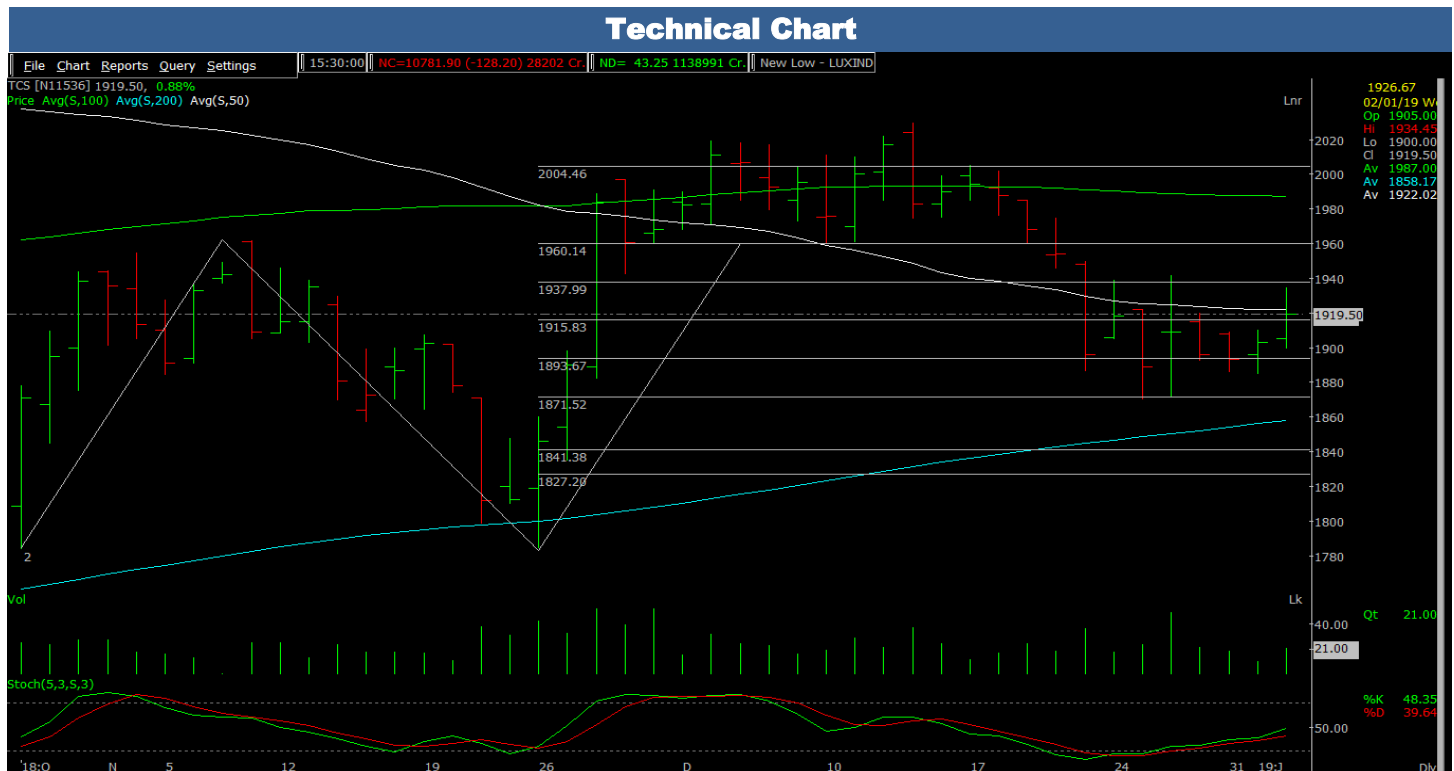
Since 5th Nov 2018 to till date Dabur is moving in impulse. It has completed its first wave on 28th Nov 2018 and wave 2 at 395 and after making wave 3 at 19th December 2018, recently it has completed wave 4 at 411. Now further we expect that internal wave (iii) of wave 5 may help Dabur to achieve its targets. During wave 4 it has taken support at 50 DMA with resonalble volume. Therefore we advise our client to accumulate Dabur in the range of 424-418 and on decline towards 408-402 for the price targets of 437 and 449 with 389 as SL.

## STDC : Long / BUY

2-Jan-19

BSE Code	532540
NSE Symbol	TCS
52wk Range H/L	2273/1311.35
Mkt Capital (Rs Cr)	721,639.00
Av.Cash Volume(,000)	187626
Open Interest	

Buy Price	1922
Stop Loss	1783
Target Price1	2010
Target Price2	2060
Upside in Tgt1	5%
Upside in Tgt2	7%



**STDC- BUY TCS IN THE RANGE OF 1932-1912 AND ON DECLINE TOWARDS 1880-1860 SL 1783 TGT 2010, 2060**

On daily scale Nifty has achieved its DB target of 112.50% and after achieving targets it is falling corrective and taken support at 50% retracement level with good volume. Momentum oscillator stochastics is also supporting this setup. Therefore we recommend buy in the range of 1932-1912 and on decline towards 1880-1860 for the targets of 2010 and 2060 with 1783 as SL.

LME Aluminium prices have fallen towards two year low at \$1920 per tonne after the supply tightness eased in the raw material sector and after United States decided to delay the sanctions on Russia, one of the world's largest producer of the metal. Prices have moved below its cost of production in China pressurizing the margins of the producers.

Globally, aluminium production has remained flat as the major producers like China is unable to increase the output as the current prices are unprofitable. While, US on the other side is starting to start its smelters but the outages at Canada, Brazil have offset the rise in production. China contributes almost 56% to the global production. And saying if China slows down its production rate, the world would be in huge shortfall in the coming year.

#### **China Supply Concerns:**

China's aluminium production has been falling since last three months despite of no winter output curtailments in place. China's capacity growth rate is slowing as old capacity is been shut down by the local government following strict targets set by China and the rate of new smelter capacity is falling. Although, the key ingredient, bauxite is restricted to produce during winter period on China's environmental crackdown.

Aluminum Corp of China Ltd also known as Chalco, China's largest producer, is cutting output on some of its aluminum production lines in northern China. The company is set to reduce some 470,000 tonnes of production, nearly 12% of company's output. Two smelters in Qinghai province of China of 270,000 tonnes capacity have gone off line in the last couple of weeks. These cuts have been inculcated as prices are trading below cost of production driven by reducing demand and ample of supply, forcing smelters to either partially or fully shut down its production.

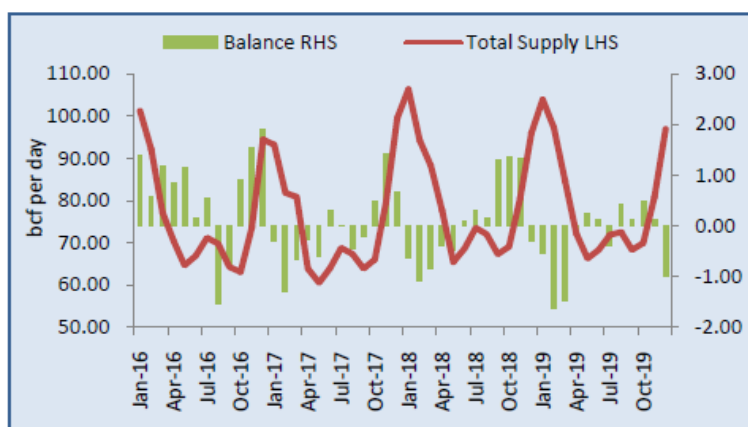
#### **US Sanctions Tensions**

US sanctions on Russia will continue add upside volatility in global aluminium prices. The U.S. Treasury Department last month postponed a Dec. 12 deadline for Deripaska to reduce his holdings in the companies, giving the Russian tycoon until Jan. 7.

#### **Outlook**

Overall, aluminium prices have declined drastically fell by almost 20% since April 2018 on extension of US sanction on Rusal and easeness in raw material supply. But we believe still some tightness in alumina market persists, as the Alunorte refinery is partially shut. Furthermore, Chinese production is expected to come down on smelters shutdown due to lower prices. However, demand weakness due to trade duties can provide some selling pressure. but prices will remain supported at lower levels. We expect MCX Aluminium prices will take support of 127-125 levels and move higher towards Rs 150-155 per kg in the short term.

### Demand Supply Scenario:



Source: Narnolia Research, U.S. EIA

US Natural gas market normally shifts into deficit during the November to February period i.e. winter season in US. During this high period of demand, natural gas should be well-supplied or else supply tightness worry will emerge and prices will start to rally higher.

### US Dry gas production

US Dry natural gas production is rising this year and is estimated to be at 82.2 bcf per day in August, up by 0.7 bcf/day in July, almost 7.4 bcf per day higher than last year. In 2018, US Dry gas production has increased by almost 10% on an average as compared to last year. Furthermore, EIA expects the dry natural gas production to keep rising on an average of 84.7 bcf per day in the coming year. Due to significant natural gas production increase in 2018, NYMEX natural gas prices have been unable to breach \$3 per MMBtu for the most of the summer.

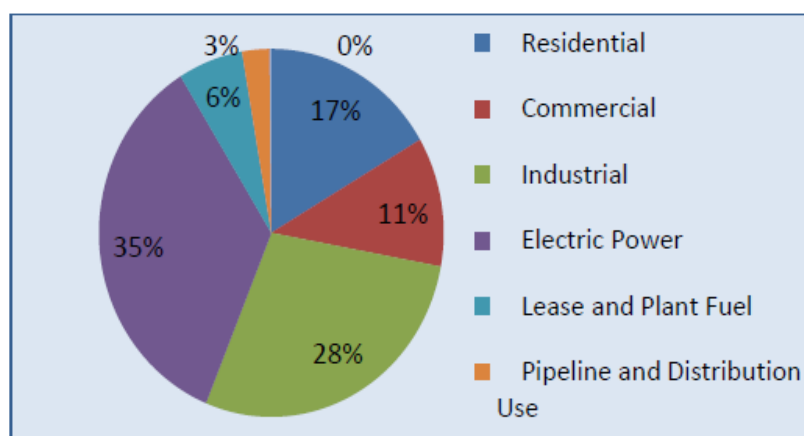
### US Gas consumption

US Natural gas consumption has increased by 7% this year standing at 79.86 bcf per day. This increase in consumption is due to higher demand from the residential and industrial sector along with higher exports as compared to last year levels. Higher consumption of natural gas has been one of the reason for the lowest storage injection this October since the year 2005.

There are two demand driving season for natural gas – Winter and Summer. During winter, demand is measured by number of heating degree days and during summer, natural gas demand is measured by the number of cooling degree days.

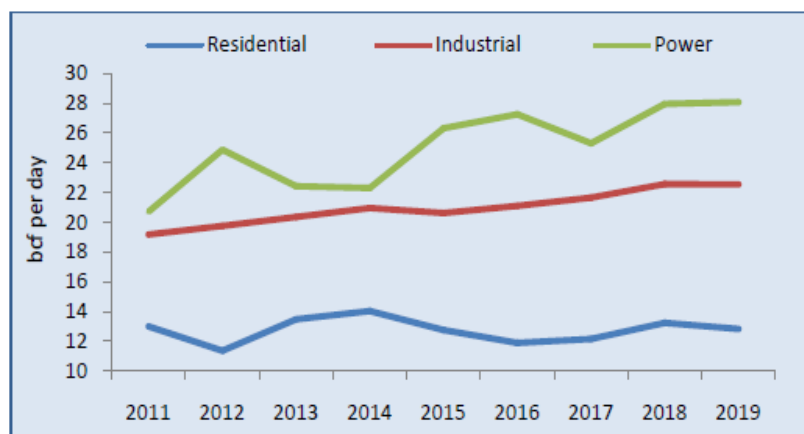
**Cooling degree days (CDD)** reflects the amount of energy required to cool a residence, industrial or a business. In 2018, CDD stood 18% higher than the previous year and averaged 25% above normal on hottest summer leading to strong air conditioning demand in the summer season. Warmer than normal temperatures extended into the month of September and provided further firmness to the natural gas prices.

## Sector wise: Natural Gas Consumption Demand



Source: Narnolia Research, Bloomberg

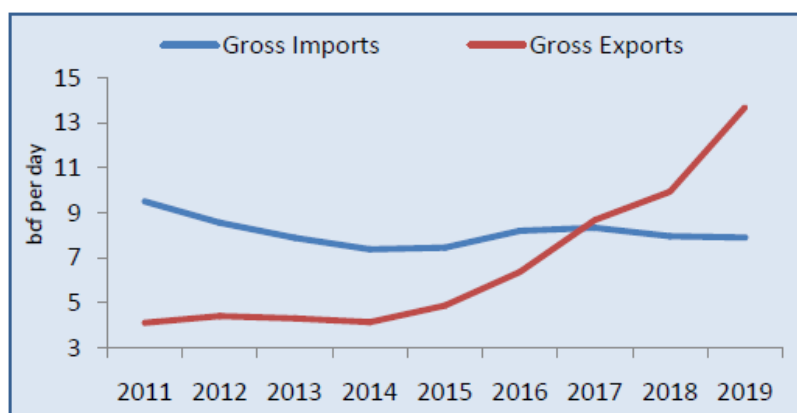
From the above figure, we can conclude that the major consuming sectors of natural gas are Electric Power, Industrial and Residential sector. With Electric power being the major consumer of natural gas comprising 35% of the total natural gas consumption followed by Industrial and Residential sector.



Source: Narnolia Research, Bloomberg

As you can see in the above figure, natural gas demand from largest contributing sector – power and industrial has been rising since the year 2011. Electric Power demand has risen from 20.7 bcf per day in 2011 to 28.07 bcf per day in 2018. Industrial demand of natural gas has increased on a slower rate as compared to electric power however, overall demand from this sector has shown a rising trend.

## US Attention towards Exports

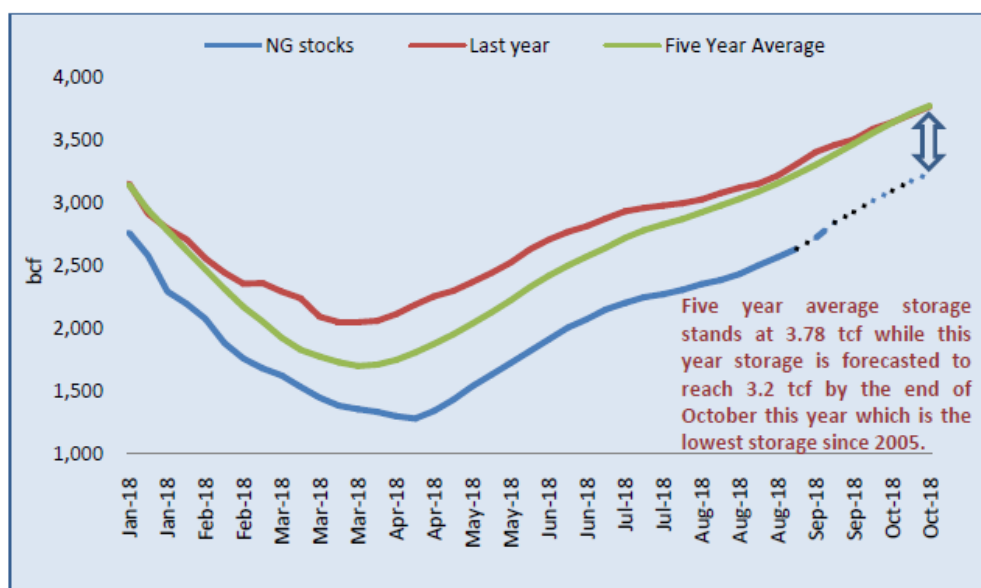


Source: Narnolia Research, EIA Short-Term Energy Outlook

United States had been a net importer while a time ago but after the shale gas revolution in the US, the nation has shifted from net importer to evolving natural gas exporter.

US exports have risen tremendously from 5 bcf per day in 2014 to almost 9 bcf per day in 2018, an increment of 80%. Furthermore, there are expectations of US exports to reach 13 bcf per day in 2019. US Exports accounts for 12% of the total natural gas consumption. US LNG exports have started to rise from last year after the US removed ban on US gas exports. As of now, only few US companies have been allowed to export natural gas to other countries. Moreover, more permission will be granted to other companies to exports this year. We expect US LNG exports to rise by threefold by 2020.

## Storage Levels



Source: Narnolia Research, Bloomberg

As per our calculation, we expect U.S. natural gas inventories will total 3.2 trillion cubic feet (Tcf) at the end of October 2018 which will be way below the five year average of 3.781 tcf. At present, natural gas inventories are at 2.722 tcf, natural gas inventories are 586 bcf or 20% below than the last year level and 672 bcf or 17.5% below the five-year average.

The inventory level is at the lowest level for that time of year since 2005 on high air conditioning demand this summer causing power generators to burn more gas than usual and leaving less gas available to go into storage. U.S. gas inventories will start the winter heating season at the lowest level since 2005, leaving the market vulnerable to winter price spikes.

**Winter season forecast** – Natural gas prices are unlikely to give a steep fall ahead of winter season forecast. If the weather forecast shows a cold winter ahead, prices would immediately get the support on future rise in demand for natural gas.

## Outlook

After taking all the factors into consideration, we expect Natural Gas prices are likely to remain strong this winter season. With low stockpiles heading into the winter demand season, robust domestic consumption and higher natural gas exports from US are propping up prices, which are expected to average \$3.10/MMBtu this year and \$3.25/MMBtu in 2019. The only factor keeping the prices closer towards \$3/MMBtu is the record high production of natural gas in the United States. However, tightness in inventory during the winter season will overshadow the worries of record high production which will drive prices higher. **We expect MCX Natural gas prices to test 245-250 levels** in the coming six months time frame. **Therefore, any downside until the end of October towards Rs 205-210 in MCX should be used as the buying opportunity.**

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