

Trading Calls

DABUR Long/Buy 22nd October 2018

Occurrence of higher lows at bottom levels showing an upsurge move on upper side. RSI took a flip on positive side from its oversold levels creates positive sentiment. Moreover, declining histogram of MACD along with Bullish crossover in MACD also looking conducive for the scrip. Furthermore, strong support is seen near 390 levels where 200 DMA is seen. Breakout is expected to come above 414 from where buying momentum in the stock will increase in coming sessions. By looking all these mentioned factors, we recommend to buy dabur around 404-408 & on the dip towards 392-396 for the target of 450 and 476 with stop loss of 373 mark on closing basis.

SUNPHARMA Long/Buy 19th October 2018

Scrip is running in the falling channel since long but now it seems to form double bottom pattern on weekly chart. As of now, it has been consolidating near its falling trend line from last few days. RSI stands above 50 mark lending its support to price action. Probability is higher that it can take support from the neckline of double bottom and surge higher in coming sessions. One can maintain buy on dips strategy at current price as risk rewards levels are looking favorable. Decent volume can trigger momentum on upside in coming days and it can accelerate toward northward direction.

AUROPHARMA Long/Buy 17th October 2018

Auropharma rebounded as it seemed bottomed out from broadening wedge falling trendline that boded well for bulls and they take the charge once again. There is multiple confluence of support at 725-735 levels coupled with RSI which has been sustaining above 50 mark showing a positive move on upside. Formation of Symmetrical triangle price pattern on daily chart suggest it has a potential to move on northward side in coming sessions. As of now, it is trading near its lower band of symmetrical triangle where risk and reward ratio seems favourable. Breakout came with decent volume which imply bullishness in the scrip. One can take entry with the stop loss of 670 for the target of 830 and 850 marks.

ICICIBANK Long/Buy 16th October 2018

After giving a decent fall, scrip seems to be bottoming out near its channel support line. It found a base near 50% Fibonacci retracement of the upside move from 266 to 346.80 which is giving a hope to Bulls for making long position in the scrip. 200 DMA is seen around 305 levels which is key support. Sustainability above falling channel is giving edge to Bulls. Weekly chart is showing parity with its historical levels. MACD & RSI also lending support to its price action. One can go long around 313-317 levels and on dip towards 303-306 with the SL of 290 for the target of 345 and 360 mark.

TATAMOTORS Long/Buy 9th October 2018

Double top on weekly scale with good volume. Despite of weak trend it has recovered more than 8% from days low at 150% target of larger double top. Since 10/11/17 it is falling in impulse and it seems it has completed one complete falling impulse at 170. On weekly scale we can see stochastic is showing sign of strength. Hence we advise our client to buy TATAMOTORS in the range of 185-180 and on decline towards 172-165 for the price targets of 202 and 230 with 149 as SL on closing basis.

NICKEL Long/Buy 8th October 2018

We believe Nickel prices may continue to remain supported at currents levels on lower inventories, structural deficit market along with hopes of robust demand from stainless steel sector and electric vehicle sector. LME Nickel are expected to trade higher and test \$14500-\$15000 per tonne in the coming quarter of 2018 and in MCX, Nickel prices are expected to reach Rs 1050-1130 per kg by the end of the year 2018.

Market	Value	% Change
SGX Nifty	10161.00	-0.89%

Nifty Key Levels

Support	S1 : 10150	S2 :10100
Resistance	R1 :10300	R2 :10350

Market Outlook

Nifty has shaded over 4.5% since last three successive trading sessions. The immediate short term crucial support of the index is at 10094. If nifty breaches this level some more selling pressure is likely to take the index further lower to 9950 and then 9775. However a move above 10950 would indicate the reversal of current downtrend.

Institutional Turnover			
FII	Buy(cr.)	Sell(cr.)	Net(cr.)
22-Oct-18	4,827	5,339	(512)
Oct-18	73,384	93,329	(19,945)
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
22-Oct-18	3,776	3,473	303
Oct-18	64,300	47,486	16,814

Sectoral Performance (%)				
	1 Day	1 Week	1 Month	1 Year
Auto Components	(1.00)	(0.80)	(9.86)	(11.16)
Automobiles	0.43	(5.29)	(17.35)	(22.72)
Chemicals	(2.04)	(2.31)	(8.67)	(6.49)
Construction & Engineering	(0.70)	(3.07)	(11.45)	(12.13)
Construction Materials	(2.05)	(6.29)	(13.66)	(23.89)
Diversified Financial Services	(0.71)	(6.45)	(15.43)	(19.22)
Electrical Equipment	(1.29)	(1.02)	(5.56)	(9.30)
Energy	(2.99)	(4.12)	(13.72)	(7.56)
Financials	(0.51)	(3.36)	(8.13)	(8.28)
Health Care	(0.13)	0.22	(7.34)	2.92
Household Durables	(1.49)	(2.08)	(8.91)	(13.35)
Household & Personal Products	0.27	0.66	(5.51)	15.51
Information Technology	(0.66)	(0.75)	(8.45)	33.57
Metals/Mining/Minerals	(0.84)	(2.02)	(8.08)	(11.30)
Telecom	(0.52)	(1.71)	(18.03)	(42.06)
Utilities	(0.05)	0.15	(2.87)	(14.24)

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

Long Position				
	DII	FII	Pro	Other
Future Index	91160	94447	18643	147432
Future Stock	32708	833124	198922	766837
Option Index Call	30578	265816	173305	678596
Option Index Put	140832	422318	179218	451447
Option Stock Call	0	38959	66842	332465
Option Stock Put	0	34564	66031	131129

Short Position				
	DII	FII	Pro	Other
Future Index	29974	184006	37239	100463
Future Stock	952227	519566	139493	220305
Option Index Call	0	196018	385839	566438
Option Index Put	0	194039	253486	746290
Option Stock Call	0	39491	167237	231538
Option Stock Put	0	28861	79762	123101

High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
500003	AEGISCHEM	8.8
500173	GUJFLUORO	3.1
532523	BIOCON	2.5
531768	POLYMED	1.7
500830	COLPAL	0.9
506820	ASTRAZEN	0.8
532174	ICICIBANK	0.5
500180	HDFCBANK	0.0
522249	MAYURUNIQ	(0.5)
530001	GUJALKALI	(0.5)

High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
500049	BEL	(3.3)
506690	UNICHEMLAB	(3.8)
533248	GPPL	(4.6)
526586	WIMPLAST	(4.7)
532733	SUNTV	(5.2)
505537	ZEEL	(5.7)
532268	ACCELYA	(6.0)
517385	SYMPHONY	(6.0)
532772	DCBbank	(6.3)
532706	INOXLEISUR	(7.8)

Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
532922	EDELWEISS	(43.82)
500111	RELCAPITAL	(42.04)
526797	GREENPLY	(39.83)
514034	JBFIND	(39.57)
532839	DISHTV	(35.52)
500570	TATAMOTORS	(34.45)
524000	MAGMA	(29.58)
523204	ABAN	(29.24)
500294	NCC	(27.93)
507717	DHANUKA	(27.89)

Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
500302	PEL	(36.16)
532401	VIJAYABANK	(31.27)
501425	BBTC	(26.95)
502165	OCL	(25.21)
532454	BHARTIARTL	(25.21)
532144	WELCORP	(24.94)
502865	FORBESGOK	(24.91)
524404	MARKSANS	(23.13)
531500	RAJESHEXPO	(22.21)
509820	PAPERPROD	(22.13)

* 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 23-Oct-2018 (11)

R25 (1)

No	Date	Type	Buy/Sell	Stock	Entry1	Entry2	SL	Tgt 1	Tgt 2
1	16-Aug-18	R25	BUY	SBIN	292.5	272.5	255	340	380

STDC (10)

No	Date	Type	Buy/Sell	Stock	Entry1	Entry2	SL	Tgt 1	Tgt 2
1	22-Oct-18	STDC	BUY	DABUR	406	394	373	450	475
2	19-Oct-18	STDC	BUY	SUNPHARMA	595	575	540	700	730
3	17-Oct-18	STDC	BUY	AUROPHARMA	750	705	670	830	850
4	16-Oct-18	STDC	BUY	ICICIBANK	315	304.5	290	345	360
5	09-Oct-18	STDC	BUY	TATAMOTORS	182.5	168.5	149	202	230
6	01-Oct-18	STDC	BUY	GODREJAGRO	539.5	517.5	491	585	601
7	01-Oct-18	STDC	BUY	GRANULES	95.5	86	76	114	126
8	26-Sep-18	STDC	BUY	NMDC	113.25	106.5	95.9	126	133
9	29-Aug-18	STDC	BUY	TATASTEEL	597.5	577.5	540	700	750
10	19-Jun-18	STDC	BUY	POWERGRID	197	188	173	225	235

VIEW

The current market is characterized by volatility, negative sentiment and dark clouds as it continued to trade on a bumpy ride. Whenever Bulls take a sigh of relief, any bad news often came and hampered them badly. Crude is a critical factor of the fiscal deficit, it is above comfort levels, threatening to impact India's current account deficit and the currency. Liquidity is tightening with capital outflows. Therefore, one should not be aggressive to jump in but be cautious. However, some macro concern eases at the beginning of week but the concern relating to depreciating rupee, elevated crude oil prices, state election in India, midterm election in the US and NBFC sell off has still not abated.

NIFTY-

- a) Despite opening higher at beginning of the week but completely failed to capitalize gain
- b) We mentioned, "On crossing above 10540 level, it can extend this pull back till 10640 and 10755 levels", it extend gain till 10705 level then showed sharp sell off and settled near 10300 levels.
- c) Shooting star type of candle developed on daily chart which is not bode well for bulls
- d) Negative crossover above central line in MACD still favouring Bears.
- e) Upside is looking capped as long as it sustains below 10705 levels.
- f) Downside support lies at 10135 levels below which it can slip down till 9950 levels

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	NIFTY LEVEL	JUSTIFICATION
Resistance 2	10705	Current week high
Resistance 1	10490	Peak of Hammer
Close	10303	
Support 1	10135	Low of Hammer
Support 2	9950	Previous swing low

Banknifty Weekly

22-Oct-18

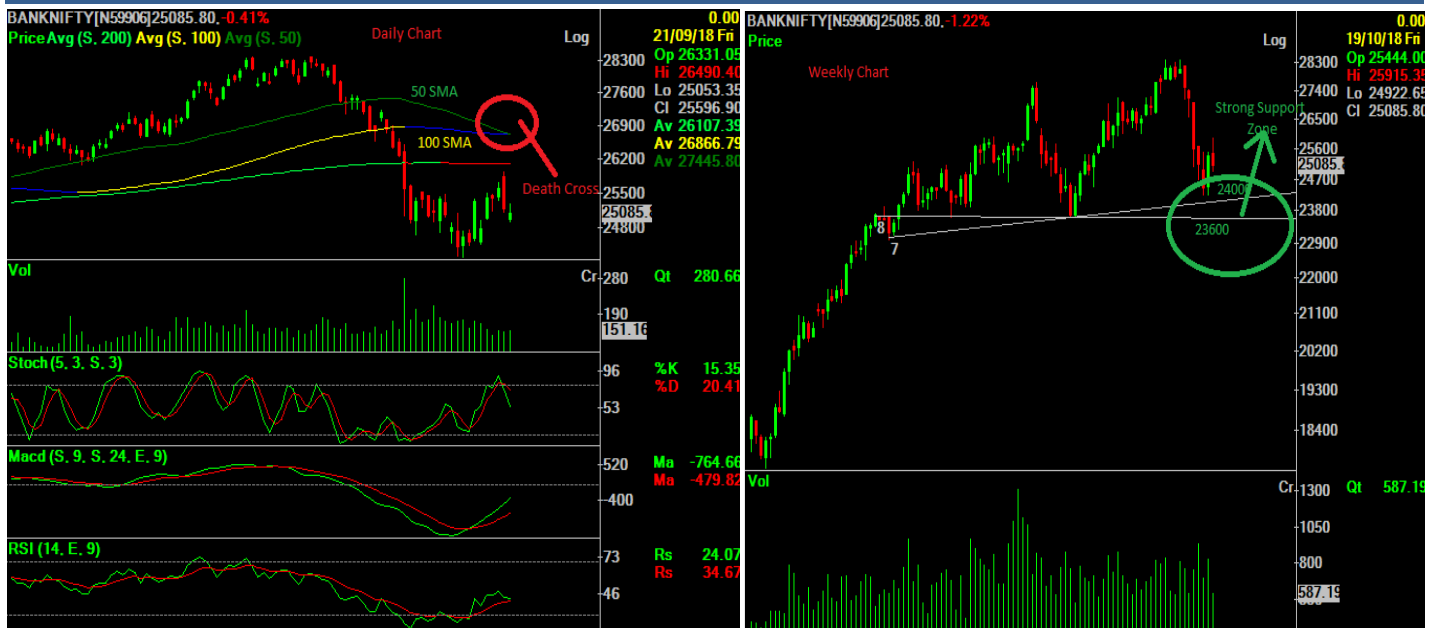
VIEW

After opening with a subdued session, Banknifty rose to make a weekly high of 25915.35 on Wednesday. However it was unable to maintain at the higher level and continuously fell to make a weekly low of 24922.65 on Friday. At last the index ended the week with a net loss of 1.22% over its previous week's close.

OBSERVATIONS:

- 1) A **Death Cross** was formed between 50 SMA & 100 SMA. It is a bearish pattern signifying that the current downtrend is likely to continue in the short term.
 - 2) According to the weekly chart, the trend line support of Banknifty is at 24000 while the pattern support of the index is at 23600. Therefore the short term strong support of Banknifty lies in 23600-24000 zone.
- According to the above observations it can be concluded that some more selling pressure is expected in Banknifty due to the formation of death cross. However the downside is likely to cap in 23600-24000 zone. Therefore we advise to initiate fresh long position in Banknifty near 24000 by keeping a stop loss at 23599 (closing basis)

Charts



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	25916
Resistance 1	25530
Close	25085
Support 1	24417
Support 2	24000

VIEW

From last two weeks, USDINR pair continued to halt its upside momentum and snapped its winning streak. Rupee registered highest level against dollar since October 1, while it is one of the top most gain since week ended Aug 24. As long as it sustains below the resistance of 75 mark, we can expect southward side movement in USDINR pair in the coming week.

TECHNICAL FACTORS-

- a) Negative divergence on daily chart and emergence of shooting star on weekly chart played a key role in the halt of the pair.
- b) But for confirmation, it has to give a decisive close below 73 - 72.60 zone from where it will slip lower till 71.50 and 70.25 mark
- c) Declining histogram of MACD also giving cue for the strength in the rupee
- d) However, Resistance stands at 75 mark from where it can surge further higher

CHART



STDC : Long / BUY

22-Oct-18

BSE Code	524804
NSE Symbol	DABUR
52wk Range H/L	490/311
Mkt Capital (Rs Cr)	22,859.00
Av.Cash Volume(,000)	9312.92
Open Interest	

Buy Price	400
Stop Loss	373
Target Price1	450
Target Price2	475
Upside in Tgt1	13%
Upside in Tgt2	19%

Technical Chart



STDC- BUY DABUR AROUND 404-408 AND ON DIP TOWARDS 392-396 SL-373 (CLOSING BASIS) TGT-450 AND 475

Occurrence of higher lows at bottom levels showing an upsurge move on upper side. RSI took a flip on positive side from its oversold levels creates positive sentiment. Moreover, declining histogram of MACD along with Bullish crossover in MACD also looking conducive for the scrip. Furthermore, strong support is seen near 390 levels where 200 DMA is seen. Breakout is expected to come above 414 from where buying momentum in the stock will increase in coming sessions. By looking all these mentioned factors, we recommend to buy dabur around 404-408 & on the dip towards 392-396 for the target of 450 and 476 with stop loss of 373 mark on closing basis.

STDC : Long / BUY

19-Oct-18

BSE Code	524715
NSE Symbol	SUNPHARMA
52wk Range H/L	435/679
Mkt Capital (Rs Cr)	8,148.50
Av.Cash Volume(,000)	8148.5
Open Interest	

Buy Price	590
Stop Loss	540
Target Price1	700
Target Price2	730
Upside in Tgt1	19%
Upside in Tgt2	24%

Technical Chart



STDC- BUY SUNPHARMA @ 590-600 AND ON DIP TOWARDS 570-580 SL-540 (CLOSING BASIS) TGT-700, 730

Scrip is running in the falling channel since long but now it seems to form double bottom pattern on weekly chart. As of now, it has been consolidating near its falling trend line from last few days. RSI stands above 50 mark lending its support to price action. Probability is higher that it can take support from the neckline of double bottom and surge higher in coming sessions. One can maintain buy on dips strategy at current price as risk rewards levels are looking favorable. Decent volume can trigger momentum on upside in coming days and it can accelerate toward northward direction.

STDC : Long / BUY

17-Oct-18

BSE Code	524804
NSE Symbol	AUROPHARMA
52wk Range H/L	809/527
Mkt Capital (Rs Cr)	17,886.00
Av.Cash Volume(,000)	4422526
Open Interest	

Buy Price	750
Stop Loss	670
Target Price1	820
Target Price2	850
Upside in Tgt1	9%
Upside in Tgt2	13%

Technical Chart



STDC- BUY AUROPHARMA @ 745-755 AND ON DIP TOWARDS 700-710 SL-670 (CLOSING BASIS) TGT- 830, 850

Auropharma rebounded as it seemed bottomed out from broadening wedge falling trendline that boded well for bulls and they take the charge once again. There is multiple confluence of support at 725-735 levels coupled with RSI which has been sustaining above 50 mark showing a positive move on upside. Formation of Symmetrical triangle price pattern on daily chart suggest it has a potential to move on northward side in coming sessions. As of now, it is trading near its lower band of symmetrical triangle where risk and reward ratio seems favourable. Breakout came with decent volume which imply bullishness in the scrip. One can take entry with the stop loss of 670 for the target of 830 and 850 marks.

STDC : Long / BUY

16-Oct-18

BSE Code	532174
NSE Symbol	ICICIBANK
52wk Range H/L	256/365
Mkt Capital (Rs Cr)	2,01,614.00
Av.Cash Volume(,000)	10093739
Open Interest	

Buy Price	310
Stop Loss	290
Target Price1	345
Target Price2	360
Upside in Tgt1	11%
Upside in Tgt2	16%

Technical Chart



STDC- BUY ICICI BANK @ 313-317 AND ON DIP TOWARDS 303-306 SL-290 (CLOSING BASIS) TGT-345,360

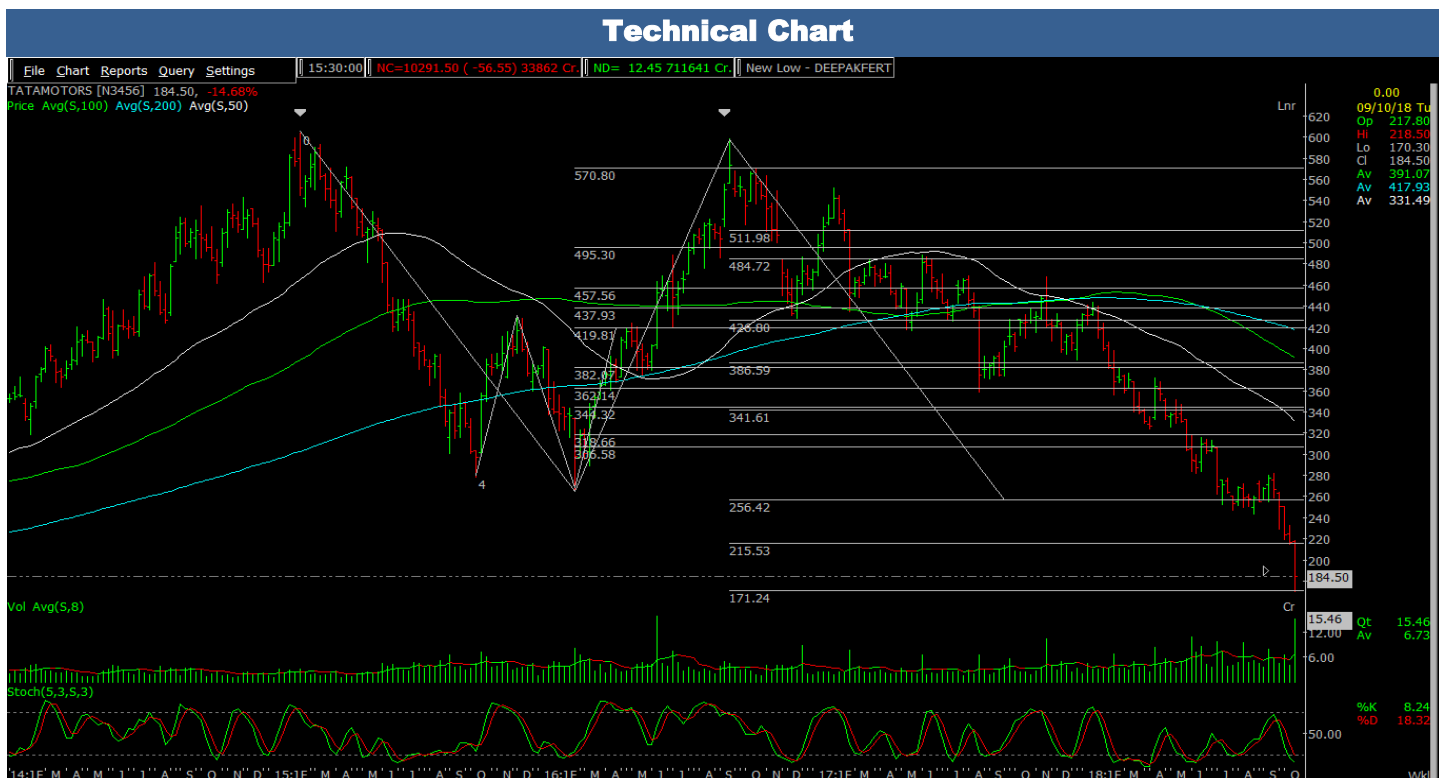
After giving a decent fall, scrip seems to be bottoming out near its channel support line. It found a base near 50% Fibonacci retracement of the upside move from 266 to 346.80 which is giving a hope to Bulls for making long position in the scrip. 200 DMA is seen around 305 levels which is key support. Sustainability above falling channel is giving edge to Bulls. Weekly chart is showing parity with its historical levels. MACD & RSI also lending support to its price action. One can go long around 313-317 levels and on dip towards 303-306 with the SL of 290 for the target of 345 and 360 mark

STDC : Long / BUY

9-Oct-18

BSE Code	505570
NSE Symbol	TATAMOTORS
52wk Range H/L	466.95/170.65
Mkt Capital (Rs Cr)	53,271.00
Av.Cash Volume(,000)	34093
Open Interest	

Buy Price	182.5
Stop Loss	149
Target Price1	202
Target Price2	230
Upside in Tgt1	11%
Upside in Tgt2	26%



STDC- BUY TATAMOTORS @ 185-180 AND ON DIP TOWARDS 172-165 SL- 149 (CLOSING BASIS) TGT-202, 230

After achieving 200% target of internal bottom at 571(high 598.40), It has achieved today 150% target of larger double top on weekly scale with good volume. Despite of weak trend it has recovered more than 8% from days low at 150% target of larger double top. Since 10/11/17 it is falling in impulse and it seems it has completed one complete falling impulse at 170. On weekly scale we can see stochastic is showing sign of strength. Hence we advise our client to buy TATAMOTORS in the range of 185-180 and on decline towards 172-165 for the price targets of 202 and 230 with 149 as SL on closing basis.

STDC : Long / BUY

3-Oct-18

BSE Code	540743
NSE Symbol	GODREJAGRO
52wk Range H/L	736.80/492.70
Mkt Capital (Rs Cr)	10,494.00
Av.Cash Volume(,000)	1679
Open Interest	

Buy Price	540
Stop Loss	491
Target Price1	585
Target Price2	601
Upside in Tgt1	8%
Upside in Tgt2	11%



STDC- BUY GODREJAGRO @ 544-535 AND ON DIP TOWARDS 520-515 SL- 490 (CLOSING BASIS) TGT-585, 601

Since 23rd Apr 2018 stocks is in complex correction. It seems it has formed wave B on 1st Oct 2018 at 492.55 and further we expect that wave C may help it to move on upper side. During entire fall of wave B, volume was low which is technically good. Momentum oscillator Stochastics is also supporting this pattern. Hence we recommend buy in the range of 544-535 and on decline towards 520-515 for the price targets of 585 and 601 with 490 as SL.

16-Aug-18

Buy Price	290
Stop Loss	255
Target Price1	340
Target Price2	380
Upside in Tgt1	17%
Upside in Tgt2	31%

Price: 309.90, 3.56%

Source: www.SpiderSoftwareIndia.Com

Vol

RSI(14,E,9)

Macd(E,12,E,26,E,9) MacdH(E,12,E,26,E,9)

IRIS	305777376
21/07/17	
Op	292.80
Hi	296.40
Lo	288.25
Cl	290.65

Stock bottomed out near the levels of 230-235 and has been forming cup and handle as being mother pattern on weekly chart. Emergence of Bullish engulfing showing upswing move towards channel resistance line from where stock can give breakout on upside . Scrip has respected the up trendline and prices has started running in the channel. Sustainability above 61.8% Fibonacci retracement of the fall from 351 to 230 marks also creating positive rhythm in the scrip. Declining MACD histogram and sustainability of RSI above 50 adds the conviction of going long for the target of 340 and 380 with SL of 255 marks.

After almost decade, Nickel market has finally turned around and now sits on a structural deficit market and may have entered the prolonged period of under supply. Global nickel market is expected to end the year showing a deficit of 120,000 tonnes in 2018 and 65,000 tonnes in 2019.

Global nickel mine production growth rate is set to slow in 2018. The production increase from Indonesia and New Caledonia is partly offset due to fall in Philippines nickel ore output on account of suspension of mines on environmental grounds. Global refined nickel production is expected to reach 2.21 million tonnes in 2018. Nickel refined production is expected to increase due to higher availability of nickel ore from Indonesia, helping the Chinese NPI producers to increase their nickel pig iron production.

Global nickel demand is expected to increase by more than 9 percent this year at 2.33 million tonnes. At the start of the year, nickel demand was forecast to rise by just 5 percent. But demand from the two drivers – stainless steel and battery increased in turn supported nickel prices in 2018.

Continuous Rise in Stainless Steel Production

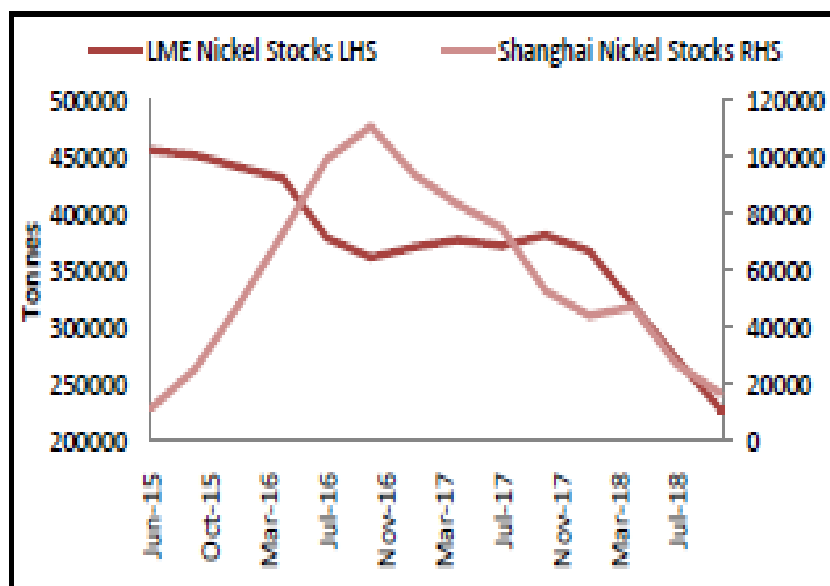
Around 65% of the nickel demand comes from this sector. World Crude steel production is increasing at a rate of 5.44% at 1.19 million tonnes during the Jan-Aug period of 2018. China, the world's largest producer, increased its steel capacity by 9 percent in the first 8 months of the year. Continuous growth in stainless steel production increases nickel usage and would create a supply shortage in the global nickel market.

Battery demand

Battery demand is growing at a fast pace however the base is still very low. Currently, it contributes to just 3-5% of nickel demand. Battery demand from electric vehicles will be growing at a rate of 24% from the 2017-2025. Going with the number, there are expectations of 350,000-400,000 tonnes of new demand coming from this sector by 2025. Electric vehicles sales are accelerating. Global sales of electric vehicles reached the 400,000 barrier in the second quarter, rising 77 percent from a year earlier, according to a report from Bloomberg NEF. The latest forecast shows the sales of electric vehicles is forecasted to increase from a record 1.1 million worldwide in 2017, to 11 million in 2025 and then surging to 30 million in 2030.

It would take several years to fulfill this high demand as the Electric Vehicle market needs Class 1 nickel mined from nickel sulfide ores. There are only a handful of projects at this stage and it would take 6-7 years to bring to the market. Nor Nickel, one of the largest nickel producer, says the current nickel prices are not enough for more investment in nickel mine and production. For it to be attractive, nickel prices would have to be at least \$18,000 per tonnes for the next 18-24 month to bring in more nickel sulfide i.e. Class 1 Nickel for battery sector.

Inventory



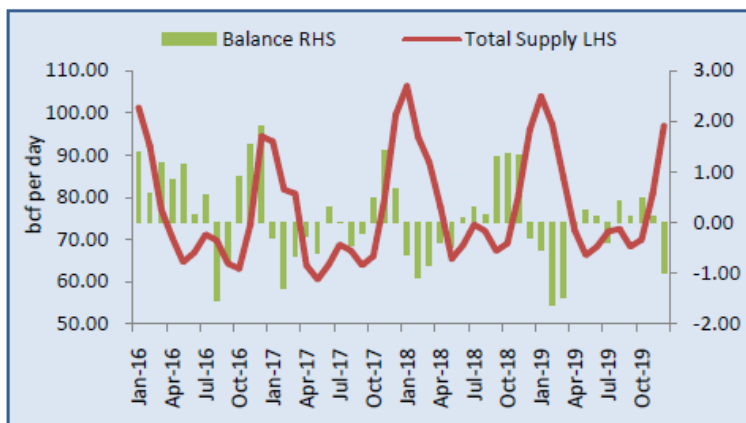
Source: Narnolia Research, Bloomberg

Tightness in an inventory has been one of the reason granting support to the nickel prices. The inventory in both the exchanges – LME and Shanghai has fallen drastically this year. LME Nickel inventories at the London exchanges fell to 228,000 tonnes in September 2018 down from 450,000 tonnes, down by almost 50% since June 2015. Shanghai stocks have been declining since the start of the year, and are standing at the lowest since November 2015.

Outlook

We believe Nickel prices may continue to remain supported at current levels on lower inventories, structural deficit market along with hopes of robust demand from stainless steel sector and electric vehicle sector. LME Nickel are expected to trade higher and test \$14500-\$15000 per tonne in the coming quarter of 2018 and in MCX, Nickel prices are expected to reach Rs 1050-1130 per kg by the end of the year 2018.

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.

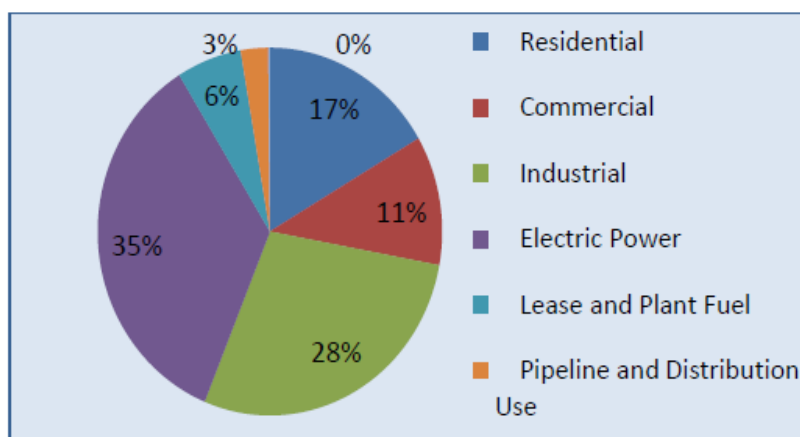
US Gas consumption

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.

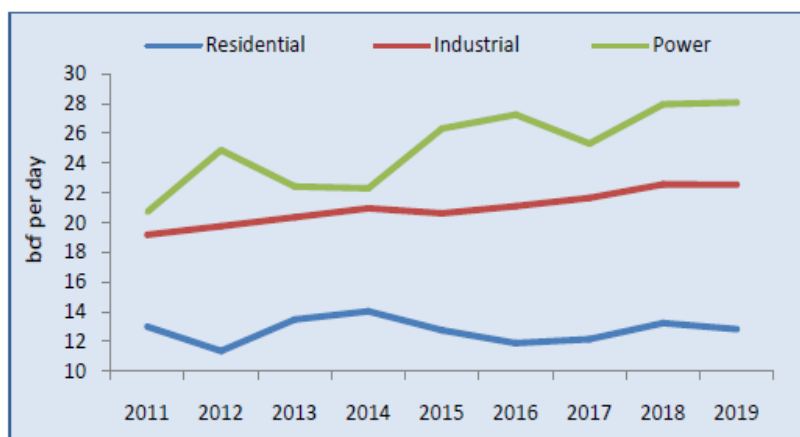
Cooling degree days (CDD) reflects the amount of energy required to cool a residence, industrial or a business. In 2018, CDD stood 18% higher than the previous year and averaged 25% above normal on hottest summer leading to strong air conditioning demand in the summer season. Warmer than normal temperatures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

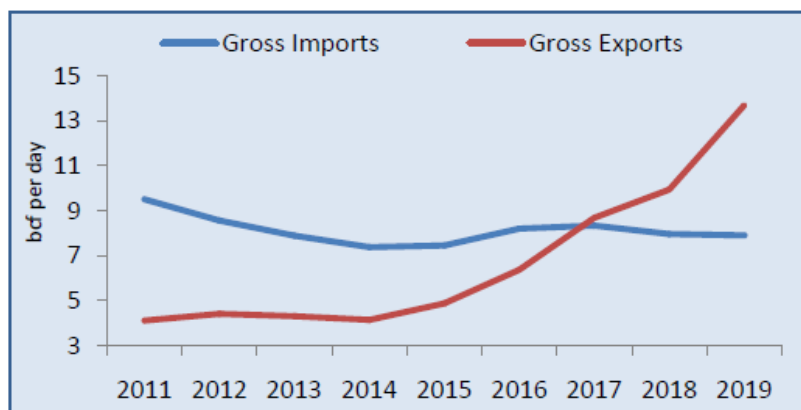
From the above figure, we can conclude that the major consuming sectors of natural gas are Electric Power, Industrial and Residential sector. With Electric power being the major consumer of natural gas comprising 35% of the total natural gas consumption followed by Industrial and Residential sector.



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

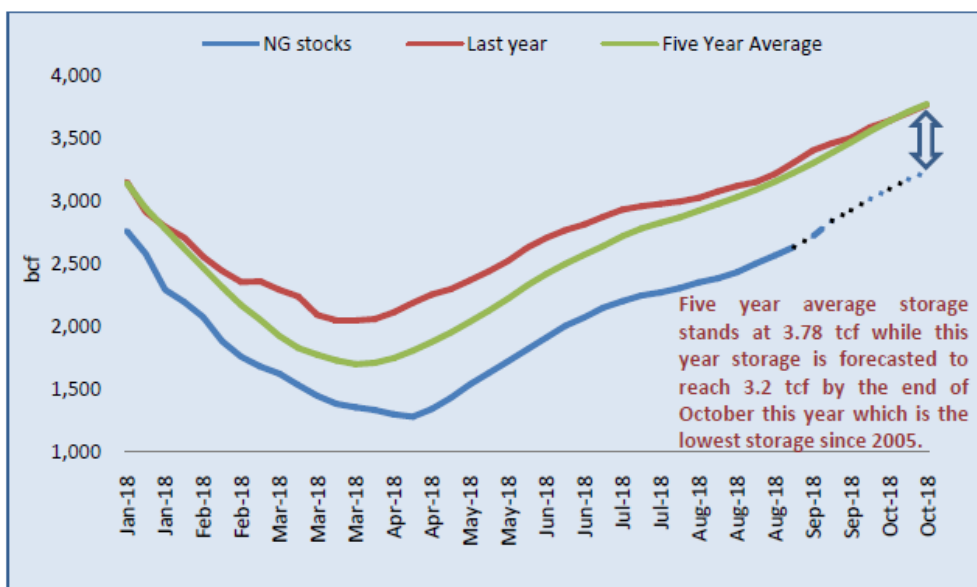


Source: Narnolia Research, EIA Short-Term Energy Outlook

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.

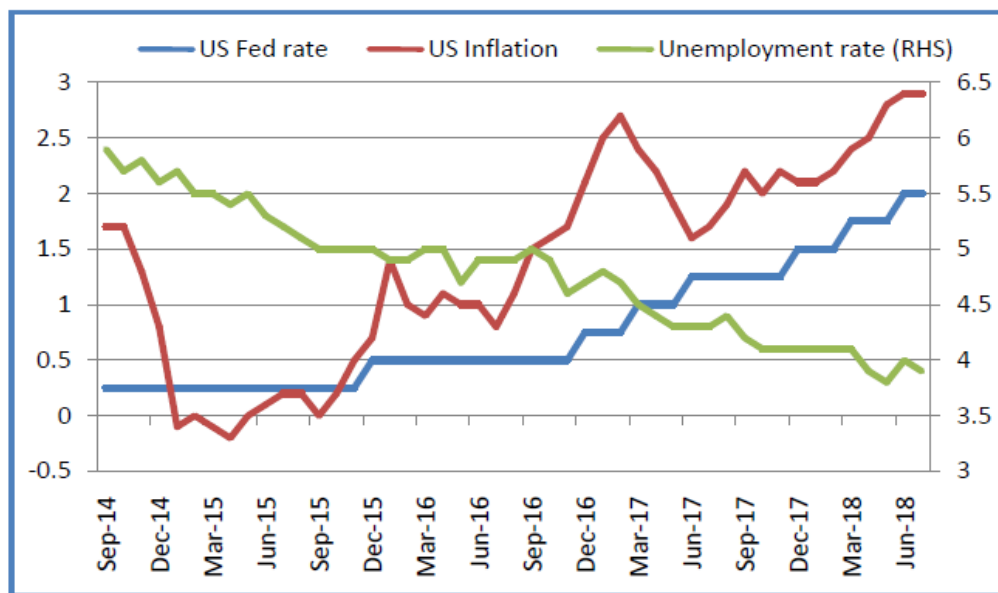
The inventory level is at the lowest level for that time of year since 2005 on high air conditioning demand this summer causing power generators to burn more gas than usual and leaving less gas available to go into storage. U.S. gas inventories will start the winter heating season at the lowest level 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.**

The US Fed Chairman Powell emphasized the central bank's push to raise interest rates despite President Donald Trump's recent criticism of higher interest rates. The topic of Fed Powell speech at the symposium was "Monetary Policy in Changing Economy". US have gradually raised its interest rates from 0.25% at crisis level towards the new normal rate of 2.0% at present. Fed sees the current path of slowing raising rates to be the new normal policy as the unemployment rate has declined steadily, currently near 3.9% which is at a 20 year low while inflation has recently moved up near 2 percent suggest that there is no sign that the economy is overheating.



Source: Bloomberg, Narnolia Research

According to the Fed, US economy faces three of the real long term structural challenges – slow growth in real wages, decline in economic mobility, meeting the budget deficit and a decade long low productivity path. Fed reversed its monetary policy and increased rates seven times by 25 bps since December 2015 with no looking back on its course of action expressing confidence in the economy and further gives assurance that it can keep the inflation well under control. Fed said with strong economic outlook, inflation close to its targeted level and job market running satisfactorily well, my team of analyst are monitoring the economic data and setting up that the appropriate policy which could benefit the growth, strong labour market and keep inflation at appropriate levels. At the same time, Powell said that in case the economy faces any financial crisis or inflation rises beyond controllable level, "We will do whatever it takes."

With the US economy on a verge of new normalization, US Fed doesn't seem comfortable in viewing the changes in inflation as a single barometer to decide on future course of action over interest rate hikes as other

economic areas are performing strong with solid household, business and consumer confidence, continuous increase in job creation, slow and steady rise in income and employment.

Fed Powell's measured tone about the economy and the message he gave appeared to have reached the investors quite clearly with the stock markets closing in green and Dollar index reversing its uptrend. Fed Powell is on track for at least several more increases in the Fed's benchmark short-term interest rate which means September rate hike appears to be right on table. As of 2018, there have been two rate hikes and two more rate hikes are coming, one on next month and other in December.

Disclosures: Narnolia Financial Advisors Ltd.* (NFAL) (FormerlyMicrosec Capital Ltd.) is a SEBI Registered Research Analyst having registration no. INH300002407 valid till 01.12.2020. NFALis 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, it's 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 it's 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.

Terms & Conditions: This report has been prepared by 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, not 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.

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.

*The name of the Company has been changed from "Microsec Capital Limited" to "Narnolia Financial Advisors Limited" pursuant to change of control. The change in name has been duly effected in the records of the Registrar of Companies (ROC). The application for fresh registration in the new name of "Narnolia Financial Advisors Limited" pursuant to change of control is under process with SEBI.

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, AIC 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: INH300002407, Merchant Banking: (Registration No.: INM000010791), PMS: (Registration No.: INP000002304), AMFIRegistered 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 Commerze Limited-MCX/NCDEX Commodities Broker: INZ000051636 || Narnolia Velox Advisory Ltd.- SEBI Registered PMS: INP000005109 || Eastwind Capital Advisors Pvt Ltd. (EASTWIND)-SEBI Registered Investment Adviser: INA300005439 || Narnolia Insurance Brokers Limited-IRDA Licensed Direct Insurance Broker (Life & Non-Life) License No.134 || 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, not 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.