

**Trading Calls**

**CRISIL Long/Buy 17th Apr 2018**

Appearance of Cup and handle pattern on weekly chart after a bull rally signals initiation of a prolonged up move in prices . After good accumulation, a big white candle appearing near 20 and 50 DMA points towards attempt for a fresh break out. BUY CRISIL @ 1920-1950 SL-1760 (CLOSING BASIS) TGT-2350, 2600

**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**

FII	Buy(Cr.)	Sale(Cr.)	Net(Cr.)
17-Apr-18	4560	5511	(951)
Apr-18	45800	48726	(2926)
DII	Buy(Cr.)	Sale(Cr.)	Net(Cr.)
18-Apr-18	3232	2509	724
Apr-18	32535	28633	3902

Market	Value	% Change
<b>SGX Nifty</b>	10591.50	0.35%

**Nifty Key Levels**

<b>Support</b>	S1 : 10490	S2 : 10450
<b>Resistance</b>	R1 : 10580	R2 : 10620

**Market Outlook**

**Nifty overbought?**

Tuesday, Nifty opened around 10557, made a low of 10495, then after making a high of 10560 closed higher side around 10548(+20), however entire day trading range was 65 points. Cumulative open interest with each up move imply that buoyancy will remain intact in coming sessions. Although profit booking is expected due to overstretch nature of oscillators as Nifty is approaching towards its crucial resistance of 10640 levels where it has to pass it's Acid test. We mentioned in our previous post, "On crossing above 10525 level, it can extend up to 10640 level," this is playing out nicely. Any bearish action near the level of 10580 may activate Bears and chances of sliding towards the level of 10500 & 10450 is higher.

Key resistances are around 10580-10620 and immediate supports are seen around 10490-10450

**Sectoral Performance (%)**

	1 Day	1 Week	1Month	1 Year
<b>Auto Components</b>	0.0	0.7	7.7	23.3
<b>Automobiles</b>	(0.4)	0.8	4.8	20.2
<b>Chemicals</b>	0.4	1.6	5.2	19.5
<b>Construction Materials</b>	(0.2)	0.4	0.6	7.2
<b>Construction &amp; Engg</b>	0.2	0.1	5.2	32.5
<b>Div. Financial Services</b>	0.9	2.0	12.2	58.7
<b>Electrical Equipment</b>	0.0	(1.1)	(0.9)	1.4
<b>Energy</b>	0.5	(0.7)	0.1	8.3
<b>Financials</b>	0.1	0.7	4.6	13.5
<b>Health Care</b>	(0.2)	1.1	2.1	(9.5)
<b>Household Durables</b>	0.5	3.0	3.5	22.79
<b>Household Pers. Products</b>	1.6	1.8	3.0	12.9
<b>Information Technology</b>	(0.48)	4.5	4.1	32.0
<b>Metals/Mining/Minerals</b>	0.4	1.6	2.5	19.4
<b>Telecom</b>	0.2	(1.7)	(6.7)	1.3
<b>Utilities</b>	1.3	1.6	3.4	6.8

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

	Long Position			
	DII	FII	Pro	Other
Future Index	25248	64811	26079	313400
Future Stock	24591	661648	158881	1022285
Option Index Call	61287	244404	173877	449111
Option Index Put	82164	396491	174013	836206
Option Stock Call	535	24267	49164	285212
Option Stock Put	9	22593	47175	126940

	Short Position			
	DII	FII	Pro	Other
Future Index	49569	159424	40622	179923
Future Stock	856868	465250	87462	457825
Option Index Call	0	88417	249799	590462
Option Index Put	0	176317	309908	1002649
Option Stock Call	0	31411	111051	216716
Option Stock Put	0	20192	52097	124428

## High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
502865	FORBESGOK	22.9
533155	JUBLFOOD	21.2
532890	TAKE	20.0
500003	AEGISCHEM	18.4
500304	NIITLTD	18.3
500790	NESTLEIND	17.8
536507	FLFL	16.6
509820	PAPERPROD	16.3
500495	ESCORTS	15.8
532827	PAGEIND	15.7

## High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
532772	DCBbank	16.4
514043	HIMATSEIDE	14.0
524735	HIKAL	11.2
500253	LICHSGFIN	9.3
533088	MHRIL	8.7
531162	EMAMILTD	7.9
538666	SHARDACROP	7.8
524804	AUROPHARMA	7.3
505714	GABRIEL	6.9
532149	BANKINDIA	6.8

## Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
500185	HCC	(21.75)
511389	VIDEOIND	(16.15)
530965	IOC	(15.39)
530943	SABTN	(14.73)
514162	WELSPUNIND	(14.50)
532622	GDL	(14.07)
532505	UCOBANK	(13.19)
500104	HINDPETRO	(12.26)
532822	IDEA	(12.23)
532454	BHARTIARTL	(9.75)

## Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
512599	ADANIENT	(14.72)
532712	RCOM	(11.53)
500295	VEDL	(9.26)
532843	FORTIS	(8.98)
532144	WELCORP	(6.33)
533573	APLLTD	(6.09)
522249	MAYURUNIQ	(5.54)
526521	SANGHIIND	(5.44)
523457	LINDEINDIA	(5.39)
538567	GULFOILLUB	(4.98)

\* 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

16-Apr-18

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

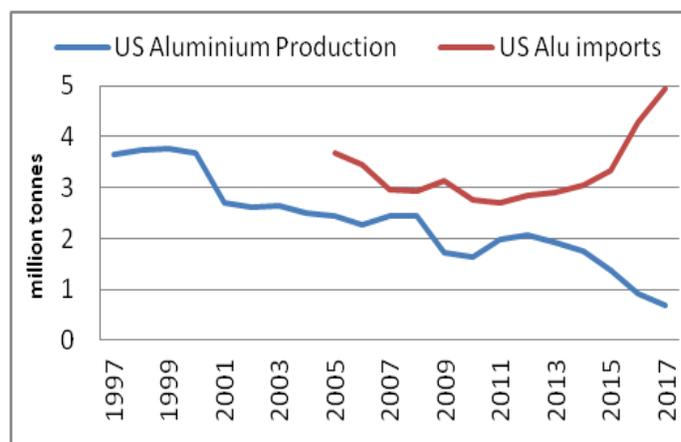
Global aluminum production is currently 63 million tonne in 2017. China is the largest global producer with 54% of global production, US produces 10% of world's aluminum production. Currently, US has imposed sanctions on Russia's largest aluminum producing company named Rusal, who produces around 7%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

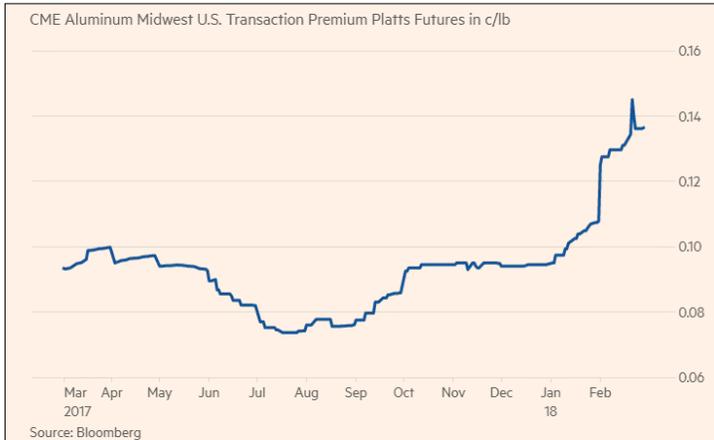


China is the world's biggest aluminum producer and consumer. China's monthly average aluminum production is almost equivalent to the US's annual production. China's aluminum production continues to rise and simultaneously demand is also rising as the country is taking measures for environment protection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

ALUMINIUM OUTLOOK

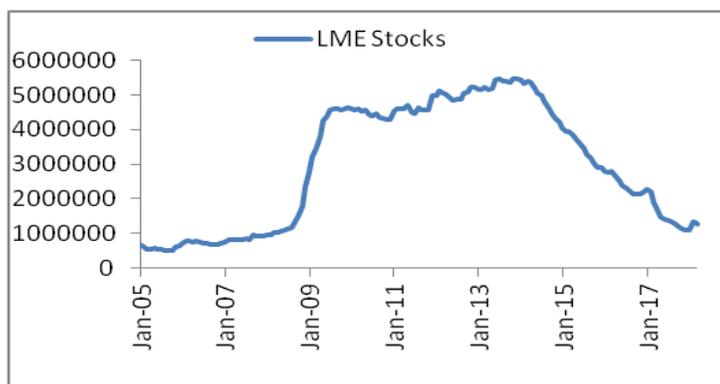
US Sanctions and Its Implications on Aluminium Prices

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.

NSE Code	INE007A01025	Buy Price	1935
NSE Symbol	CRISIL	Stop Loss	1760
52wk Range H/L	2023/1761	Target Price1	2350
Mkt Capital (Rs Cr)	4615.18	Target Price2	2600
Av.Cash Volume(,000)	18082	Upside in Tgt1	21%
Open Interest	NA	Upside in Tgt2	34%

**Technical Chart**



**BUY CRISIL @ 1920-1950 SL-1760 (CLOSING BASIS) TGT-2350, 2600**

- a) Appearance of Cup and handle pattern on weekly chart after a bull rally signals initiation of a prolonged up move in prices.
- b) After good accumulation, a big white candle appearing near 20 and 50 DMA points towards attempt for a fresh break out.
- c) Probable formation of Inverted H&S on weekly chart where left shoulder and head is completed but right shoulder is about to construct in coming days. Its breakout comes above the neckline after crossing 2023 levels.
- d) Indicator and oscillator lending support to price action

18th Apr 2018

**Narnolia Securities Ltd** | Retail Technical Research

**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**

18th Apr 2018

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**Rating : Long / BUY**

**14-Mar-17**

BSE Code	532461
NSE Symbol	PNB
52wk Range H/L	231.60/91.30
Mkt Capital (Rs Cr)	340.5
Av.Cash Volume(,000)	19162
Open Interest	70436000

Buy Price	97.95
Stop Loss	91
Target Price1	106
Target Price2	117
Upside in Tgt1	8%
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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