

Trading Calls

**PETRONET** Long/Buy 6th Apr 2018

After hitting a low of 223.60, scrip started consolidation near the levels of 229 -233. Positive divergence in RSI on daily chart signifying strength. Channel support along with hammer on weekly chart further adding positive bias in the scrip. Breakout above congestion zone can add gains in coming sessions. BUY PETRONET @ 229-233 SL-222 TGT-260, 270

**CUMMINSIND** Long/Buy 3rd Apr 2018

Cummins India Ltd has corrected around 30% in a time span of just three months. Currently it has found a strong support near Rs 680 and thereafter started to give pullback since last couple of trading days. Therefore we advise traders to initiate long position in the stock near Rs 727 with a stop loss of Rs 678. The upside targets are Rs 778 and Rs 824.

**PNB** Long/Buy 14th Mar 2018

After corrected more than 50% in a time span of just one and half month, Punjab National Bank has been consolidating in a narrow range of 91-100 since last few days. Therefore we advise to initiating long position in the stock near Rs 98 with a stop loss of Rs 91. The upside targets are Rs 106 and Rs 117.

Institutional Turnover			
FII	Buy(Cr.)	Sale(Cr.)	Net(Cr.)
12-Apr-18	4714	4345	369
Apr-18	41240	43215	(1975)
DII	Buy(Cr.)	Sale(Cr.)	Net(Cr.)
12-Apr-18	3263	3878	(616)
Apr-18	29303	26124	3179

Market	Value	% Change
SGX Nifty	10504.50	0.35%

Nifty Key Levels

Support	S1 : 10390	S2 : 10330
Resistance	R1 : 10480	R2 : 10515

Market Outlook

Nifty trading strong but fear of Death Crossover!  
Thursday, Nifty opened around 10410, made a low of 10395, then after making a high of 10470 closed higher side around 10458(+41), however entire day trading range was 75 points. Key indices opened on a dull note and firmed up as the session progressed due to the momentum gained by IT stocks ahead of Q4 earning expectation. Nifty negated the occurrence of Hanging man and inched further higher. We would reiterate that Index is now entering a strong cluster of resistances. Going by the higher time frame charts, we construe this recent move as a relief rally. Nevertheless recently 50 DMA crossed 100 DMA from upside, forming bearish Death Crossover, indicates bearishness in mid-term. Key resistances are around 10480-10515 and immediate supports are seen around 10390-10330.

Sectoral Performance (%)				
	1 Day	1 Week	1Month	1 Year
Auto Components	0.4	1.6	6.7	23.2
Automobiles	(0.1)	0.3	2.8	18.6
Chemicals	0.1	0.6	4.3	17.2
Construction Materials	(0.6)	(1.0)	(1.1)	5.4
Construction & Engg	0.2	0.1	5.2	32.5
Div. Financial Services	0.9	2.0	12.2	58.7
Electrical Equipment	(0.3)	0.6	0.3	1.5
Energy	(0.1)	0.8	(3.4)	9.3
Financials	0.0	0.9	3.3	12.2
Health Care	(0.6)	0.4	0.4	(10.2)
Household Durables	(0.2)	1.7	1.5	20.44
Household Pers. Products	1.6	1.8	3.0	12.9
Information Technology	3.06	3.7	1.3	28.6
Metals/Mining/Minerals	(1.1)	1.7	(1.1)	14.4
Telecom	(0.9)	(2.5)	(5.8)	(1.1)
Utilities	(0.4)	(0.5)	(0.5)	3.9

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

Long Position				
	DII	FII	Pro	Other
Future Index	25026	51027	24029	304932
Future Stock	25209	655067	147032	993726
Option Index Call	60927	224979	172686	381495
Option Index Put	80532	374699	155344	736742
Option Stock Call	463	21262	43147	235651
Option Stock Put	0	21083	41639	114982

Short Position				
	DII	FII	Pro	Other
Future Index	35860	145879	49063	174212
Future Stock	847481	460060	75096	438397
Option Index Call	0	80220	228188	531678
Option Index Put	0	154897	297641	894779
Option Stock Call	0	26988	86567	186968
Option Stock Put	0	19043	44574	114087

## High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
502865	FORBESGOK	25.7
533155	JUBLFOOD	20.7
500304	NIITLTD	20.4
517174	HONAUT	20.3
500114	TITAN	19.3
532809	FSL	18.9
511218	SRTRANSFIN	18.8
532798	NETWORK18	17.1
532497	RADICO	17.1
509820	PAPERPROD	16.8

## High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
514043	HIMATSEIDE	17.2
532805	REDINGTON	15.1
532814	INDIANB	13.7
500253	LICHSGFIN	13.4
532134	BANKBARODA	13.4
532149	BANKINDIA	13.0
505714	GABRIEL	11.8
500530	BOSCHLTD	10.6
523756	SREINFRA	10.4
532772	DCBbank	9.8

## Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
500185	HCC	(20.61)
530965	IOC	(12.68)
532622	GDL	(12.42)
526612	BLUEDART	(11.16)
532885	CENTRALBK	(8.70)
532822	IDEA	(7.30)
532929	BRIGADE	(6.75)
532505	UCOBANK	(6.68)
532977	BAJAJ-AUTO	(5.92)
500104	HINDPETRO	(5.64)

## Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
512599	ADANIENT	(12.76)
532144	WELCORP	(10.80)
522249	MAYURUNIQ	(6.49)
533573	APLLTD	(6.34)
538567	GULFOILLUB	(5.22)
500295	VEDL	(4.66)
522275	ALSTOMT&D	(3.86)
538835	INTELLECT	(3.81)
532374	STRTECH	(3.37)
500840	EIHOTEL	(3.28)

\* 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.

## Nifty Weekly

9-Apr-18

As per our expectation, Domestic market inch higher and Nifty extend up to 10350 levels, much near our expected target of 10365 level (2nd target of AB=CD Harmonic pattern) which we caught from the lower levels of 9950 through our analysis. For further extension, it has to cross and sustain above 10365 levels from where it can extend gain till 10480 level. Escalating US trade war, political uncertainty and rising crude oil prices can become cause of concern in the coming week. Currently, Index is hovering near cluster of resistance which indicate down trend is expected to resume soon and BEARS have an upper hand in coming sessions.

**Negative Data Point** which turns in favour for **Bears-**

- NEGATIVE REVERSAL** on daily chart as RSI is forming higher high whereas prices are making lower highs
- Formation of **Doji** near **Channel resistance** indicating uncertainty
- Fibonacci levels also showing resistance near **61.8% retracement** of the fall from 10630 to 9950
- 50 Days EMA near 10350 level can act as resistance

**Positive Data Point** which can support **Bulls-**

- Sustainability above 200 days SMA (10195)
  - Formation of higher crest and higher trough remains intact
- Resistance is located at 10365 followed by 10480 levels while Support lies at 10195 followed by 10000-10010 levels. Profit booking is expected at current juncture.

### CHART ANALYSIS



### SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	NIFTY LEVEL	JUSTIFICATION
Resistance 2	10480	Previous swing high
Resistance 1	10365	61.8% Fibonacci retracement
Close	10331	
Support 1	10195	200 DMA
Support 2	10010	Low of current week candle

### Technical Chart



### USDINR WEEKLY VIEW-

USDINR- Pair failed to provide any thrust on the RBI monetary policy day. It remained in the tight range and momentum was further declined. As a contrarian view, lower volatility suggests impending higher volatility. For a week , it is likely to remain in the range of 65.30 on higher side and 64.40 levels on lower side. A break is required on either of side for further directional move and this breakout is not too far.

13th Apr 2018

Narnolia Securities Ltd | Retail Technical Research

## ALUMINIUM OUTLOOK

### US Sanctions and Its Implications on Aluminium Prices

US have imposed sanctions on Rusal (Largest Aluminum Producer in Russia) and seven other companies to punish for the involvement in Syria, Ukraine and interfering with the elections in US in 2016. Trading houses have been advised by their banks and lawyers that they can't continue trading with the Russian company. Rusal will struggle to export as banks, traders and customers in the U.S., and internationally, stop dealing with a company blacklisted by the U.S. Treasury. Rusal, the biggest aluminum supplier outside China and second largest supplier to US, has also asked them to "immediately withhold all payments" to the company.

The prices of aluminum jumped as traders were worried Rusal would be excluded from supplying the market. Sanctions came at the time when US-China trade tariff have already limited the exports to US, leading to supply worries in coming period.

#### Global Aluminum Production

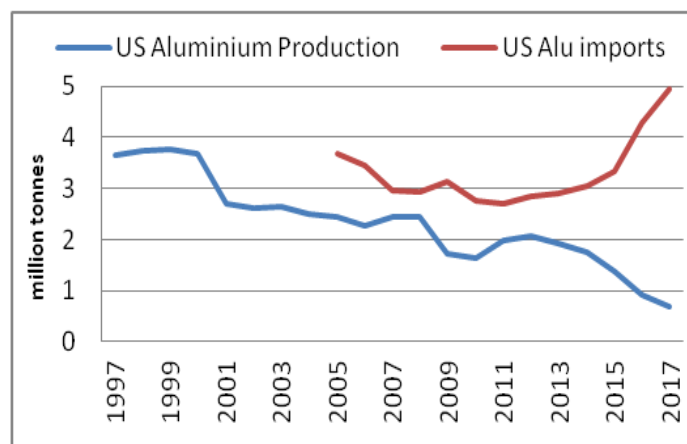
Global aluminum production is currently 63 million tonne in 2017. China is the largest global producer with 54% of global production, US produces 10% of world's aluminum production. Currently, US has imposed sanctions on Russia's largest aluminum producing company named Rusal, who produces around 7% of global aluminum output. Around 700,000 tonnes of aluminum exports are made to US. That means there will be a supply shortfall for aluminum in US and create tight supply situation in US.

#### Sanctions Affecting Russia

Russian sanctions led to strong recovery in aluminum prices on anticipation that the sanctions will result in production decline thus creating a deficit in the market. Russia contributes more than 7 percent to the global aluminum production Rusal produces 7% of global alumina and 4% of global bauxite supply. Bauxite and Alumina are the raw material used for the production of aluminum. Rusal produced 3.8 million tonnes of aluminum in 2017. The important point here is that Russia exports more than 10% of its production to US.

#### US Scenario:

In the chart below, we can see that the US aluminium output have fallen significantly since 2000 from 3.6 million to just 0.65 million tonne in 2017. This fall in production is due to shutdown of primary aluminium factories on account rising cost of production leading to lower prices. Subsidies from Chinese government and lower power cost led to higher output in China which led to lower aluminum prices. However, US production is forecasted to rise by 180,000 tons this year and 440,000 tonnes in 2019. The U.S. imported 5,046,000 metric tons of aluminum and exported 315,000 metric tons in 2017. Around 60% of aluminium is imported from Canada and rest from other countries like Russia, China, UAE etc.

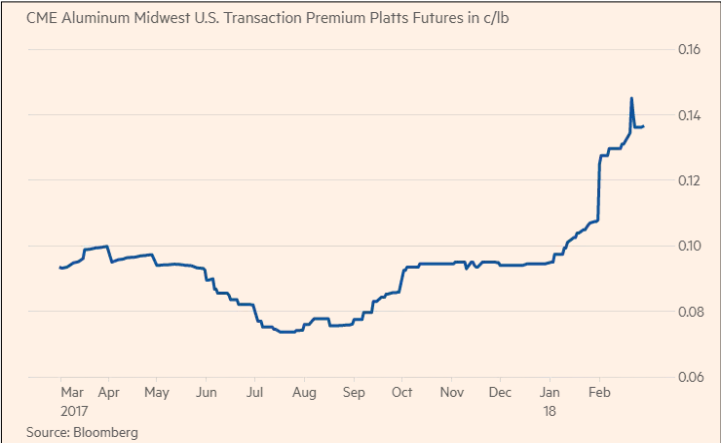


China is the world's biggest aluminum producer and consumer. China's monthly average aluminum production is almost equivalent to the US's annual production. China's aluminum production continues to rise and simultaneously demand is also rising as the country is taking measures for environment protection and over capacity in sectors like steel and aluminum.

ALUMINIUM OUTLOOK

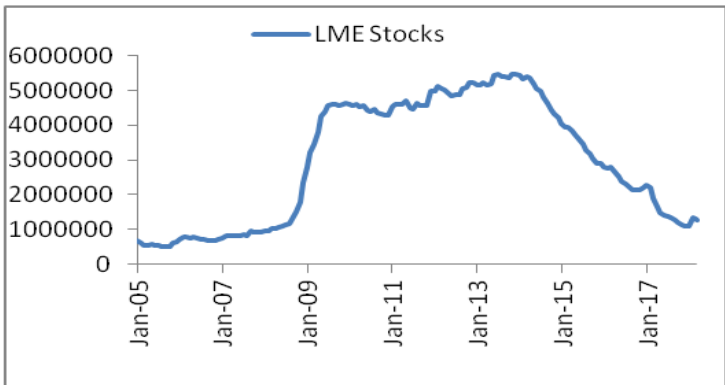
US Sanctions and Its Implications on Aluminium Prices

US Aluminum Premiums



US CME Midwest Premium have rose 11.8 per cent on the CME exchange in New York to trade at 15 cents a pound. The contract has now risen by over 60 per cent this year to its highest level since April 2015. Russian sanctions are going to cause major changes in physical aluminum movement around the world, which is why the Midwest U.S. premium is on a charge.

LME Stockpiles:



LME aluminium stocks have fallen by 50 percent in 2017. However, Shanghai aluminium stocks have rose to the record high standing at 970,000 tonnes. Due to Russia sanctions, some traders have already halted purchases of Rusal metal, while the London Metal Exchange and Comex won't accept new deliveries.

Outlook

With the US sanctions on Russia in place, we can see aluminium prices remain strong in the short term. Also supporting the price rise is the weaker dollar trend and stronger economic growth in 2018.



We expect prices to remain supported at Rs 142 levels and can breach levels of Rs 156-160 levels in the three month time. LME Aluminium prices can test the levels of \$2350-70 per tonne with supporting levels of \$2100 on the downside.



VIEW

6-Apr-18

BSE Code		Buy Price	230
NSE Symbol	PETRONET	Stop Loss	222
52wk Range H/L	275.65	Target Price1	260
Mkt Capital (Rs Cr)	198.2	Target Price2	270
Av.Cash Volume(,000)	1690759	Upside in Tgt1	13%
Open Interest	NA	Upside in Tgt2	17%

Technical Chart



BUY PETRONET @ 229-233 SL-222 TGT-260, 270

Positive divergence on daily chart  
above congestion zone  
chart  
- Suggest Buying at the mentioned levels with strict stoploss

Breakout  
Hammer on weekly  
Strong channel support

13th Apr 2018

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Rating : Long / BUY

3-Apr-18

BSE Code	500480
NSE Symbol	CUMMINSIND
52wk Range H/L	1096.80/680.65
Mkt Capital (Rs Cr)	20513
Av.Cash Volume(,000)	324
Open Interest	2133000

Buy Price	727
Stop Loss	675
Target Price1	778
Target Price2	824
Upside in Tgt1	7%
Upside in Tgt2	13%

### Technical Chart



Cummins India Ltd has corrected around 30% in a time span of just three months. Currently it has found a strong support near Rs 680 and thereafter started to give pullback since last couple of trading days. The ADX has reached near 60 and RSI & Stochastic reached at the deep oversold zone. So some upmove is expected in the stock from the current level.

Therefore we advise traders to initiate long position in the stock near Rs 727 with a stop loss of Rs 678. The upside targets are Rs 778 and Rs 824.

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Rating : Long / BUY

14-Mar-17

BSE Code	532461	Buy Price	97.95
NSE Symbol	PNB	Stop Loss	91
52wk Range H/L	231.60/91.30	Target Price1	106
Mkt Capital (Rs Cr)	340.5	Target Price2	117
Av.Cash Volume(,000)	19162	Upside in Tgt1	8%
Open Interest	70436000	Upside in Tgt2	19%

Technical Chart



After corrected more than 50% in a time span of just one and half month, Punjab National Bank has been consolidating in a narrow range of 91-100 since last few days. Currently some delivery based buying was witnessed in the stock and a positive divergence was formed both in RSI & Stochastic.

Therefore we advise to initiating long position in the stock near Rs 98 with a stop loss of Rs 91. The upside targets are Rs 106 and Rs 117.



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