

Trading Calls

BBTC Long/Buy 23rd January 2019

After giving sharp correction from 2115 level BBTC is spending complex time in triangle and it seems that point "E" has taken support at A-C line with good volume. Momentum oscillator Stochastics is trading in oversold zone and trying to move up. Hence we advise our client to accumulate stock in the range of 1262-1240 and on decline towards 1210-1190 for the price targets of 1320 and 1352 with 1131 as SL.

BEML Long/Buy 23rd January 2019

Scrip seems bottoming out at its lower levels of 865-870 marks from where it formed inverted hammer on daily chart suggesting upswing on up side. Scrip took support from its upward sloping line along with declining histogram in negative territory of MACD and momentum indicator RSI also looking firm on daily chart which are giving cues that scrip can take a turn on positive side. Principal of polarity can provide strong support in coming sessions. Aforementioned rationale suggest buying in the scrip around 880-890 & on decline towards 850-860 for the target of 950 and 970 with the stop loss of 835 marks.

LUPIN Long/Buy 14th January 2019

After the correction from the high of 986, this counter appears to be stabilizing around 800 levels and positioning itself for rally. Sustainability above Double bottom breakout on weekly chart indicate strength in the prices. Positive crossover in daily MACD is showing upside momentum. The RSI is sustaining around 50 from a bottoming formation which is bullish. Once it manages to push itself above 945, the move on upside can be swift. Hence, positional traders are advised to go long with a stop 785 for the target of 920 and 970 marks.

SBIN Long/Buy 14th January 2019

The stock has given breakout from a consolidation phase at around 287-300 zone for quite some time forming cup & handle pattern where it consolidated again and currently has been trading as symmetrical triangle as a mother pattern on weekly chart which breakout is expected above 307 levels where buying momentum will pick with greater pace. Indicators and oscillators also lending support to its price action. We recommend a buy in this stock for an upside target of 330 and 345 marks keeping a stop loss of 274 marks.

AXISBANK Long/Buy 08th 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.

| Market | Value | % Change |
|-------------------------------|----------|----------|
| SGX Nifty (at 8.15 am IST) | 10810.00 | 0.15% |

Nifty Key Levels

| | | |
|-------------------|------------|------------|
| Support | S1: 10780 | S2 : 10740 |
| Resistance | R1 : 10840 | R2 : 10880 |

Market Outlook

Nifty managed to close above its short term crucial support of 50 DMA (10780) on Friday although it has breached that level on an intraday basis. Today's trading is very important. If Nifty is able to close below 50 DMA, some more sell-off would take the index lower to 10630 and then 10534. However a reversal from this level is likely to take the index higher to 10930. Therefore we recommend holding long positions by keeping a strict stop loss at 50 DMA (closing basis). At the same time Nifty is facing multiple resistance around 10930 levels and sustainability above 10930 will change the orbit of market.

Institutional Turnover

| FII | Buy(cr.) | Sell(cr.) | Net(cr.) |
|-----------|----------|-----------|----------|
| 25-Jan-19 | 5,042 | 4,353 | 689 |
| Jan-19 | 71,620 | 74,499 | (2,878) |
| DII | Buy(cr.) | Sell(cr.) | Net(cr.) |
| 25-Jan-19 | 3,119 | 3,266 | (147) |
| Jan-19 | 58,691 | 55,586 | 3,105 |

FII DERIVATIVES POSITION FOR 25-Jan-2019

| | Net (Amt. in crs) |
|---------------|-------------------|
| INDEX FUTURES | 1,208 |
| INDEX OPTIONS | 435 |
| STOCK FUTURES | (294) |
| STOCK OPTIONS | (326) |

Sectoral Performance (%)

| | 1 Day | 1 Week | 1 Month | 1 Year |
|--------------------------------|--------|--------|---------|---------|
| Auto Components | (1.60) | (3.33) | (5.39) | (22.01) |
| Automobiles | (3.88) | (7.57) | (11.26) | (29.29) |
| Chemicals | (1.33) | (2.83) | (1.17) | (5.43) |
| Construction & Engineering | (1.09) | (3.93) | (5.39) | (21.78) |
| Construction Materials | (4.22) | (4.83) | (6.96) | (26.92) |
| Diversified Financial Services | (0.85) | (2.30) | (1.34) | (8.87) |
| Electrical Equipment | (1.26) | (3.53) | (2.83) | (19.48) |
| Energy | 0.19 | 2.96 | 6.98 | (3.10) |
| Financials | (0.75) | (1.87) | (0.01) | (6.57) |
| Health Care | (0.39) | 1.11 | 1.81 | (7.71) |
| Household Durables | (1.36) | (2.07) | (1.53) | (19.70) |
| Household & Personal Products | (0.57) | (0.20) | (1.15) | 16.42 |
| Information Technology | 0.39 | 0.64 | 3.44 | 11.83 |
| Metals/Mining/Minerals | (1.53) | (4.22) | (7.76) | (29.83) |
| Telecom | 1.79 | (1.65) | (0.36) | (33.14) |
| Utilities | (1.16) | (3.31) | (3.16) | (17.33) |

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

| Long Position | | | | |
|-------------------|-------|--------|--------|--------|
| | DII | FII | Pro | Other |
| Future Index | 54913 | 226927 | 23771 | 168433 |
| Future Stock | 23742 | 889047 | 184952 | 870418 |
| Option Index Call | 24444 | 223247 | 130869 | 541532 |
| Option Index Put | 90823 | 437272 | 168774 | 458185 |
| Option Stock Call | 0 | 48285 | 63469 | 407333 |
| Option Stock Put | 0 | 52492 | 75938 | 143142 |

| Short Position | | | | |
|-------------------|--------|--------|--------|--------|
| | DII | FII | Pro | Other |
| Future Index | 33131 | 254737 | 37975 | 148201 |
| Future Stock | 995927 | 569714 | 142572 | 259946 |
| Option Index Call | 0 | 89510 | 248641 | 581941 |
| Option Index Put | 0 | 208410 | 209239 | 737405 |
| Option Stock Call | 0 | 56394 | 182012 | 280681 |
| Option Stock Put | 0 | 45853 | 66774 | 158945 |

High ES & High PS Stock Maintaining Strength

| BSE Code | NSE CODE | 1 Month Return % |
|----------|------------|------------------|
| 530813 | KRBL | 27.4 |
| 532541 | NIITTECH | 15.3 |
| 500325 | RELIANCE | 13.6 |
| 500209 | INFY | 13.3 |
| 500163 | GODFRYPHLP | 13.1 |
| 532531 | STAR | 12.9 |
| 506197 | BLISSGVS | 12.8 |
| 532777 | NAUKRI | 11.7 |
| 500238 | WHIRLPOOL | 11.7 |
| 500126 | MERCK | 10.7 |

High ES & Low PS Stock Showing Strength

| BSE Code | NSE CODE | 1 Month Return % |
|----------|------------|------------------|
| 532648 | YESBANK | 22.4 |
| 512529 | SEQUENT | 21.4 |
| 532498 | SHRIRAMCIT | 12.4 |
| 517385 | SYMPHONY | 11.9 |
| 532772 | DCBbank | 10.3 |
| 533552 | RUPA | 10.3 |
| 533150 | GODREJPROP | 10.1 |
| 532313 | MAHLIFE | 8.7 |
| 500870 | CASTROLIND | 7.8 |
| 532652 | KTKBANK | 6.8 |

Low ES & Low PS Stock Maintaining Weakness

| BSE Code | NSE CODE | 1 Month Return % |
|----------|------------|------------------|
| 532839 | DISHTV | (39.25) |
| 531737 | GREENCREST | (34.12) |
| 532121 | DENABANK | (23.72) |
| 500645 | DEEPAKFERT | (21.76) |
| 532805 | REDINGTON | (19.90) |
| 538562 | SKIPPER | (17.87) |
| 532915 | RELIGARE | (17.00) |
| 520056 | SUNCLAYLTD | (15.02) |
| 532922 | EDELWEISS | (14.40) |
| 533519 | L&TFH | (12.97) |

Low ES & High PS Stock Showing Weakness

| BSE Code | NSE CODE | 1 Month Return % |
|----------|------------|------------------|
| 532144 | WELCORP | (25.94) |
| 523457 | LINDEINDIA | (16.35) |
| 512599 | ADANIENIT | (14.57) |
| 532612 | INDOCO | (14.29) |
| 502865 | FORBESGOK | (12.46) |
| 532538 | ULTRACEMCO | (11.93) |
| 532343 | TVSMOTOR | (11.36) |
| 532953 | VGUARD | (11.02) |
| 532401 | VIJAYABANK | (11.00) |
| 500249 | KSBPUMPS | (10.12) |

* 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 28-Jan-2019 (7)

STDC (7)

| No | Date | Type | Buy/Sell | Stock | Entry1 | Entry2 | SL | Tgt 1 | Tgt 2 |
|----|-----------|------|----------|----------|--------|--------|------|-------|-------|
| 1 | 23-Jan-19 | STDC | BUY | BBTC | 1251 | 1200 | 1131 | 1320 | 1352 |
| 2 | 23-Jan-19 | STDC | BUY | BEML | 885 | 855 | 835 | 950 | 970 |
| 3 | 14-Jan-19 | STDC | BUY | LUPIN | 832.5 | 818.5 | 785 | 920 | 970 |
| 4 | 14-Jan-19 | STDC | BUY | SBIN | 300 | 288.5 | 274 | 330 | 345 |
| 5 | 08-Jan-19 | STDC | BUY | AXISBANK | 628.5 | 607.5 | 580 | 675 | 690 |
| 6 | 04-Jan-19 | STDC | BUY | QUESS | 720 | 682.5 | 628 | 804 | 880 |
| 7 | 02-Jan-19 | STDC | BUY | TCS | 1922 | 1870 | 1783 | 2010 | 2060 |

VIEW

Bulls failed to capitalize gain after giving the breakout from its price pattern and slipped lower. It seems bulls have been left bruised by the event of this week. Inability to sustain above our mentioned resistance has brought volatility to the fore again. Market has mirrored the downswing in global equities which was impacted on concern of global economic growth. Market participants are worried over government's ability to meet the fiscal target of 3.3% of GDP in FY 19, further dragging the sentiment. On the other hand volatility may continue in the near term due to risk of populist measures in the interim budget and lower tax collection.

NIFTY-

- a) Bulls failed to push the Nifty in the positive terrain but found channel support in which it has been trading from last few weeks
- b) The primary trend remains and will continue to remain in place but there are chance of minor correction and we may see nifty to retrace from its recent peak
- c) Tough resistance at 10985-11100 zone is looking hard to breach
- d) Higher PCR also indicates the jitterness in short term ahead of budget
- e) Decisive move above 10985-11100 zone is required for fuelling further gain on upside
- f) In the near term, if Nifty 50 breaks below its key support at 10690 on a closing basis then short term trend is likely to reverse to the downside and may slid further towards 10600 levels.

CHART



SUPPORT & RESISTANCE LEVELS

| | NIFTY LEVEL | JUSTIFICATION |
|--------------|-------------|-------------------------|
| Resistance 2 | 10985 | Peak of Diamond Pattern |
| Resistance 1 | 10930 | Peak sideways range |
| Close | 10780 | |
| Support 1 | 10750 | Immediate Support |
| Support 2 | 10600 | Low of previous swing |

VIEW

After opening with a subdued session, Bank Nifty continuously fell to make a weekly low of 27045.20 on Friday and closed the week with a net loss of 1.2% over its previous week's close. State Bank, ICICI Bank, Punjab National Bank and HDFC Bank were the main catalysts to drag the index lower while Axis Bank and Kotak Bank closed in green during the week.

OBSERVATIONS:

- 1) Bank Nifty has reached near the lower-band of its recent upward rising channel.
- 2) Bank Nifty is currently trading above 50, 100 & 200 DMAs.
- 3) Stochastic is approaching towards the oversold zone.

According to the above observations it can easily be said that Banknifty is in uptrend as it is trading above all the major DMAs as well as it is still maintaining the condition of higher lows . Currently the index has reached near the lower band of the upward rising channel. Therefore it would be the wise decision to accumulate the index at these areas.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

| RESISTANCE/SUPPORT | BANKNIFTY LEVEL |
|--------------------|-----------------|
| Resistance 2 | 27880 |
| Resistance 1 | 27755 |
| Close | 27115 |
| Support 1 | 26907 |
| Support 2 | 26596 |

VIEW

After showing two weeks pullback rally, pair cooled off little bit and snapped its winning streak. Dollar weakness against some currencies overseas and early gains in domestic market supported the Rupee. Political turmoil in venezuela threatened to tighten crude supply may impact the strength of indian currency. Volatility is likely to remain high as pair will take cues from Fed meet, next round of talk between US & China , US Nonfarm Payrolls data at global front and at domestic front, interim budget from GOI and India's fiscal deficit numbers which will declare on thursday are important ones, market participants will take note.

TECHNICAL FACTORS-

- a) In line with our expectation, downward falling trendline act as barrier and pushed pair on downward side
- b) As long as it sustains below the falling trendline, pair will continue to feel pressure on higher side
- c) Indicators are looking mixed- RSI and MACD looks positive but stochastic seems negative
- d) It is expected to trade within the range of 71.90 on up side and 70.35 on downward side.
- e) On sustaining below 70.35, it can slip down till 69.25 levels where strong support is seen.

CHART



SUPPORT & RESISTANCE LEVELS

| RESISTANCE/SUPPORT | USD INR LEVEL |
|--------------------|---------------|
| Resistance 2 | 71.9 |
| Resistance 1 | 72 |
| Close | 70.9 |
| Support 1 | 70 |
| Support 2 | 69.25 |

STDC : Long / BUY

23-Jan-19

| | |
|----------------------|----------|
| BSE Code | 500048 |
| NSE Symbol | BEML |
| 52wk Range H/L | 521/1546 |
| Mkt Capital (Rs Cr) | 3671.25 |
| Av.Cash Volume(,000) | 1446255 |
| Open Interest | NA |

| | |
|----------------|-------------------|
| Buy Price | 880-890 & 850-860 |
| Stop Loss | 835 |
| Target Price1 | 950 |
| Target Price2 | 970 |
| Upside in Tgt1 | 11%-18% |
| Upside in Tgt2 | 22%-30% |

Technical Chart



STDC- BUY BEML @ 880-890 AND ON DIP TOWARDS 850-860 SL-835 (CLOSING BASIS) TGT- 950, 970

Scrip seems bottoming out at its lower levels of 865-870 marks from where it formed inverted hammer on daily chart suggesting upswing on up side. Scrip took support from its upward sloping line along with declining histogram in negative territory of MACD and momentum indicator RSI also looking firm on daily chart which are giving cues that scrip can take a turn on positive side. Principal of polarity can provide strong support in coming sessions. Aforementioned rationale suggest buying in the scrip around 880-890 & on decline towards 850-860 for the target of 950 and 970 with the stop loss of 835 marks.

STDC : Long / BUY

23-Jan-19

| | |
|----------------------|-----------------|
| BSE Code | 501425 |
| NSE Symbol | BBTC |
| 52wk Range H/L | 2113.85/1082.05 |
| Mkt Capital (Rs Cr) | 8,826.00 |
| Av.Cash Volume(,000) | 3001 |
| Open Interest | |

| | |
|----------------|---------------------|
| Buy Price | 1262-1240/1210-1190 |
| Stop Loss | 1131 |
| Target Price1 | 1320 |
| Target Price2 | 1352 |
| Upside in Tgt1 | 8% |
| Upside in Tgt2 | 11% |

Technical Chart



STDC- BUY BBTC @ 1262-1240 AND ON DIP TOWARDS 1210-1190 SL- 1131 (CLOSING BASIS) TGT-1320, 1352

After giving sharp correction from 2115 level BBTC is spending complex time in triangle and it seems that point "E" has taken support at A-C line with good volume. Momentum oscillator Stochastics is trading in oversold zone and trying to move up. Hence we advise our client to accumulate stock in the range of 1262-1240 and on decline towards 1210-1190 for the price targets of 1320 and 1352 with 1131 as SL.

STDC : Long / BUY

14-Jan-19

| | |
|----------------------|---------|
| BSE Code | 500257 |
| NSE Symbol | LUPIN |
| 52wk Range H/L | 986/723 |
| Mkt Capital (Rs Cr) | 37773 |
| Av.Cash Volume(,000) | 3.64 |
| Open Interest | NA |

| | |
|----------------|-------------------|
| Buy Price | 830-835 & 815-820 |
| Stop Loss | 785 |
| Target Price1 | 920 |
| Target Price2 | 970 |
| Upside in Tgt1 | 11%-18% |
| Upside in Tgt2 | 22%-30% |

Technical Chart



STDC- BUY LUPIN @ 830-835 AND ON DIP TOWARDS 815-820 SL- 785 (CLOSING BASIS) TGT-920, 970

After the correction from the high of 986, this counter appears to be stabilizing around 800 levels and positioning itself for rally. Sustainability above Double bottom breakout on weekly chart indicate strength in the prices. Positive crossover in daily MACD is showing upside momentum . The RSI is sustaining around 50 from a bottoming formation which is bullish. Once it manages to push itself above 945, the move on upside can be swift. Hence, positional traders are advised to go long with a stop 785 for the target of 920 and 970 marks

STDC : Long / BUY

14-Jan-19

| | |
|----------------------|-----------|
| BSE Code | 500112 |
| NSE Symbol | SBIN |
| 52wk Range H/L | 334.8/232 |
| Mkt Capital (Rs Cr) | 268183 |
| Av.Cash Volume(,000) | 47.43 |
| Open Interest | NA |

| | |
|----------------|-------------------|
| Buy Price | 299-301 & 287-290 |
| Stop Loss | 274 |
| Target Price1 | 330 |
| Target Price2 | 345 |
| Upside in Tgt1 | 11%-18% |
| Upside in Tgt2 | 22%-30% |

Technical Chart



STDC- BUY SBIN @ 299-301 AND ON DIP TOWARDS 287-290 SL- 274 (CLOSING BASIS) TGT- 330, 345

The stock has given breakout from a consolidation phase at around 287-300 zone for quite some time forming cup & handle pattern where it consolidated again and currently has been trading as symmetrical triangle as a mother pattern on weekly chart which breakout is expected above 307 levels where buying momentum will pick with greater pace. Indicators and oscillators also lending support to its price action. We recommend a buy in this stock for an upside target of 330 and 345 marks keeping a stop loss of 274 marks

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.

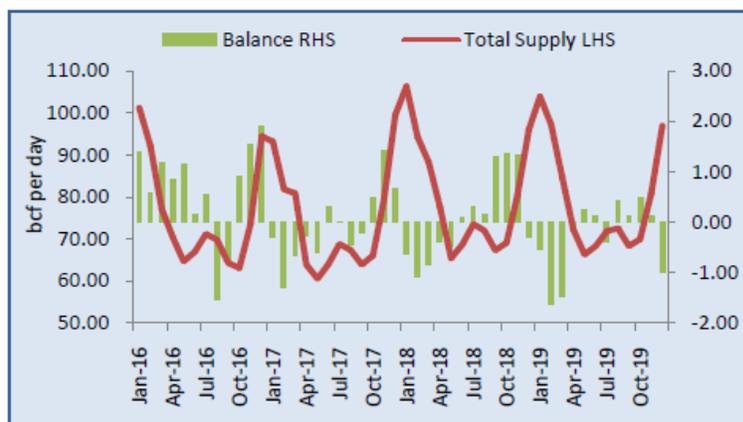
US Sanctions Tensions

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.

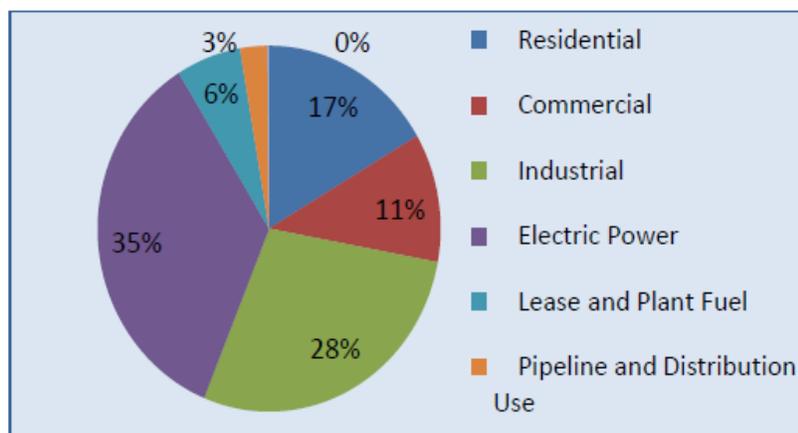
US Gas consumption

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.

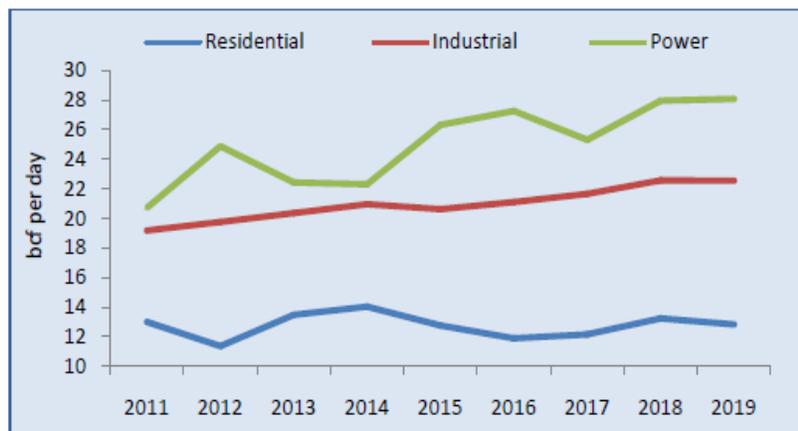
Cooling degree days (CDD) reflects the amount of energy required to cool a residence, industrial or a business. In 2018, CDD stood 18% higher than the previous year and averaged 25% above normal on hottest summer leading to strong air conditioning demand in the summer season. Warmer than normal temperatures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

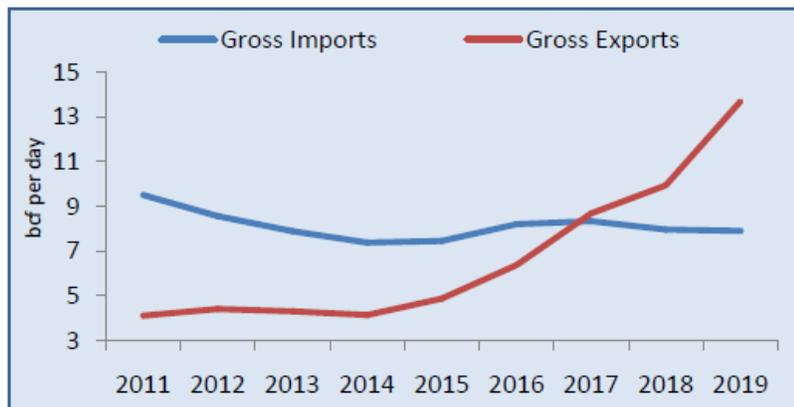
From the above figure, we can conclude that the major consuming sectors of natural gas are Electric Power, Industrial and Residential sector. With Electric power being the major consumer of natural gas comprising 35% of the total natural gas consumption followed by Industrial and Residential sector.



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

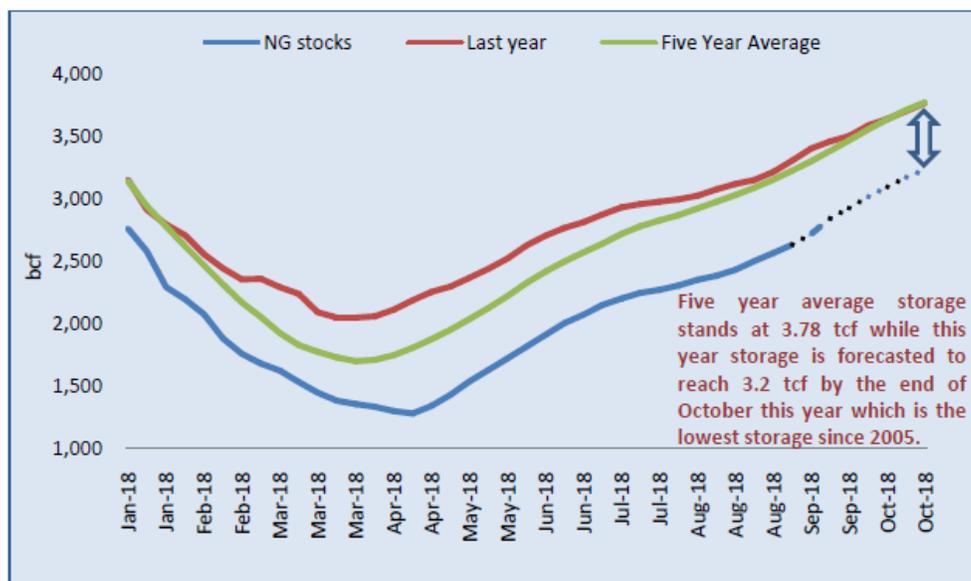


Source: Narnolia Research, EIA Short-Term Energy Outlook

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.**

Narnolia Financial Advisors Ltd. is a SEBI registered Research Analyst having SEBI Registration No. INH300006500. The Company/Analyst (s) does/do not have any holding in the stocks discussed but these stocks may have been recommended to clients in the past. Clients of Narnolia Financial Advisors Ltd. may be holding aforesaid stocks.

The stocks recommended are based on our analysis which is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed.

Disclosures: Narnolia Financial Advisors Ltd. (NFAL) (Formerly Microsec Capital Ltd.) is a SEBI Registered Research Analyst having registration no. INH300006500. NFAL is engaged in the business of providing Stock Broking, Depository Participant, Merchant Banking, Portfolio Management & distribution of various financial products. Details of associate entities of NFAL is available on the website at www.narnolia.com

No penalties have been levied on NFAL by any Regulatory/Statutory authority. NFAL, its associates, Research Analyst or their relative may have financial interest in the subject company. NFAL and/or its associates and/or Research Analyst may have beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report. NFAL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of NFAL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the last 12 month period. NFAL and/or its associates may have received compensation from the subject company in the past 12 months. In the last 12 months period ending on the last day of the month immediately preceding the date of publication of this research report, NFAL or any of its associates may have: a) managed or co-managed public offering of securities from subject company of this research report, b) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report, c) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report. d) Subject Company may have been a client of NFAL or its associates during 12 months preceding the date of distribution of the research report. NFAL and its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. NFAL and / or its affiliates may do and seek to do business including Investment Banking with companies covered in the research reports. As a result, the recipients of this report should be aware that NFAL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific Merchant Banking, Investment Banking or Brokerage service transactions. Research Analyst's views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of NFAL or its associates maintains arm's length distance with Research Team as all the activities are segregated from NFAL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Analyst Certification The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement-

| | |
|-----------------------------------------------------------|-----|
| Analyst's ownership of the stocks mentioned in the Report | NIL |
|-----------------------------------------------------------|-----|

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com.

Correspondence Office Address: Arch Waterfront, 5th Floor, Block GP, Saltlake, Sector 5, Kolkata 700 091; Tel No.: 033-40541700; www.narnolia.com.

Registered Office Address: Marble Arch, Office 201, 2nd Floor, 236B, AJC Bose Road, Kolkata 700 020; Tel No.: 033-4050 1500; www.narnolia.com

Compliance Officer: Manish Kr Agarwal, Email Id: mkagarwal@narnolia.com, Contact No.:033-40541700.

Registration details of Company: Narnolia Financial Advisors Ltd. (NFAL): SEBI Stock Broker Registration: INZ000166737 (NSE/BSE/MSEI); NSDL/CDSL: IN-DP-380-2018; Research Analyst: INH300006500, Merchant Banking: (Registration No.: INM000010791), PMS: (Registration No.: INP000002304), AMFI Registered Mutual Fund distributor: ARN 3087

Registration Details of Group entities: G. Raj & Company Consultants Ltd (G RAJ)-BSE Broker INZ260010731; NSDL DP: IN-DP-NSDL-371-2014 || Narnolia Commerce Limited (Formerly Microsec Commerce Ltd.)-MCX/NCDX Commodities Broker: INZ000051636 || NarnoliaVeloX Advisory Ltd.- SEBI Registered PMS: INP000005109 || Eastwind Capital Advisors Pvt Ltd. (EASTWIND)-SEBI Registered Investment Adviser: INA300005439 || Narnolia Insurance Brokers Limited (Formerly Microsec Insurance Brokers Ltd.)-IRDA Licensed Direct Insurance Broker (Life & Non-Life) Certificate No. 134, License No. DB046/02 || Narnolia Securities Ltd. (NSL)-AMFI Registered Mutual Fund distributor: ARN 20558, PFRDA NPS POP: 27092018 || Narnolia Capital Advisors Pvt. Ltd. - RBI Registered NBFC:B.05.02568.

Disclaimer:

This report has been prepared by Narnolia Financial Advisors Ltd. (NFAL) and is meant for sole use by the recipient and not for public circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of NFAL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his/her/its own advisors to determine the merits and risks of such an investment. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NFAL will not treat recipients as customers by virtue of their receiving this report. Neither the Company, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits or lost opportunities that may arise from or in connection with the use of the information/report. The person accessing this information specifically agrees to exempt NFAL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold NFAL or any of its affiliates or employees responsible for any such misuse and further agrees to hold NFAL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NFAL & its group companies to registration or licensing requirements within such jurisdictions.