

Trading Calls

PETRONET

Long/Buy

2th Aug 2017

Petronet LNG Limited has made a double bottom near Rs 198 and thereafter gave a good pullback rally yesterday. A positive divergence was also formed in RSI on daily chart. Therefore some rally is expected from the current level.

Therefore we advise traders to initiate long position in the stock near Rs 211 with a stop loss of Rs 198. The upside targets are Rs 221 and Rs 244

Institutional Turnover			
FII	Buy(Cr.)	Sale(Cr.)	Net(Cr.)
14-Aug-17	3231	4870	(1639)
Aug-17	34883	37324	(2441)
DII	Buy(Cr.)	Sale(Cr.)	Net(Cr.)
14-Aug-17	3653	2033	1619
Aug-17	30579	24124	6455

Market	Value	% Change
SGX Nifty	9819.00	0.23%

Nifty Key Levels

Support	S1 : 9643	
Resistance	R1 : 9874	R2: 9960

Market Outlook

Last week saw sharp long unwinding in the market. In particular, market breadth deteriorated sharply. While Nifty saw a fall of mere 3%, Mid Cap Index saw fall of 6% and Small Cap Index fell by 9%. Mid cap and small cap index got closed to lows made in the month of May.

In the meanwhile global market too saw sharp losses and most of the global market now has broken below their immediate support. Though this is a much-awaited correction in equity markets as valuation has got stretched and the risk-reward ratio was not favorable for bulls. On a long term basis, this fall provides another opportunity for those who missed out earlier to participate in this structural bull market in India. Fundamentally, the market would like to see a clearer sign of better earnings for corporate in the 2nd half of FY18 before resuming its next leg upward.

Sectoral Performance (%)				
	1 Day	1 Week	1Month	1 Year
Auto Components	0.9	(4.1)	(2.7)	29.2
Automobiles	1.9	(4.7)	(1.7)	13.5
Chemicals	2.2	(2.7)	(2.1)	19.6
Construction Materials	1.5	(3.3)	(3.3)	14.8
Construction & Engg	0.2	0.1	5.2	32.5
Div. Financial Services	0.9	2.0	12.2	58.7
Electrical Equipment	2.3	(3.7)	(2.8)	9.3
Energy	1.3	(3.3)	4.1	37.8
Financials	1.0	(3.7)	0.2	27.0
Health Care	2.0	(5.7)	(10.1)	(16.1)
Household Durables	2.6	(3.3)	(4.1)	11.50
Household Pers. Products	1.6	1.8	3.0	12.9
Information Technology	(0.49)	(1.1)	2.3	(4.3)
Metals/Mining/Minerals	3.1	(2.0)	2.4	16.6
Telecom	(0.0)	(3.5)	(2.5)	8.6
Utilities	2.3	(2.7)	1.5	16.3

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

Long Position				
	DII	FII	Pro	Other
Future Index	17315	183297	35770	144564
Future Stock	19566	353753	140816	888865
Option Index Call	122267	289623	173305	621202
Option Index Put	61145	453772	218474	546591
Option Stock Call	40	36940	52051	298455
Option Stock Put	0	36499	57528	99741

Short Position				
	DII	FII	Pro	Other
Future Index	29246	137348	24789	189563
Future Stock	595001	470325	69008	268666
Option Index Call	0	248606	324489	633302
Option Index Put	0	156132	283783	840066
Option Stock Call	0	42170	130741	214575
Option Stock Put	0	21356	56659	115753

High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
532922	EDELWEISS	22.8
532978	BAJAJFINSV	19.9
515030	ASAHINDIA	19.2
519552	HERITGFOOD	18.5
500114	TITAN	17.9
512573	AVANTI	17.7
500490	BAJAJHLDNG	16.8
500111	RELCAPITAL	16.7
505714	GABRIEL	16.7
500034	BAJFINANCE	15.3

High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
533155	JUBLFOOD	22.8
532670	RENUKA	13.8
532648	YESBANK	12.5
532872	SPARC	12.1
500251	TRENT	11.4
507685	WIPRO	9.4
500067	BLUESTARCO	9.3
500038	BALRAMCHIN	8.2
500087	CIPLA	5.1
522064	HONDAPOWER	4.5

Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
511389	VIDEOIND	(39.28)
530073	SANGHVIMOV	(36.43)
500124	DRREDDY	(25.68)
532915	RELIGARE	(23.39)
538835	INTELLECT	(22.40)
500315	ORIENTBANK	(20.78)
532944	ONMOBILE	(18.94)
532276	SYNDIBANK	(18.06)
500570	TATAMOTORS	(18.05)
526612	BLUEDART	(17.43)

Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
500163	GODFRYPHLP	(28.26)
500875	ITC	(19.93)
533552	RUPA	(18.80)
512599	ADANIENT	(16.97)
526521	SANGHIIND	(16.00)
532349	TCI	(15.17)
500249	KSBPUMPS	(15.10)
532541	NIITTECH	(14.87)
532700	ENIL	(13.62)
500185	HCC	(12.38)

\* 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)

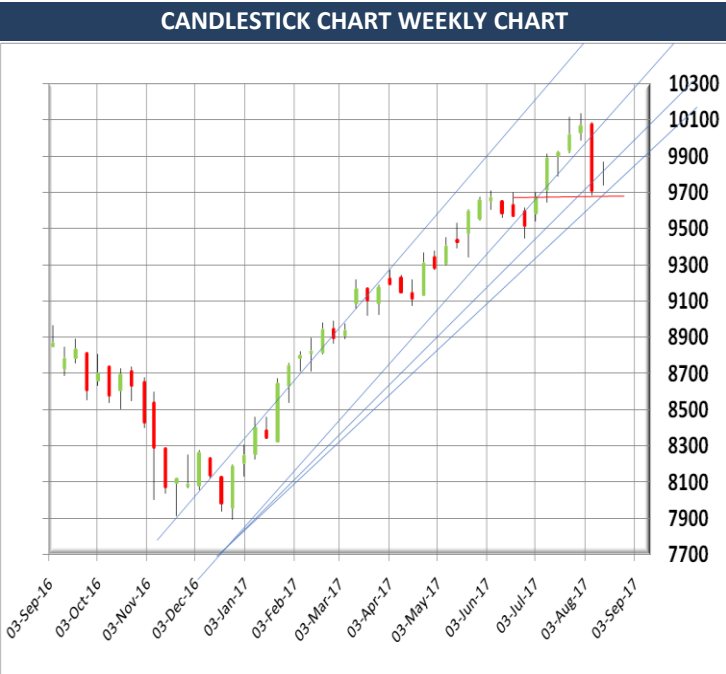
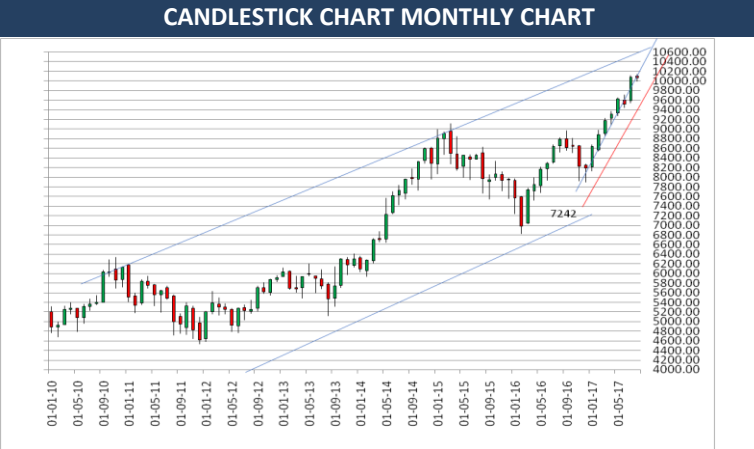
\* PS- Price Score is of a company is relative price performance in multiple time-frame

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

In the monthly charts, we see a well-defined Bull Channel which is in operation since December 2016. The top of the channel has been tested at least five times which makes it a very strong reference point. During the month of July the Nifty opened at 9601 and closed at 10077 forming a long green candle traversing the entire range of Bull Channel

The range of the channel and Nifty for the month of August is 10340 to 9780. Since the valuations are overstretched profits should be booked at the top end that is near 10300 levels.

At the lower end keep an eye on 9800 levels. In case Nifty goes to this level and 9800 holds it is a good opportunity to go long. But for the uptrend to continue Nifty should remain above 9800 in the month of August.



Since last few weeks we had been emphasising on booking profits since Nifty was at top of monthly bull channel and also at near ten-year PE high of 25.92. Correction came and it came strongly. Surprising part is that none of the business channels were speaking about a correction despite Nifty being at 25.68 PE which was near to ten year high of 25.92.

On 11th August Nifty closed at 9710.80 which is well below 9780 that is the bottom of bull channel on monthly charts in operation since December 2016. If market does not reverse from here and go above 9780 to come back into the bull channel then the uptrend is challenged at least for the medium term. For up trend to continue monthly close has to be above 9780.

On the weekly charts, the Nifty formed a long Red Candle the like of which is not seen since February 2016. In the process, it broke the upward sloping trendline in operation since December 2016. A new upward sloping trendline is drawn which will remain valid if Nifty remains above 9740 in the current week. There is definite weakness in the market which will get aggravated if Nifty does not close above 9740 during the week and 9780 in August.

The daily oscillators are in oversold territory and a technical bounce back is not ruled out. But trend will be determined by Nifty either breaking or maintaining the levels as discussed above. We are back into uptrend if Nifty closes above 9740 in current week and 9780 in current month. The uptrend is seriously challenged if these levels are not maintained.

RESISTANCE AND SUPPORT LEVELS BASED ON WEEKLY AND DAILY ANALYSIS

RESISTANCE/SUPPORT	NIFTY LEVEL	JUSTIFICATION
Resistance 1	9777	GAP DOWN 11/8/17 AND 50 DMA
Resistance 2	9868	BOTTOM OF PREVIOUS CHANNEL
Resistance 3	9894	GAP DOWN 10/8/17
Support 1	9685	PREVIOUS WEEK LOW
Support 2	9535	GAP UP 3 JULY AND 100 DMA

Rating : Long / BUY

2-Aug-17

BSE Code	532522	Buy Price	211.65
NSE Symbol	PETRONET	Stop Loss	198
52wk Range H/L	459/198.60	Target Price1	221
Mkt Capital (Rs Cr)	31748	Target Price2	244
Av.Cash Volume(,000)	4787	Upside in Tgt1	4%
Open Interest	15342000	Upside in Tgt2	15%

### Technical Chart



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