

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

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

FI	Buy(Cr.)	Sale(Cr.)	Net(Cr.)
16-Apr-18	3924	4232	(308)
Apr-18	41240	43215	(1975)
DII	Buy(Cr.)	Sale(Cr.)	Net(Cr.)
16-Apr-18	2999	3028	(29)
Apr-18	29303	26124	3179

Market	Value	% Change
SGX Nifty	10545.00	-0.02%

Nifty Key Levels

Support	S1 : 10350	S2 : 10300
Resistance	R1 : 10535	R2 : 10620

Market Outlook

Nifty controlled by Bull Power!

Monday, Nifty opened around 10398, made a low of 10396, then after making a high of 10540 closed higher side around 10528(+47), however entire day trading range was 144 points.

Despite opening lower, Domestic market recouped its morning losses as Bulls shrugged off the geopolitical tensions and bought dip which help Nifty to sustain above 10500 levels. We mentioned in our weekly post, "On crossing above 10525-10550 zone, it can extend up to 10640 level," this is unfolding nicely.

Key resistances are around 10550-10600 and immediate supports are seen around 10450-10400.

Sectoral Performance (%)

	1 Day	1 Week	1Month	1 Year
Auto Components	0.3	0.2	5.9	23.3
Automobiles	0.4	0.5	3.4	20.6
Chemicals	0.7	1.0	5.0	19.0
Construction Materials	1.0	0.6	(0.5)	7.3
Construction & Engg	0.2	0.1	5.2	32.5
Div. Financial Services	0.9	2.0	12.2	58.7
Electrical Equipment	(0.2)	(1.0)	(1.1)	0.8
Energy	(0.2)	(1.0)	(4.4)	8.5
Financials	0.7	0.7	3.5	13.1
Health Care	0.9	1.2	0.9	(9.4)
Household Durables	1.2	2.3	1.8	21.88
Household Pers. Products	1.6	1.8	3.0	12.9
Information Technology	(0.06)	5.2	3.8	32.1
Metals/Mining/Minerals	0.2	2.8	(0.3)	17.7
Telecom	(0.5)	(1.5)	(8.4)	0.3
Utilities	0.5	0.3	0.1	4.7

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

	Long Position			
	DII	FII	Pro	Other
Future Index	25528	58099	25617	310206
Future Stock	25875	662103	155181	1004051
Option Index Call	61287	240655	180786	422104
Option Index Put	82164	389851	180104	824358
Option Stock Call	490	22686	47963	266889
Option Stock Put	0	21682	43079	126739

	Short Position			
	DII	FII	Pro	Other
Future Index	42370	156206	41594	179280
Future Stock	853449	458603	82784	452374
Option Index Call	0	88176	250096	566559
Option Index Put	0	172389	322485	981603
Option Stock Call	0	29873	100750	207405
Option Stock Put	0	20445	50601	120454

High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
502865	FORBESGOK	28.9
533155	JUBLFOOD	20.6
509820	PAPERPROD	19.6
500304	NIITLTD	19.0
500003	AEGISCHEM	18.2
532809	FSL	16.9
536507	FLFL	16.5
500330	RAYMOND	15.8
500114	TITAN	15.7
500034	BAJFINANCE	15.7

High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
532772	DCBbank	16.4
514043	HIMATSEIDE	14.0
505714	GABRIEL	11.2
500253	LICHSGFIN	9.3
532814	INDIANB	8.7
512131	SIGNET	7.9
532149	BANKINDIA	7.8
524804	AUROPHARMA	7.3
521064	TRIDENT	6.9
532296	GLENMARK	6.8

Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
500185	HCC	(21.92)
530965	IOC	(19.10)
532622	GDL	(17.87)
500104	HINDPETRO	(13.57)
532505	UCOBANK	(12.37)
532822	IDEA	(11.66)
511389	VIDEOIND	(11.46)
532454	BHARTIARTL	(11.43)
514162	WELSPUNIND	(11.32)
500271	MFSL	(9.62)

Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
512599	ADANIENT	(11.83)
532712	RCOM	(9.83)
500295	VEDL	(9.49)
532374	STRTECH	(8.46)
526521	SANGHIIND	(6.93)
533573	APLLTD	(6.77)
522249	MAYURUNIQ	(6.10)
500470	TATASTEEL	(5.71)
532174	ICICIBANK	(5.46)
532779	TORNTPOWER	(5.22)

* 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

On the back of positive global and domestic cues, Market inch higher against our hope. Overall market showed strength than weakness as regular follow up buying support not only led to intermediate bouts of short covering but also help the indices to sustain above key moving averages. We highlighted in our previous week report, " it has to cross and sustain above 10365 levels from where it can extend gain till 10480 level," this has played out as envisaged. Currently, Market would take cues from US -UK- France joint strike on Syria along with Quarterly earning of coming week. Nifty is trading near pressure point so one should take trade cautiously and keep profit booking at higher levels.

Negative Rationale which favour **Bears-**

- a) **DEATH CROSS OVER** is observed on chart as 50 DMA is placed below 100 DMA but its confirmation will come below 10395 mark.
- b) Occurrence of **Spinning top** on daily chart after significant rise can pose threat to Bulls
- c) Breadth of the market remained weak amidst lower volumes

Positive Rationale which support **Bulls-**

- a) Formation of **THREE WHITE SOLDIERS** suggests decline can use to create long position.
- b) Sustainability of RSI above 50 mark c)

Formation of higher highs and higher lows remains intact on weekly chart

GIST- On crossing above 10525-10550 zone it can extend up to 10640-10680 zone while on breaching 10395 level, it can slip down till 10290 and 10225 levels.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	NIFTY LEVEL	JUSTIFICATION
Resistance 2	10640	Previous Swing High
Resistance 1	10525	Immediate resistance
Close	10480	
Support 1	10395	Low of Bullish Belt Hold
Support 2	10290	Previous Swing Low

USDINR Weekly

Finally, USDINR pair gave breakout from its congestion zone and started showing momentum which help to set tone on upside with market participation. In our previous report," A breakout is required on either side for further directional move," Although it gave breakout on up side but fail to sustain. A daily close above 65.40-65.45 mark will be indication of strength and pair is expected to carry on its move to north without much distraction. On crossing above 65.40-65.45 mark, it can extend gain up to 65.90 and 66.26 mark. On the flip side, appearance of shooting star on daily chart imply that on breaching 65.20 mark, it can take a dip towards 65 and 64.70 mark. As long as it sustains above the same, it will remain firm.

CHART



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

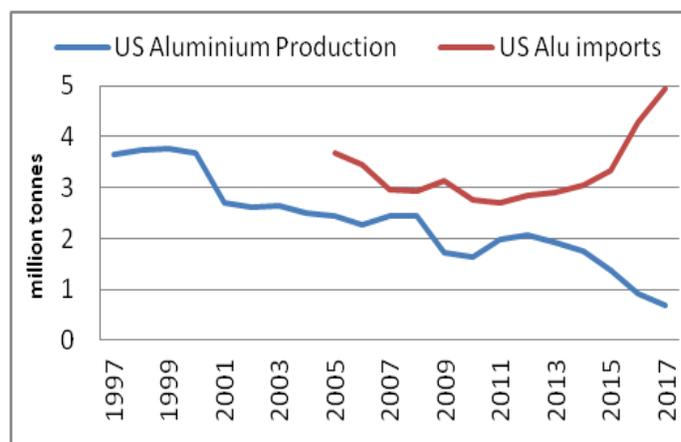
Global aluminum production is currently 63 million tonne in 2017. China is the largest global producer with 54% of global production, US produces 10% of world's aluminum production. Currently, US has imposed sanctions on Russia's largest aluminum producing company named Rusal, who produces around 7% 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.

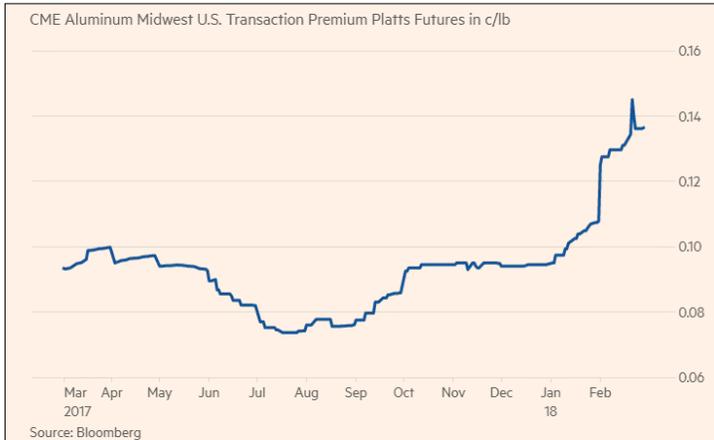


China is the world's biggest aluminum producer and consumer. China's monthly average aluminum production is almost equivalent to the US's annual production. China's aluminum production continues to rise and simultaneously demand is also rising as the country is taking measures for environment protection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

ALUMINIUM OUTLOOK

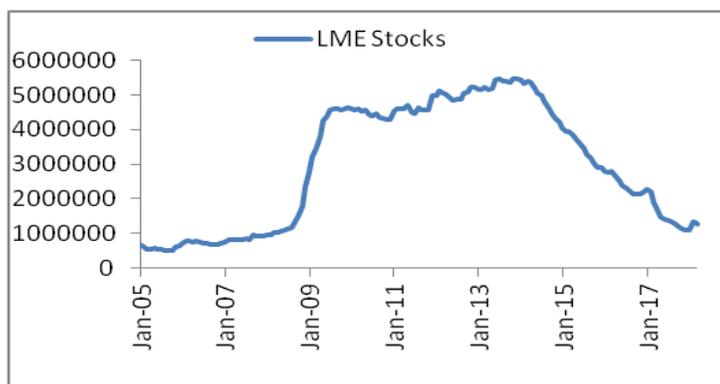
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US Aluminum Premiums



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	
NSE Symbol	PETRONET
52wk Range H/L	275.65
Mkt Capital (Rs Cr)	198.2
Av.Cash Volume(,000)	1690759
Open Interest	NA

Buy Price	230
Stop Loss	222
Target Price1	260
Target Price2	270
Upside in Tgt1	13%
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

17th Apr 2018

Narnolia Securities Ltd | Retail Technical Research

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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