

## Trading Calls

### ORIENTBANK Long/Buy 27th August 2018

Stock is awaiting for the breakout from its Inverse HEAD and SHOULDER pattern on weekly scale and CUP and Handle pattern on daily scale which indicate upside rally on chart which is about to emerge. Bargain hunting elevated from its intermediate low of 79, Bulls remained in charge from last few days. Monthly and weekly indicator has given positive crossover as well signal line and MACD histogram hold firm in the positive territory. RSI is also taking support from the base of 50 levels which is also augur well for taking long position in the stock with the mentioned stop loss and target.

### FEDERALBNK Long/Buy 24th August 2018

Scrip seems bottoming out at its lower levels of 75 marks from where it formed back to back two Bullish candle on weekly chart suggesting upsurge on higher side. Sustainability above downward sloping line along with positive crossover in MACD and divergence in RSI are giving cues that scrip can take a turn on northward side. Principal of polarity can provide strong support in coming sessions. Aforementioned rationale suggest buying in the scrip at 80-82 and on dip towards 75-77 for the target of 99 and 109 with the stop loss of 70 marks.

### GODREJAGRO Long/Buy 24th August 2018

Scrip found bottom three times near the zone of 590-600 from where supply is started diminishing and demand becomes aggressive. Formation of Hammer near this support zone indicate bottom. Probability is higher that it can form triple bottom in the coming sessions. Reversal candlesticks pattern creates buying opportunity as risk and reward ratio is looking favourable from the current price pattern. Indicators and oscillators are also conducive for the price action. One can initiate long position with above mentioned target and stop loss.

### TVS MOTOR Long/Buy 23rd August 2018

The stock recently bottomed out in 31 JUL 18 around 507 levels and then rallied over more than 10% after that prices formed a Double bottom price pattern. The MACD has given bullish crossover in positive territory on daily chart giving implication of further strength. Double bottom price break out is expected above 560 mark and RSI has already given trend line breakout which further confirm its bullish bias. Strong support is seen near 500 where congestion zone is seen which suggesting further strength. Long TVS MOTOR @ 535-540 and towards 515-520 with SL of 495 for the

### INDIACEM Long/Buy 21st August 2018

On a weekly chart, stock has taken a support from its lower band of Falling channel formation and moving towards its upper band which suggests an upside move in the counter. On a daily chart, stock is going to form Inverted H&S and waiting for the breakout on upside. Moreover, Bullish crossover in MACD indicate positivity in the counter. A daily momentum indicator RSI reading is sustaining above 50 with positive crossover which point for a positive breath in the stock. Based on the above technical set up, we are expecting an upside momentum in the counter in the coming days.

### MOTHERSUMI Long/Buy 20th August 2018

The stock recently topped out in 31 JUL 18 around 327 levels and then corrected over more than 11% after that prices formed a Double bottom price pattern. The MACD has given bullish crossover in positive territory on daily chart giving implication of further strength. Weekly trend line break out is expected above 327 mark and RSI has already given trend line breakout which further confirm its bullish bias. Strong support is seen near 280-290 where congestion zone is seen which attributing further strength. Long Mothersume @ 309-313 and on dip towards 294-298 with SL of 279 for the target of 335 and 350 mark.

Market	Value	% Change
SGX Nifty	11806.00	0.03%

#### Nifty Key Levels

Support	S1 : 11660	S2 : 11620
Resistance	R1 : 11780	R2 : 11800

#### Market Outlook

Domestic market continued with their stellar rally and after giving gap up opening, it hit a record high. Appearance of doji near upper bollinger band imply caution at higher levels. As of now, it has to sustain above 11,660 to extend its move towards the 11,780 -11,800 zone, while next lower support is shifting higher to 11,620 level

#### Institutional Turnover

	FII	Buy(cr.)	Sell(cr.)	Net(cr.)
28-Aug-18		4,082	4,243	(161)
Aug-18		81,342	82,900	(536)
	DII	Buy(cr.)	Sell(cr.)	Net(cr.)
28-Aug-18		2,962	3,162	(199)
Aug-18		61,913	58,777	3,135

#### Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	0.53	(0.26)	2.16	12.46
Automobiles	0.64	1.23	2.27	5.79
Auto Components	0.53	(0.26)	2.16	12.46
Construction & Engineering	0.22	1.15	0.86	6.33
Construction Materials	0.14	2.60	4.40	(2.91)
Diversified Financial Services	0.08	0.41	0.42	9.56
Electrical Equipment	(0.56)	2.10	5.68	7.25
Energy	0.49	3.40	8.06	19.62
Financials	(0.03)	0.07	1.42	10.90
Health Care	0.06	2.78	10.79	17.58
Household Durables	(0.25)	1.17	3.26	15.62
Household & Personal Products	(0.23)	0.83	7.12	37.73
Information Technology	0.46	2.83	5.95	48.15
Metals/Mining/Minerals	1.24	3.83	8.95	7.98
Telecom	(0.47)	0.65	1.32	(19.88)
Utilities	1.15	5.11	8.44	(2.03)

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

Long Position				
	DII	FII	Pro	Other
Future Index	31992	193759	18703	278403
Future Stock	36485	736421	200752	1000486
Option Index Call	30578	216950	157047	380246
Option Index Put	100031	296720	160917	850432
Option Stock Call	42	32130	82269	357440
Option Stock Put	0	36468	67616	178168

Short Position				
	DII	FII	Pro	Other
Future Index	92247	175985	52750	201875
Future Stock	932748	433023	149601	458772
Option Index Call	0	63389	196369	525063
Option Index Put	0	199980	344234	863886
Option Stock Call	283	48945	157672	264981
Option Stock Put	0	36687	86093	159472

## High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
500680	PFIZER	39.6
500126	MERCK	37.2
501425	BBTC	32.8
500096	DABUR	30.8
532827	PAGEIND	26.7
505890	WIDIA	24.8
532482	GRANULES	21.9
532497	RADICO	18.8
517354	HAVELLS	18.8
500325	RELIANCE	18.3

## High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
512529	SEQUENT	34.3
532531	STAR	32.2
512161	8KMILES	31.0
514034	JBFIND	28.1
508869	APOLLOHOSP	24.7
532938	CAPF	22.8
534139	SCHNEIDER	21.9
500477	ASHOKLEY	20.2
532331	AJANTPHARM	19.4
532835	ICRA	19.1

## Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
511389	VIDEOIND	(25.12)
538562	SKIPPER	(18.78)
523598	SCI	(11.08)
532178	ENGINEERSIN	(8.46)
532822	IDEA	(6.82)
532480	ALBK	(5.96)
532276	SYNDIBANK	(4.90)
532662	HTMEDIA	(4.36)
500645	DEEPAKFERT	(2.50)
500106	IFCI	(0.98)

## Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
530073	SANGHVIMOV	(20.15)
500031	BAJAJELEC	(13.57)
500411	THERMAX	(8.95)
500104	HINDPETRO	(8.88)
500252	LAXMIMACH	(6.56)
523457	LINDEINDIA	(6.34)
530019	JUBILANT	(6.09)
500290	MRF	(6.05)
526612	BLUEDART	(5.67)
526521	SANGHIIND	(5.18)

\* 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.

## VIEW

From past five weeks, Market continued to break its own records with Nifty future ending higher for the eighth consecutive week without any interruption signifying strength in the market. The current up move can continue in the near term as confirmation of weakness on longer time frame of charts is still missing. Medium Term Positive view remains intact as Structural Bull Trend persists. For any trend change, a break below recent swing low is required, until then it will carry its northward journey. Although inter market divergence is seen in the domestic market as Banknifty is moving with a lag as it failed to register lifetime high like the Nifty but this is not the part of worry as we are expecting Banknifty too follow the path of Nifty soon in the coming sessions.

## NIFTY-

- a) In line with expectation, Nifty continue to trend higher, scaling higher highs.
- b) We mentioned, "A decisive break and close above the immediate resistance of 11500 levels would further lift Nifty towards the levels of 11600 levels", this played out as envisaged.
- c) **Heavy short build-up** was seen in all the major put option strikes in the week gone by, indicating bullish bias
- d) **VIX decline to 12.40** and this lower volatility imply that Bulls favour the market on decline
- e) **Nifty PCR is 1.45** levels which help in creating bullish sentiments.
- f) If Nifty closes above **11620 levels** then it can head towards the zone of **11750-11800**.
- g) However, appearance of shooting star pattern on weekly chart suggest caution at top and divergence in RSI indicate consolidation.
- h) Going forward, if Nifty breaches shooting star pattern low of **11499**, which is also a key support , it is likely to slip down till **11340** levels.

## CHART ANALYSIS



## SUPPORT &amp; RESISTANCE LEVELS

RESISTANCE/SUPPORT	NIFTY LEVEL	JUSTIFICATION
Resistance 2	11800	Psychological level
Resistance 1	11620	Immediate Resistance
Close	11557	
Support 1	11540	Low of hanging man
Support 2	11340	Point of polarity

## Banknifty Weekly

27-Aug-18

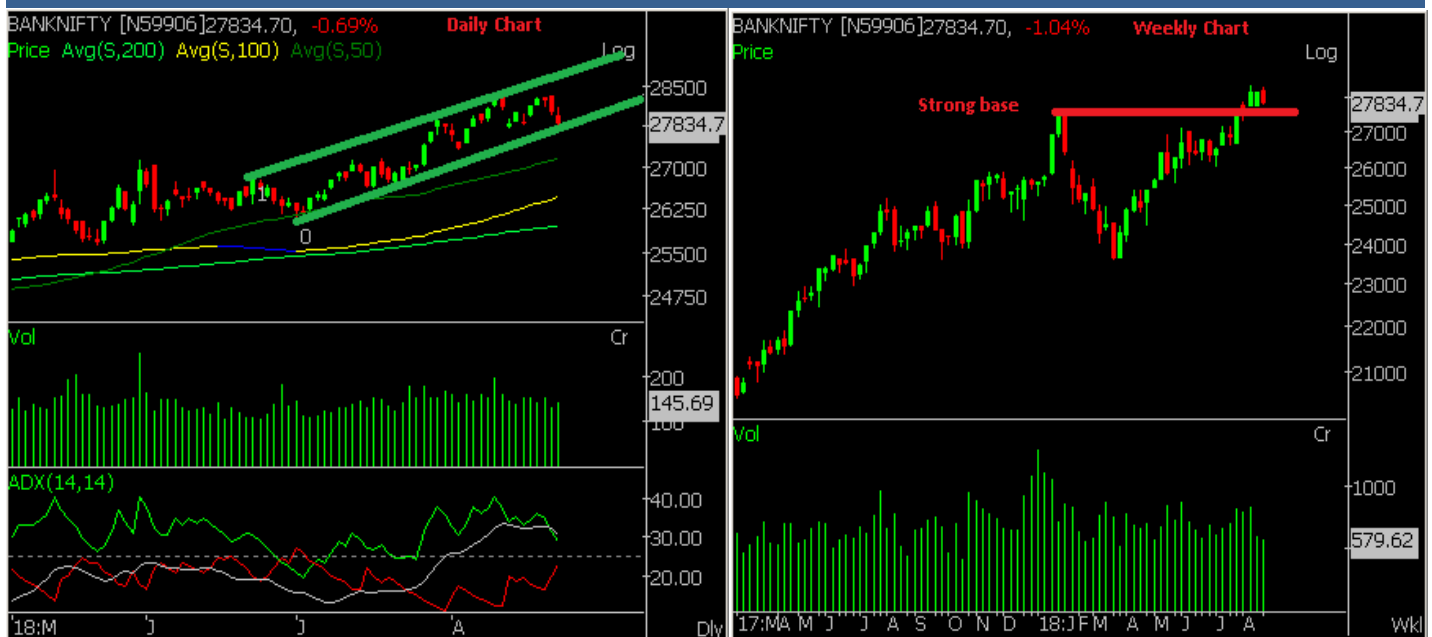
After starting with a green session, Banknifty rose to make a weekly high of 28325.45. However some profit booking was witnessed on Thursday and Friday of last week and the index fell to make a weekly low of 27786.80. At the end of the week Banknifty closed at 27834.70. It had a net loss of 1.04% over the previous week's close.

**OBSERVATIONS:**

- 1) Banknifty is moving in an **Upward rising Channel** since last two months and currently it is trading near its support areas. Therefore some pullback is very likely from the current level.
- 2) According to the weekly chart, Banknifty gave a **Bullish Breakout** above 27650 and thereafter it is maintaining above this level since last three successive weeks. So this level becomes a short term crucial base of the index.

Therefore some pullback is expected in Banknifty in the current week . Traders are advised to hold their long positions in the index by keeping a stop loss at 27650 (closing basis).

## CHART ANALYSIS



## SUPPORT &amp; RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	28380
Resistance 1	28326
Close	27835
Support 1	27739
Support 2	27650

Nothing much happened on chart as Pair traded within the range of previous week candlestick pattern. Some cooling effect can be seen on the pair in coming session due to the measured tone used by Powell at an annual conference of central bankers in Jackson Hole about the economy of US. He insisted the Fed plans to stick with a gradual pace of rate hikes and expecting hike in rates in September and December. However, weakness in INR persist in spite of weak DXY as crude oil prices gave a steep rally on upside.

### TECHNICAL FACTORS-

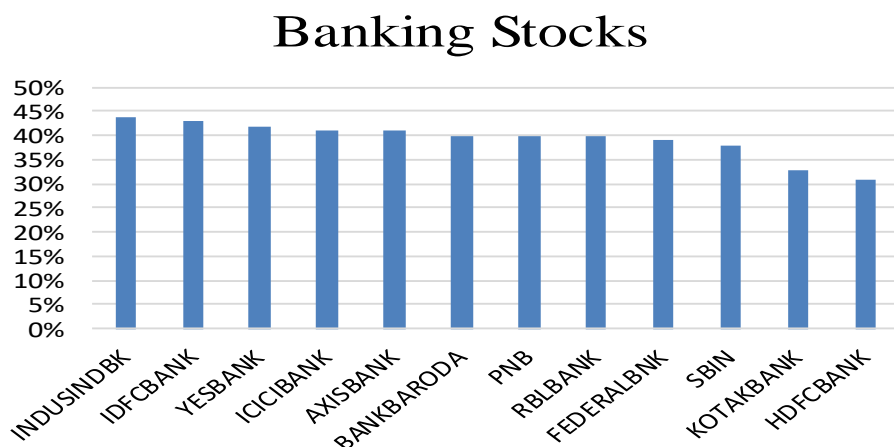
- a) We highlighted, "Formation of **Pole and Flag breakout** above 69.20 level can lead to spurt on upside in the medium term which can be to the tune of 71 and 72.50 levels", this is still unfolding in pain.
- b) Key support is seen near at 69.45 where 50% fibonacci retracement is found from the low of 68.50 to the recent high of 70.49
- c) We believe that any correction can only become if USDINR pair slip below 69.45 mark. There is a conflux of support around 69.20-69 so it would be difficult for currency to decline below 69 right now.

### CHART

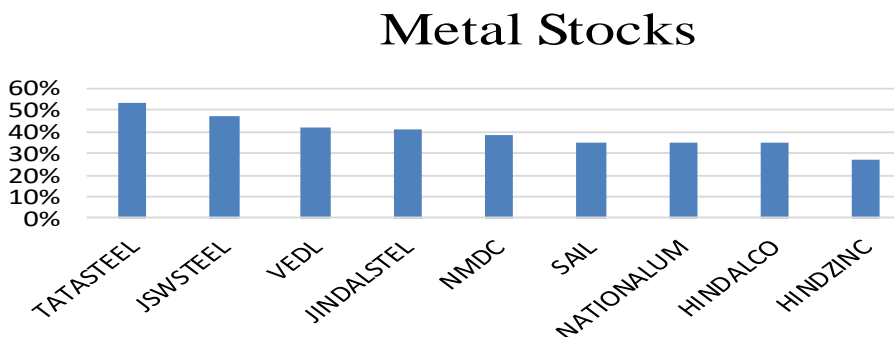


## Rollover Data Analysis - 28-08-2018

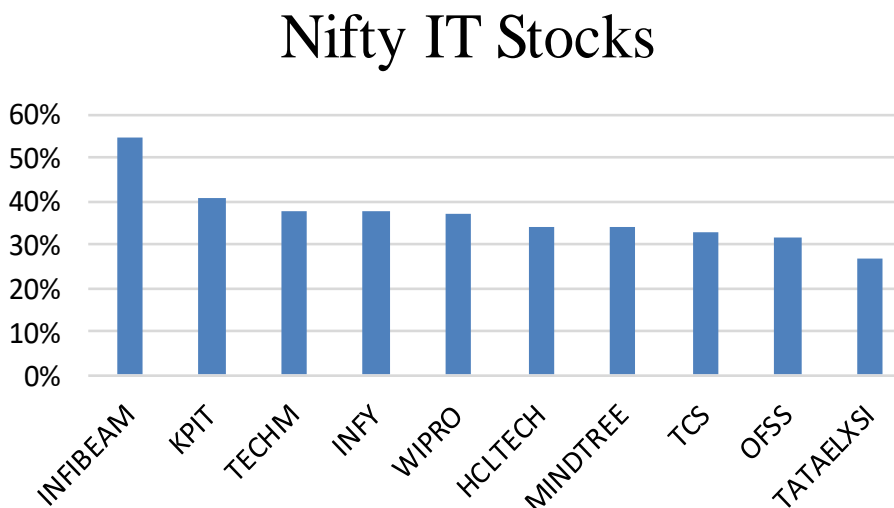
Symbol	Rollover
INDUSINDBK	44%
IDFCBANK	43%
YESBANK	42%
ICICIBANK	41%
AXISBANK	41%
BANKBARODA	40%
PNB	40%
RBLBANK	40%
FEDERALBNK	39%
SBIN	38%
KOTAKBANK	33%
HDFCBANK	31%



Symbol	Rollover
TATASTEEL	53%
JSWSTEEL	47%
VEDL	42%
JINDALSTEL	41%
NMDC	38%
SAIL	35%
NATIONALUM	35%
HINDALCO	35%
HINDZINC	27%

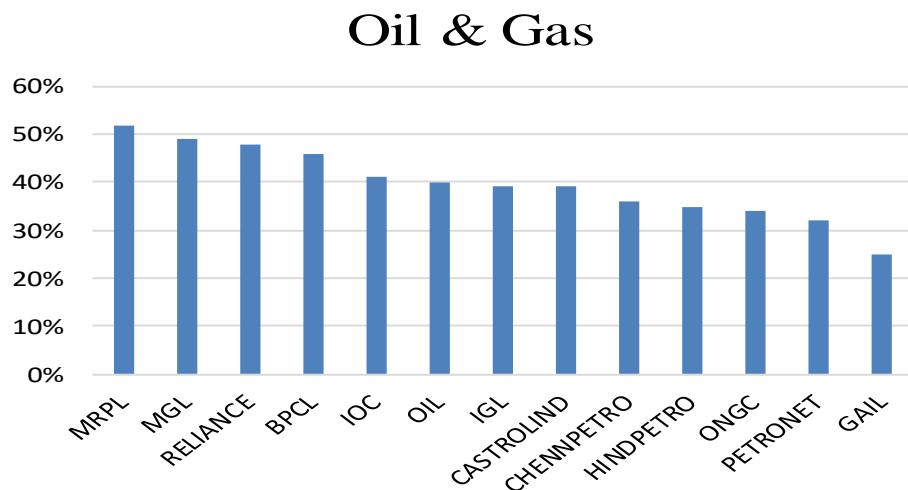


Symbol	Rollover
INFIBEAM	55%
KPIT	41%
TECHM	38%
INFY	38%
WIPRO	37%
HCLTECH	34%
MINDTREE	34%
TCS	33%
OFSS	32%
TATAELXSI	27%

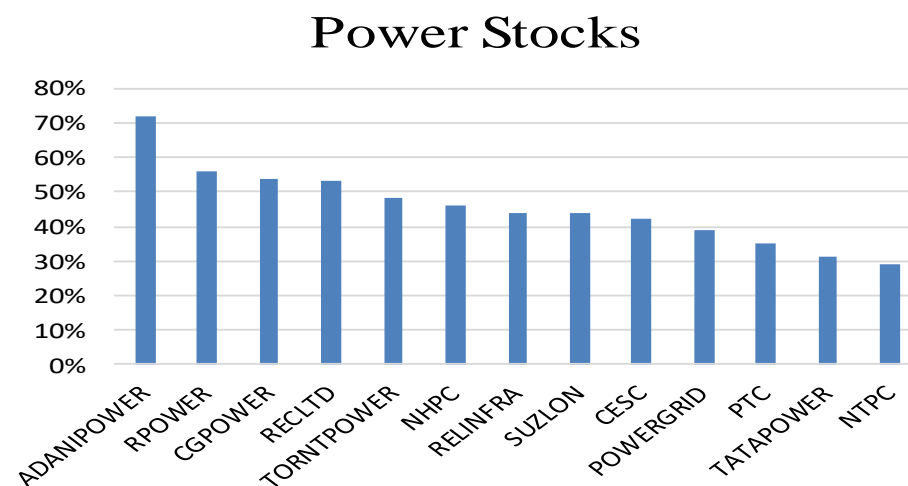


## Rollover Data Analysis - 28-08-2018

Symbol	Rollover
MRPL	52%
MGL	49%
RELIANCE	48%
BPCL	46%
IOC	41%
OIL	40%
IGL	39%
CASTROLIND	39%
CHENNPETRO	36%
HINDPETRO	35%
ONGC	34%
PETRONET	32%
GAIL	25%



Symbol	Rollover
ADANIPOWER	72%
RPOWER	56%
CGPOWER	54%
RECLTD	53%
TORNTPOWER	48%
NHPC	46%
RELINFRA	44%
SUZLON	44%
CESC	42%
POWERGRID	39%
PTC	35%
TATAPOWER	31%
NTPC	29%



## STDC : Long / BUY

27-Aug-18

BSE Code	500315
NSE Symbol	ORIENT BANK
52wk Range H/L	159/65
Mkt Capital (Rs Cr)	16,169.00
Av.Cash Volume(,000)	14644361
Open Interest	

Buy Price	78
Stop Loss	69
Target Price1	95
Target Price2	105
Upside in Tgt1	22%
Upside in Tgt2	35%

### Technical Chart



**STDC- BUY ORIENTBANK @ 79-82 AND IN DIP TOWARDS 74-77 SL-69 (CLOSING BASIS) TGT- 95, 105**

Stock is awaiting for the breakout from its Inverse HEAD and SHOULDER pattern on weekly scale and CUP and Handle pattern on daily scale which indicate upside rally on chart which is about to emerge. Bargain hunting elevated from its intermediate low of 79, Bulls remained in charge from last few days. Monthly and weekly indicator has given positive crossover as well signal line and MACD histogram hold firm in the positive territory. RSI is also taking support from the base of 50 levels which is also augur well for taking long position in the stock with the mentioned stop loss and target.



## STDC : Long / BUY

24-Aug-18

BSE Code	500469
NSE Symbol	FEDERALBNK
52wk Range H/L	128/74
Mkt Capital (Rs Cr)	16,169.00
Av.Cash Volume(,000)	14644361
Open Interest	

Buy Price	81
Stop Loss	70
Target Price1	99
Target Price2	109
Upside in Tgt1	22%
Upside in Tgt2	35%

### Technical Chart



### STDC- BUY FEDERAL BANK @ 80-82 AND ON DIP TOWARDS 75-77 SL- 70 (CLOSING BASIS) TGT- 99, 109

Scrip seems bottoming out at its lower levels of 75 marks from where it formed back to back two Bullish candle on weekly chart suggesting upsurge on higher side. Sustainability above downward sloping line along with positive crossover in MACD and divergence in RSI are giving cues that scrip can take a turn on northward side. Principal of polarity can provide strong support in coming sessions. Aforementioned rationale suggest buying in the scrip at 80-82 and on dip towards 75-77 for the target of 99 and 109 with the stop loss of 70 marks.

**24-Aug-18**

Buy Price	582.5
Stop Loss	530
Target Price1	690
Target Price2	740
Upside in Tgt1	18%
Upside in Tgt2	27%

GODREJAGRO [N144] 596.50, 0.19%

Price

Source : www.SpideSoftwareInda.Com

Vol

RSI(14,E,9)

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

IRIS 1838252.00  
03/07/18 T  
Op 621.0  
Hi 625.5  
Lo 615.0  
Cl 617.8

Qt 0.4  
Rs 38.3  
Rs 39.9  
Ma -9.6  
Ma -6.9  
Ma -2.6

Scrip found bottom three times near the zone of 590-600 from where supply is started diminishing and demand becomes aggressive. Formation of Hammer near this support zone indicate bottom. Probability is higher that it can form triple bottom in the coming sessions. Reversal candlesticks pattern creates buying opportunity as risk and reward ratio is looking favourable from the current price pattern. Indicators and oscillators are also conducive for the price action. One can initiate long posltion with above mentioned target and stop loss.

## STDC : Long / BUY

23-Aug-18

BSE Code	532343
NSE Symbol	TVS MOTOR
52wk Range H/L	794/507
Mkt Capital (Rs Cr)	25,892.00
Av.Cash Volume(,000)	1544473
Open Interest	

Buy Price	527.5
Stop Loss	495
Target Price1	610
Target Price2	650
Upside in Tgt1	16%
Upside in Tgt2	23%

### Technical Chart



### STDC- BUY TVS MOTOR @ 535-540 AND ON DIP TOWARDS 515-520 SL-495 (CLOSING BASIS) TGT-610, 650

The stock recently bottomed out in 31 JUL 18 around 507 levels and then rallied over more than 10% after that prices formed a Double bottom price pattern. The MACD has given bullish crossover in positive territory on daily chart giving implication of further strength. Double bottom price break out is expected above 560 mark and RSI has already given trend line breakout which further confirm its bullish bias. Strong support is seen near 500 where congestion zone is seen which suggesting further strength. Long TVS MOTOR @ 535-540 and towards 515-520 with SL of 495 for the target of 610 and 650 mark.

## STDC : Long / BUY

21-Aug-18

BSE Code	530005
NSE Symbol	INDIACEM
52wk Range H/L	205.9/97
Mkt Capital (Rs Cr)	37,451.00
Av.Cash Volume(,000)	11223872
Open Interest	

Buy Price	114.5
Stop Loss	96
Target Price1	155
Target Price2	170
Upside in Tgt1	35%
Upside in Tgt2	48%

### Technical Chart



### STDC BUY INDIA CEMENT @ 116-120 AND ON DIP TOWARDS 109-113 SL-96 (CLOSING BASIS) TGT- 155, 170

On a weekly chart, stock has taken a support from its lower band of Falling channel formation and moving towards its upper band which suggests an upside move in the counter. On a daily chart, stock is going to form Inverted H&S and waiting for the breakout on upside. Moreover, Bullish crossover in MACD indicate positivity in the counter. A daily momentum indicator RSI reading is sustaining above 50 with positive crossover which point for a positive breath in the stock. Based on the above technical set up, we are expecting an upside momentum in the counter in the coming days.

## STDC : Long / BUY

20-Aug-18

BSE Code	500400
NSE Symbol	HINDALCO
52wk Range H/L	1006/563
Mkt Capital (Rs Cr)	88,549.00
Av.Cash Volume(,000)	4412526
Open Interest	

Buy Price	214.5
Stop Loss	190
Target Price1	275
Target Price2	300
Upside in Tgt1	28%
Upside in Tgt2	40%

### Technical Chart



### STDC- BUY HINDALCO @221- 226 AND ON DIP TOWARDS 208-213 SL-190 (CLOSING BASIS) TGT-275, 300

After hitting the peak of 284, stock slipped near 52 week low from where chances of developing of demand is higher and it has been trading in a range bound zone of 210 and 230 mark. As of now, formation of inverted H&S is giving cues to accumulate this stock at lower levels. The RSI also has bounced from the oversold zone and currently it has indicated a steep rise. As long as it sustains above 190, possibility of moving on upside is higher and it can hit our first target of 275 and second target is 300 with an ease.



## STDC : Long / BUY

20-Aug-18

BSE Code	500111
NSE Symbol	RELCAP
52wk Range H/L	797/334
Mkt Capital (Rs Cr)	24,952.00
Av.Cash Volume(,000)	3186202
Open Interest	

Buy Price	427
Stop Loss	398
Target Price1	500
Target Price2	520
Upside in Tgt1	17%
Upside in Tgt2	22%

### Technical Chart



### STDC- BUY RELCAP @ 438-443 AND ON DIP TOWARDS 416-422 SL-398 (CLOSING BASIS) TGT-500, 520

Scrip has given falling channel breakout after giving short term consolidation on daily chart. From last few days, it has been trading in its congestion zone after giving Pole and Flag breakout which creates buying opportunity in the scrip again. Moreover, sustainability of RSI above 9 days EMA giving cues for upside momentum. Strong support is seen at near 398-400 marks. By looking all these factors, trader and investor can buy this scrip around 438-443 with the stop loss 398 for the target of 500 and 520 levels.

## STDC : Long / BUY

20-Aug-18

BSE Code	517334
NSE Symbol	MOHERSUMI
52wk Range H/L	274/395
Mkt Capital (Rs Cr)	24,952.00
Av.Cash Volume(,000)	3186202
Open Interest	

Buy Price	301.5
Stop Loss	279
Target Price1	335
Target Price2	350
Upside in Tgt1	11%
Upside in Tgt2	16%

### Technical Chart



### STDC- BUY MOTHERSUMI @ 309-313 AND ON DIP TOWARDS 294-298 SL-279 (CLOSING BASIS) TGT-335, 350

The stock recently topped out in 31 JUL 18 around 327 levels and then corrected over more than 11% after that prices formed a Double bottom price pattern. The MACD has given bullish crossover in positive territory on daily chart giving implication of further strength. Weekly trend line break out is expected above 327 mark and RSI has already given trend line breakout which further confirm its bullish bias. Strong support is seen near 280-290 where congestion zone is seen which attributing further strength. Long Mothersume @ 309-313 and on dip towards 294-298 with SL of 279 for the target of 335 and 350 mark.

## STDC : Long / BUY

17-Aug-18

BSE Code	500114
NSE Symbol	TITAN
52wk Range H/L	1006/563
Mkt Capital (Rs Cr)	83,549.00
Av.Cash Volume(,000)	4422526
Open Interest	

Buy Price	925
Stop Loss	850
Target Price1	1030
Target Price2	1060
Upside in Tgt1	11%
Upside in Tgt2	15%

### Technical Chart



### STDC : BUY TITAN AT AND ON DIP TOWARDS 171-175 SL- 160 (CLOSING BASIS) TGT- 200,220

Scrip rebounded from a low of 799, it bounced back on upside hit the high of 942 marks and started showing contracting in the form of small symmetrical triangle. This bounce back rally and contraction took the form of Pole and Pennant price pattern from last few days. Currently, it gave the breakout on upside where buying momentum is expected to accelerate further. Emergence of Inverted H&S pattern on daily time frame of chart suggesting Bulls can take a charge. Indicator and oscillator also showing favourable scenario in the coming sessions. So based on the mentioned technical structure we expect that price may see a rally on upside till 1030 and 1060 mark.



## STDC : Long / BUY

17-Aug-18

BSE Code	532461
NSE Symbol	PNB
52wk Range H/L	231/72
Mkt Capital (Rs Cr)	23,036.00
Av.Cash Volume(,000)	25610532
Open Interest	

Buy Price	82
Stop Loss	73
Target Price1	100
Target Price2	110
Upside in Tgt1	22%
Upside in Tgt2	34%

### Technical Chart



**STDC : BUY PNB AT 81-83 AND ON DIP TOWARDS 75-78 SL- 73 (CLOSING BASIS) TGT- 100, 110**

Daily chart of PNB reveals that demand is increasing and supply is diminishing. Rising trend line from lower levels is displaying trend reversal and creates buying opportunity at current juncture. Emergence of Inverted H&S where right shoulder is about to form and Bullish Engulfing on daily chart augur well for the Bulls and indicate surge on upside. Apart from this, sustainability of MACD Histogram along with positive territory signals optimism, suggest upside move in the counter in coming sessions. Buy PNB at 81-83 and on dip towards 75-78 with SL of 73 target 100/110.

## STDC : Long / BUY

17-Aug-18

BSE Code	533519
NSE Symbol	L&T FIN
52wk Range H/L	213/140
Mkt Capital (Rs Cr)	36,276.00
Av.Cash Volume(,000)	4422526
Open Interest	

Buy Price	176.5
Stop Loss	160
Target Price1	200
Target Price2	220
Upside in Tgt1	13%
Upside in Tgt2	25%

### Technical Chart



**STDC : BUY L&T FIN AT 178-182 AND ON DIP TOWARDS 171-175 SL- 160 (CLOSING BASIS) TGT- 200,220**

Scrip spurted from a low of 140, it showed pullback on upside marked the high of 185 marks and started consolidating there. This pullback rally and consolidation has taken the form of Pole and Flag price pattern from last few days. Currently, it is awaiting for the breakout on upside so that it can accelerate buying momentum further. Emergence of Cup and Handle pattern on daily time frame of chart suggesting bullish momentum in the scrip. Indicator and oscillator also showing conducive scenario in the coming sessions. So based on the mentioned technical structure we expect that price may see momentum on upside after giving the breakout above 186 and hit our target of 200 and 220 mark.

**STDC : Long / BUY**

**17-Aug-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	635
Stop Loss	580
Target Price1	750
Target Price2	800
Upside in Tgt1	18%
Upside in Tgt2	26%

## Technical Chart



**STDC : BUY AUROPHARMA AT 630-640 SL- 580 (CLOSING BASIS) TGT- 750, 800**

Auropharma rebounded on the back of positive global cues that boded well for bulls and take the charge once again. There is multiple confluence of support at 580-600 levels coupled with RSI which has been sustaining above 60 mark showing a positive move on upside. Formation of Diamond price pattern on weekly chart suggest it has a potential to move on northward side in coming sessions. 200 DMA is lying around 630 which suggest its key support. Breakout came with decent volume which imply bullishness in the scrip. One can take entry with the stop loss of 580 for the target of 750 and 800 marks.

**Rating : Long / Buy**

**16-Aug-18**

BSE Code	500124
NSE Symbol	DRREDDY
52wk Range H/L	1887/2615
Mkt Capital (Rs Cr)	39054.49
Av.Cash Volume(,000)	415
Open Interest	4164750

Buy Price	2334
Stop Loss	2198
Target Price1	2447
Target Price2	2604
Upside in Tgt1	5%
Upside in Tgt2	12%

### Technical Chart



Dr. Reddy's Laboratories gave a bullish breakout of a 'Reverse Head & Shoulder' pattern neck line above Rs2310 yesterday. A 'Golden Crossover' was also formed between 50 DMA & 200 DMA. These patterns are indicating some short upmove in the stock from the current level.

Therefore we advise traders to initiate long position in the stock near Rs 2334 with a stop loss of Rs 2198. The upside targets are Rs 2447 and Rs 2604.

?

29-08-2018

## R-25 : Long / BUY

16-Aug-18

BSE Code	500112
NSE Symbol	AXIS BANK
52wk Range H/L	635/447
Mkt Capital (Rs Cr)	1,06,335.00
Av.Cash Volume(,000)	18777302
Open Interest	

Buy Price	615
Stop Loss	554
Target Price1	720
Target Price2	780
Upside in Tgt1	17%
Upside in Tgt2	27%

### Technical Chart



### R-25:BUY AXIS BANK AROUND 615-620 AND AROUND 585-590 SL- 554 (CLOSING BASIS) TGT- 720, 780

Since long, Axis bank has been forming Ascending triangle pattern which suggest an upside movement. On weekly char it has already given Double bottom breakout and on daily chart it gave Flag breakout which indicate bullish momentum in the counter. Currently, stock is trading above its all significant moving averages which shows positive trend in the scrip. Monthly RSI gave trend line breakout which is also conducive for the price pattern. Based on the above technical structure, we are expecting an upside momentum in the stock in coming sessions.

## R-25 : Long / BUY

16-Aug-18

BSE Code	500112
NSE Symbol	SBIN
52wk Range H/L	351/230
Mkt Capital (Rs Cr)	20,49,752.00
Av.Cash Volume(,000)	113967
Open Interest	

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

### Technical Chart



### R-25:BUY SBIN AROUND 290-295 AND AROUND 270-275 SL- 255 (CLOSING BASIS) TGT- 340, 380

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.

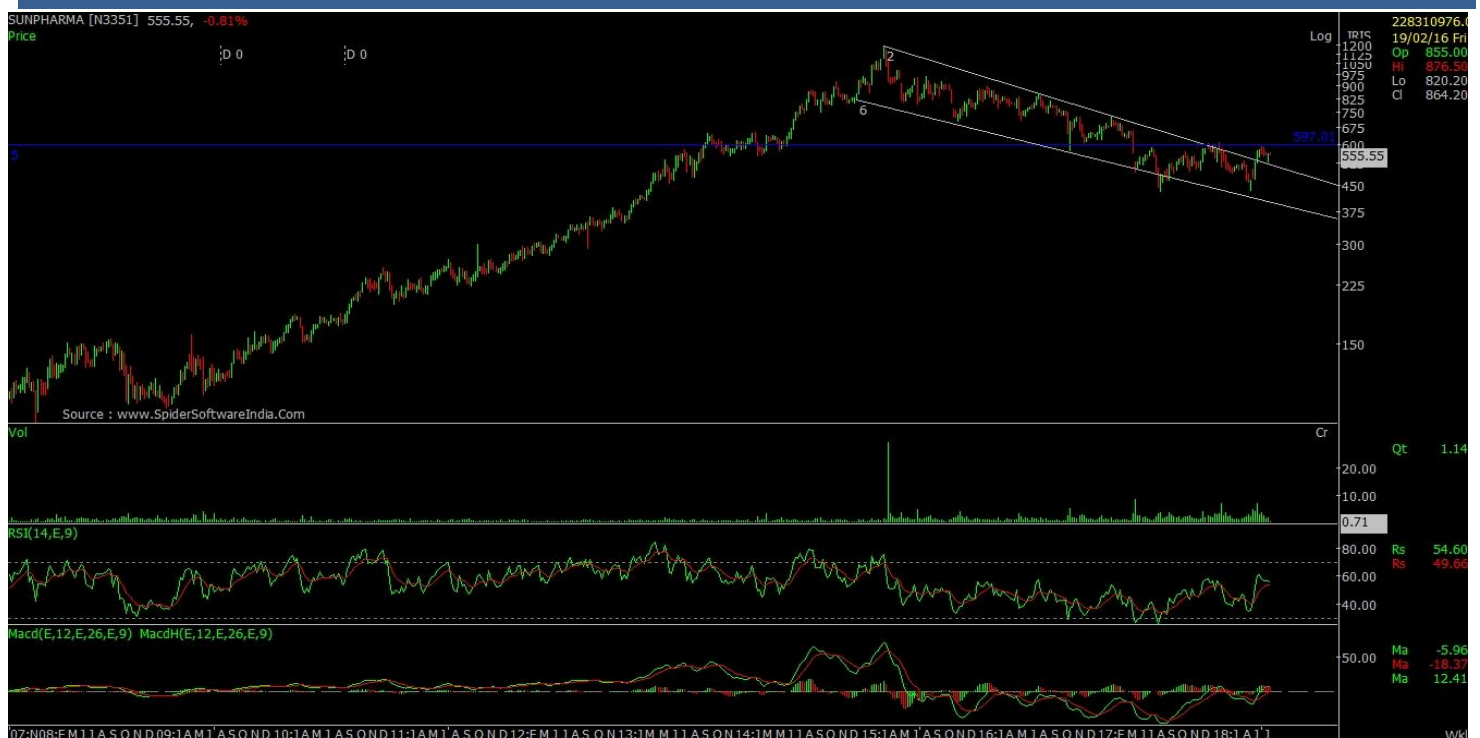


**R-25: BUY SUNPHARMA**

**13-Aug-18**

BSE Code	524715	Buy Price	555
BSE Symbol	SUNPHARMA	Stop Loss	499
52wk Range H/L	433/	Target Price1	650
Mkt Capital (Rs Cr)	8,148.50	Target Price2	690
Av.Cash Volume(,000)	159830	Upside in Tgt1	17%
Open Interest	NA	Upside in Tgt2	38%

**Technical Chart**



**STDC- BUY SUNPHARMA AT 555-560 OR ON DIP TOWARDS 525-532, SL BELOW 499 (CLOSING BASIS), T1- 650, T2-690**

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 60 mark lending its support to price action where as MACD is also looking firm showing positive rhythm in the scrip. Probability is higher that it can take support from falling trend line 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.

29-08-2018

**Narnolia Financial Advisors Ltd | Market Strategy Desk**

## STDC : Long / BUY

9-Aug-18

BSE Code	532995
NSE Symbol	RECLTD
52wk Range H/L	184/89
Mkt Capital (Rs Cr)	9,592.77
Av.Cash Volume(,000)	5472192
Open Interest	

Buy Price	111.25
Stop Loss	102
Target Price1	130
Target Price2	136
Upside in Tgt1	17%
Upside in Tgt2	22%

### Technical Chart



STDC:-BUY RECLTD @ 112-115 OR ON DIP TOWARDS 108-110 SL- 102 (CLOSING BASIS) TGT- 130, 136

Scrip spurted from a low of 89, it showed pullback on upside towards the high of 118 marks and started consolidating there. This pullback rally and consolidation has taken the form of Pole and Flag price pattern from last few days. Currently, it is awaiting for the breakout on upside so that it can accelerate buying momentum further. Inverted H&S on longer time frame of chart suggesting bullish momentum in the scrip. Indicator and oscillator also showing conducive scenario in the coming sessions. So based on the mentioned technical structure we expect that price may see momentum on upside and hit our target of 130 and 136 marks.



## R-25 : Long / BUY

8-Aug-18

BSE Code	500295
NSE Symbol	VEDL
52wk Range H/L	355/270
Mkt Capital (Rs Cr)	40,721.89
Av.Cash Volume(,000)	10712428
Open Interest	

Buy Price	211.5
Stop Loss	179
Target Price1	260
Target Price2	275
Upside in Tgt1	23%
Upside in Tgt2	30%

### Technical Chart



R-25:BUY VEDL AROUND 220-225 AND AROUND 205-210 SL- 179 (CLOSING BASIS) TGT- 260, 275

Scrip has witnessed a decent correction from the peak of 355 to show signs of bottoming out at around 215-220 levels and currently It gave falling channel breakout on weekly chart to show strength and is poised for an upward move in coming days with bias improving and turning out to positive. Back to back white candles above falling channel breakout also giving cues for going north in the stock. RSI seems to be bottoming out near oversold zone and Positive crossover in MACD also conducive for its upmove. With decent volume participation , we recommend buy in this stock.

## STDC- BUY COLPAL

4-Aug-18

BSE Code	500830
BSE Symbol	COLPAL
52wk Range H/L	70/35
Mkt Capital (Rs Cr)	14,965.00
Av.Cash Volume(,000)	302274
Open Interest	NA

Buy Price	1104
Stop Loss	1050
Target Price1	1200
Target Price2	1240
Upside in Tgt1	9%
Upside in Tgt2	18%

## Technical Chart



STDC- BUY COLPAL AT 1117-1123 OR ON DIP TOWARDS 1085-1095, SL BELOW 1050 (CLOSING BASIS), T1- 1200, T2-1240

After hitting a peak of 1281 level, scrip gave a sharp decline towards its lower levels then after it formed three white soldier which suggested bounce back. After that it showed some blip in the momentum and started consolidation in the range of 1110-1150 zone. Currently , it is on the verge of forming Inverted H&S which is hinting of upside move. RSI is looking firms with its respective levels whereas MACD is showing bullish crossover in its negative territory and both these parameters suggest the possibility of pullback on higher side.

## STDC- BUY JINDAL STEEL

12-Jul-18

BSE Code	532286
BSE Symbol	JINDAL STEEL
52wk Range H/L	294/112
Mkt Capital (Rs Cr)	21,193.19
Av.Cash Volume(,000)	9368740
Open Interest	NA

Buy Price	212.5
Stop Loss	170
Target Price1	265
Target Price2	280
Upside in Tgt1	25%
Upside in Tgt2	65%

## Technical Chart



STDC- BUY JSPL AT 220-225 OR DIP TOWARDS 195-200, SL BELOW 170 (CLOSING BASIS), T1- 265, T2-280

A bullish **Sea-pony harmonic pattern** is a bullish reversal pattern that is based on various Fibonacci ratios and one which marks the end of a price decline. By definition, point D is the inflection point as it is around this point, prices is expected to find a bottom and potentially reverses to the upside. Formation of **Morning star on daily chart** is likely to set stage of bottoming out around 215-220 zone. RSI seems to be **reversing from oversold zone** implying trend reversal. Currently it has been running in a falling channel and channel breakout is expected above 230 from where it can lead higher in the days ahead, potentially towards 265 and 280 mark.

BSE Code	500570
BSE Symbol	TATAMOTORS
52wk Range H/L	468/252.55
Mkt Capital (Rs Cr)	51,69,429
Av.Cash Volume(,000)	14213.35
Open Interest	NA

Buy Price	286
Stop Loss	249
Target Price1	335
Target Price2	377
Upside in Tgt1	17%
Upside in Tgt2	32%

**Technical Chart**



**BUY TATAMOTORS around 285-287 and 265-267 SL 249(closing) target 335/377**

Although Tata motors is trading lower, recent close above 270 levels shows support at lower levels. Prices have taken support as indicated on chart from Lower trend line of falling channel around 260 levels. It has turned back from strong support zone and previous aborted bottom, marked as a green rectangle on chart, suggests buying demand on lower levels. However recent close above 270 levels, shows weakening of down move and we expect prices to retrace towards 333 levels. We suggest buy on dip towards 266 levels for target of 335 / 377 keeping stop loss of 249 on closing basis.

VIEW

**19-Jun-18**

BSE Code	532898
BSE Symbol	POWERGRID
52wk Range H/L	226/189
Mkt Capital (Rs Cr)	1,03,768.58
Av.Cash Volume(,000)	6,72,201
Open Interest	NA

Buy Price	192
Stop Loss	173
Target Price1	225
Target Price2	235
Upside in Tgt1	17%
Upside in Tgt2	22%

## Technical Chart



**STDC- BUY POWERGRID AT 199-195 OR DIP TOWARDS 188, SL – 173 (CLOSING BASIS), T1- 225, 235**

Daily chart of Powergrid reveals that demand is increasing and supply is diminishing. Sripe is about to complete **Ascending triangle pattern on hourly chart** which is displaying trend reversal at current juncture. Moreover, Scrip took support from **78.6%** retracement of the rally from 189 to 226 mark and formed **Morning Star** which indicate positive rhythm. Apart from this, **Declining MACD Histogram** signals optimism, suggest upside move in the counter in coming sessions.



VIEW

16-May-18

BSE Code	532454
BSE Symbol	BHARTIARTL
52wk Range H/L	565/361
Mkt Capital (Rs Cr)	49514
Av.Cash Volume(,000)	22,979.56
Open Interest	NA

Buy Price	371
Stop Loss	337
Target Price1	435
Target Price2	489
Upside in Tgt1	17%
Upside in Tgt2	32%

Technical Chart



**STDC : Bharti airtel: Buy around 371-376 and 360-365 sl 337(closing) target 435/489.**

From last few months script has been trading in the channel after hitting the high of 564, it again enter in the channel and retesting its previous resistance which now become its support , on weekly chart it has formed head and shoulder pattern and taken support from it neck line, which coincide with 200 week simple moving averages, and it has positive divergence in Money Flow index which also imply positive move on upside.

29-08-2018

Narnolia Financial Advisors Ltd - Market Strategy Desk

VIEW

15-May-18

BSE Code	532522
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	205
Stop Loss	173
Target Price1	238
Target Price2	270
Upside in Tgt1	16%
Upside in Tgt2	32%

Technical Chart



**BUY PETRONET @ 205-210 SL-173 TGT-238, 270**

After hitting high of 275 , scrip has seen correction till 61.8% Fibonacci retracement of the up move from 163 to 275 level which indicate halt in this fall.

Point of

Polarity due to falling red trendline suggest a support for the scrip

Demand zone is created due to its previous resistance which becomes its support at current juncture

## PETRONET LNG LTD.

Industry Oil And Gas  
Bloomberg PLNG IN  
BSE Code 532522  
NSE Code PETRONET

30 July 2018

<b>RATING</b>	<b>BUY</b>
<b>CMP</b>	<b>230</b>
<b>Price Target</b>	<b>286</b>
<b>Previous Target</b>	<b>286</b>
<b>Potential Upside</b>	<b>24%</b>

### Stock Info

52wk Range H/L	275/198
Mkt Capital (Rs Cr)	34,762
Free float (%)	50%
Avg. Vol 1M (,000)	3318
No. of Shares (Crore)	150
Promoters Pledged %	0%

## Volume growth outlook remains robust

### Key Highlights

- ✓ Higher demand from power and fertilizer plant led volume growth of 16% YoY coupled with improved margins put PLNG into sweet pot.
- ✓ BPCL Kochi refinery has now stabilized, and is currently started offtaking gas of around 2 MMSCMD. The management has guided for sequential improvement in utilization and current volume offtake trend will continue in accordance with the BPCL off taking volumes.
- ✓ Ministry has allowed use of LNG gas in heavy transport vehicles. Company is now planning to open 20 new natural gas stations in our country and is trying to partner with OMC's to market natural gas to heavy vehicles in coming 2-3 years of timeframe.
- ✓ Company has taken 5% hike in realization in Jan 2018. Hike in realization has now reflected in the books by improved margins in the last quarter.
- ✓ Dahej capacity expansion to 17.5MMT is on track and is expected to come on stream in the month of March 2019.

### 1Q FY19 Result:

Petronet LNG has posted strong set of numbers with sales and PAT growth of 42% to Rs. 9169 Cr and 34% to Rs. 587 Cr. respectively in Q1 FY19. Higher volumes, improved realizations and better cost efficiencies techniques have helped PLNG to clock robust growth in the last quarter. Capacity utilization at Dahej terminal stands at 112% and Kochi at 10%. Capacity utilization at Kochi terminal remain subdued in last quarter due to no offtake from one client which was partially offset by the BPCL's Kochi refinery which is now stabilized and is taking around 2 MMSCMD gas from Petronet Kochi terminal.

### View and Valuation

Considering volume growth to remain in the range of 9-11% in FY19 and improved margins at both terminals for next couple of years. We remain optimistic on this stock and expect revenue and PAT grow at 8% and 9% CAGR over FY18-20 respectively.

**We value PETRONET at 16x FY20e EPS and maintain our previous target price of Rs.286 and recommend BUY.**

### Key Risks to our rating and target

- ♦ Weakness of rupee against dollar will make import of LNG costlier for the company
- ♦ Decline in the prices of the alternate fuel
- ♦ Any delay in supply of Gorgon Volume will lead to lower capacity utilization

KEY FINANCIAL/VALUATIONS	FY16	FY17	FY18	FY19E	FY20E
Net Sales	27133	24616	30599	34209	35708
EBITDA	1586	2592	3312	3609	3776
EBIT	1265	2223	2901	3247	3408
PAT	913	1706	2078	2371	2560
EPS (Rs)	6	11	14	16	17
EPS growth (%)	1%	87%	22%	14%	8%
ROE (%)	14%	21%	21%	21%	19%
ROCE (%)	14%	23%	28%	27%	24%
BV	44	54	65	76	89
P/B (X)	3	4	4	3	2
P/E (x)	21	18	18	14	13

Research Analyst

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BSE Code	500304
BSE Symbol	NIITLTD
52wk Range H/L	125/82.30
Mkt Capital (Rs Cr)	1,705.15
Av.Cash Volume(,000)	851.24
Open Interest	NA

Buy Price	108
Stop Loss	83.9
Target Price1	127
Target Price2	149
Upside in Tgt1	18%
Upside in Tgt2	38%

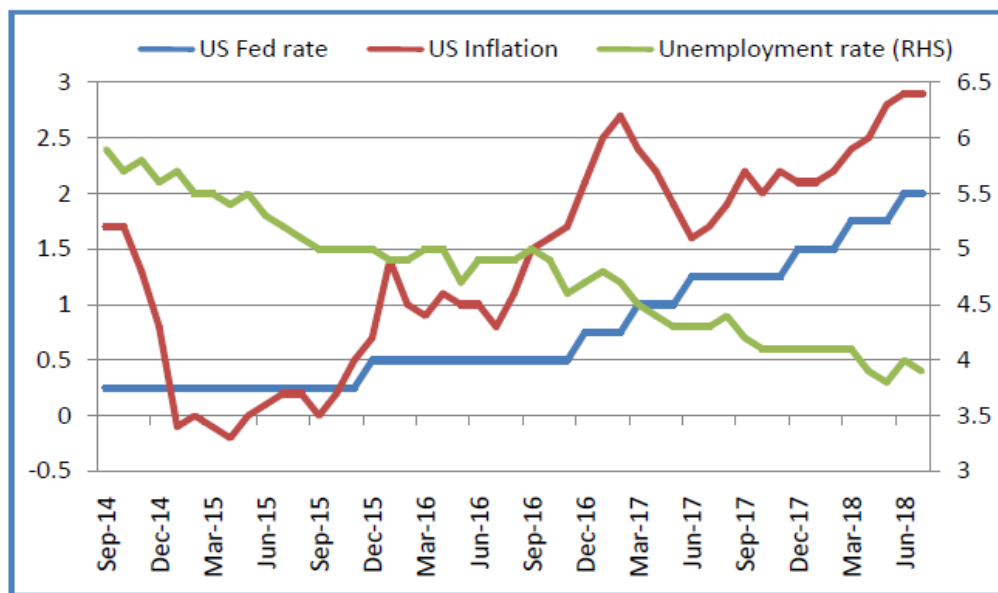
**Technical Chart**



**STDC - NIIT LTD - BUY around 108-109 and 100-102, SL – 83.90, T1- 127,149**

This stock is in uptrend, Formation of hammer imply up move, Golden crossover can give a positive trigger in coming session, currently it trading above golden cross over, it can take support of 102 level and extend upto 130 and above.

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

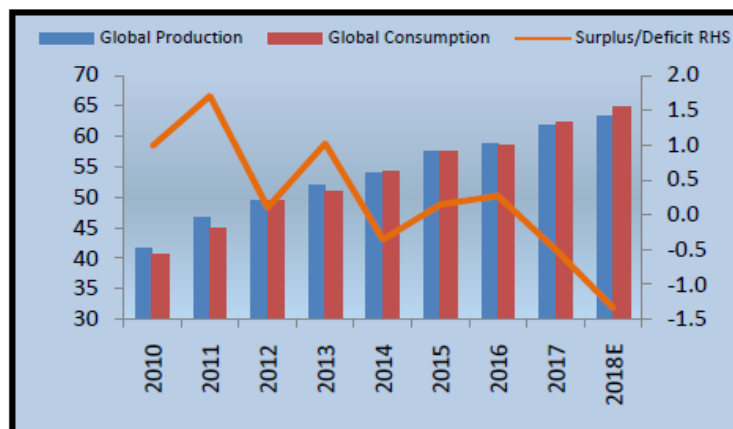
economic areas are performing strong with solid household, business and consumer confidence, continuous increase in job creation, slow and steady rise in income and employment.

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.

LME Aluminium Prices have sunk by almost a fifth from their peak due to escalating trade tensions between the U.S. and China that threaten global growth. Easing sanctions on Rusal by the U.S. have erased supply concerns after it extended the deadline for winding down operations until October. All this news together made the aluminium prices to wipe out its previous quarter gains; providing an opportunity to initiate buy at the support levels.

### Global Aluminium Demand Supply

Global aluminium market is expected to be in deficit of 1.5-1.2 million tonnes this year. Supply constraints in China during winter will keep the supply situation tight even as the new supply comes in. From the demand side, stable growth in China, strong infrastructure demand and rising demand from automobile sector and fiscal policies in China will keep prices supported and push the global aluminium market in deficit.



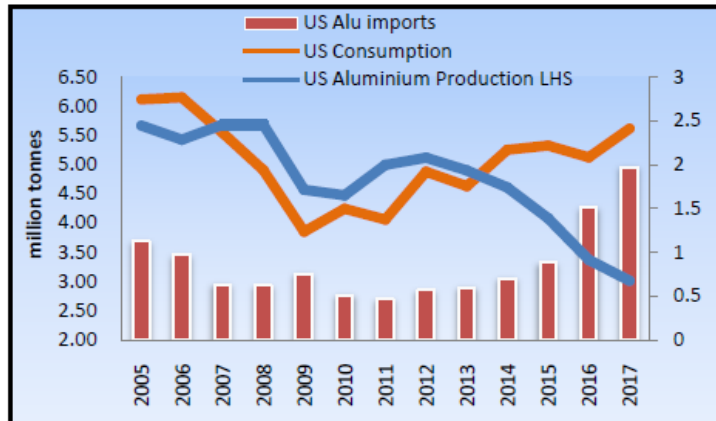
Source: Bloomberg, Narnolia Research

### China Winter Curbs

Winter Curbs in China are aimed at reducing pollution levels in the country and worldwide as a whole. China's output curbs in winter starts from October this year and ends in March-19. During this period, the aluminium producers have to comply with 30 percent cut in output to maintain targeted level of pollution. Beijing has taken these steps to limit the use of coal for power generation as it leads to pollution. Aluminium smelters require large amount of electricity which is mostly generated from coal. Therefore, we expect a number of capacity closures in China during this period.

China Aluminium output has increased by just 0.2% on year on year basis in July while the output reduced by 2.2% during the first seven month of 2018 as compared to the same period last year. The fall in output has been due to delay in the start of new capacity as the old capacity shuts down. Higher aluminium exports from China in July are 519,000 tonnes, which is up by 18 percent as compared to last year. This rise has been ahead of US tariffs imposition on steel and aluminium products.

## United States Scenario



The U.S. imports started to rise since 2013 from 2.89 million tonnes to 4.9 million tonnes in 2017 to fill the demand-supply gap due to the nation's drastic fall in production. Around 60% of aluminium is imported from Canada and rest from other countries like Russia, China, UAE etc. Strong US growth prospects will lead to increase in demand for aluminium as the nation will be unable to swiftly increase its production.

### Demand Side

Aluminium demand is expected to remain in upward trajectory on strong pick-up in demand from world-wide. Global aluminium consumption growth is currently running at 4-5% every year. Aluminium consumption pattern in China will shift from infrastructure and power to automobiles and packaging on Chinese government policies following consumer driven growth approach. US demand is also on the rise for the next few years as the housing market recovers, car sales continue to show improvement and aluminium demand benefits from its new applications, particularly in the automotive sector.

Automakers are more and more turning to aluminum as they seek to reduce vehicle weights to meet stricter fuel-efficiency standards and thereby increasing the usage of aluminium in the automobile sector. Stringent regulation has been followed by United States and Europe which is now being followed by China as well encourages the producers to use light weighted aluminium in auto production.

### Supply Curtailment to Support Prices

**China** – China's policy to cut its aluminium output by 30% during the winter period will limit the supply from the world's largest producer of aluminium. China accounts for more than 55% of global aluminium production. Therefore, any decline in output will affect the prices significantly.

**Rusal** – Rusal, the world's largest aluminium producer says if the US sanctions are not lifted, some of the production will be halted in September. Under the terms of the sanctions, U.S. customers are compelled to stop business with Rusal by Oct. 23. The company also planned to idle the Nadvoitsy aluminium smelter which produces 12000 tons of output in 2017.

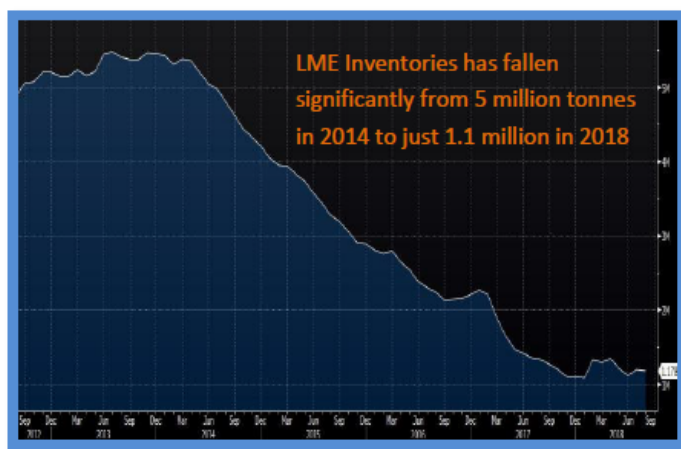


**Brazil Alumina Smelter** – Supply disruption in Brazil's alumina plant have inflated alumina prices (a raw material of aluminium) has increased the cost of production of aluminium. Brazil's Alunorte smelter, the world's largest alumina refinery has declared force majeure due to environmental concerns. Due to this, 50% of the Albras aluminium smelter in Brazil has planned to reduce its capacity by half on account of limited alumina supply. The smelter produces 460,000 tons of output annually.

**Alcoa's Alumina in Australia** - An indefinite Strike at Alcoa's Australia Alumina refinery has taken place over an enterprise agreement dispute. It accounts for around 9.3 million tonnes of capacity or some 8 percent of the world's alumina supply. This further adds tightness to the ongoing supply concerns in alumina market. Since, alumina comprises of 40% of aluminium cost, therefore any spike in alumina prices will put upward pressure in aluminium prices.

## Tight Inventories

LME aluminium stocks have fallen by 50 percent in 2017 and continue to remain near lows in 2018. Cancelled warrants have started to rise this month and currently stand at 28%. LME inventories have been trading lower since 2014 with just 1.7 million tonnes remaining, providing support to the prices. However, Shanghai aluminium stocks have rose to the record high standing at 900,000 tonnes till date.



Source: Bloomberg, Narnolia Research

## Outlook

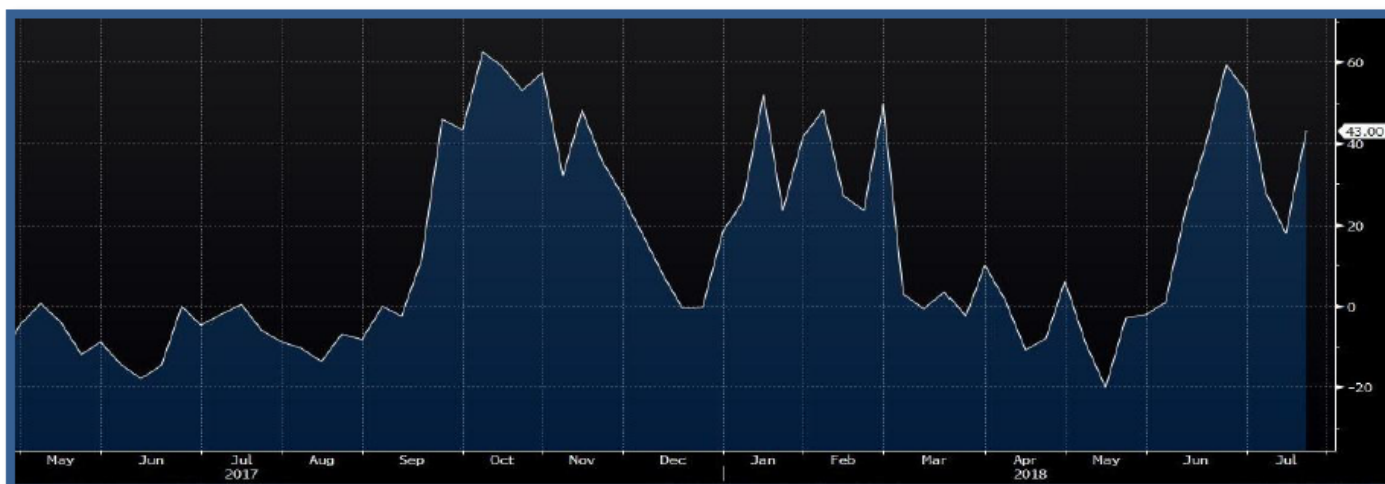
We believe prices will remain firm on stable demand for aluminium, rising costs of raw materials like alumina and power which will increase the cost of production, lower inventories at LME, smelter hits in Brazil and Australia and capacity curbs in China are supporting factors and will contribute towards price increase. The only reason likely to discourage prices will be US-China tariff conflict which will negatively impact overall economic demand. We expect Aluminium prices to remain positive and test the levels of Rs 153-157 per kg on MCX in the coming quarter of 2018.

**Zinc – Bargain Buy**

**24-Jul-18**

Zinc prices have fallen by 23 percent during the last 30 days and it was the biggest loser among the metal complex. Zinc was the biggest hit as it was the only metal which had rallied the most and prices fell on lower deficit expectation and new zinc concentrate supply coming into the market and last and the most important reason is the US-China trade conflict. However, we believe selling in the counter is overdone and going forward we expect Zinc prices to turn positive ahead of drop in Chinese zinc production and lower inventories.

**LME Zinc Cash-3M**



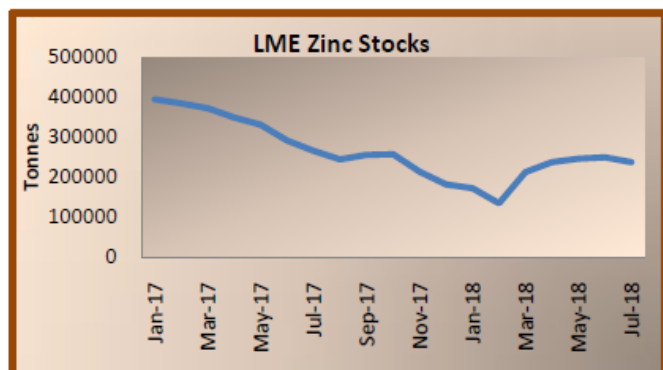
LME Zinc Cash to 3Month reversed its recent downfall and moved higher towards \$43 suggest the backwardation still in play and therefore, this scenario indicates supply tightness in the refined metal that will likely keep the short sellers away and prices supportive.

**Zinc Still A Deficit Market**

Zinc market is still in deficit, however the deficit this year is expected to be much smaller than the last year. As per ILZSG, Global zinc market balance continues to remain in deficit this year. The group expects the demand to exceed supply by 239,000 tonnes in 2018, although a lower deficit figure than the 460,000 tonnes in 2017.

**Inventories falling in Both the Exchanges**

Zinc inventories have been falling in both the Shanghai and LME warehouses, indicating a tightness to occur in future and hence the prices are expected to rise. Shanghai stock have dropped to just 58,000 tonnes, which is the lowest since 2008 level. And LME inventories are trending continuously lower since the last six trading sessions standing at 237,000 tonnes, down 60% since September 2015.



Source: Bloomberg, Narnolia Research



Source: Bloomberg, Narnolia Research

### Fall in China's Zinc Output

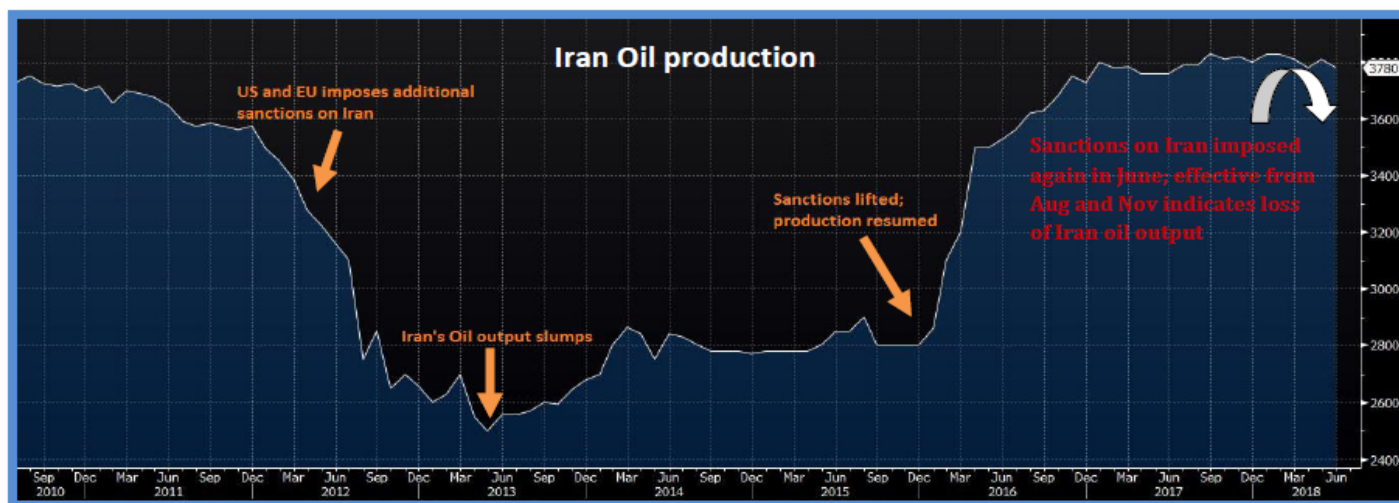
A continuous fall in Zinc prices have reduced the smelting margins of the Chinese smelters which is prompting one of the largest China zinc producer Dongling to cut the refined production by 10%. Many zinc smelters have lengthened the maintenance to reduce output while some producers have curbed their production. Also, Chinese government push towards clean environment has constrained the production of most of the zinc mining, smelting and refining activities.

China's zinc production in June fell by 5% to 475,000 tons and further the output is expected to decline in July as well as more smelters undergoes maintenance.

Therefore, all the above factors mentioned makes us to come to a conclusion that the zinc prices are at an attractive buy levels and we expect MCX zinc prices to test 190-195 levels in the coming weeks.

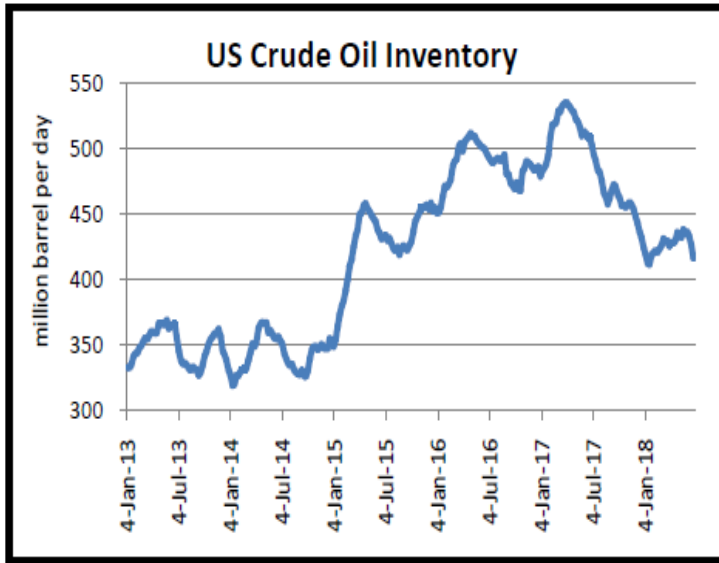


Oil prices have remained steady at \$74 due to supply disruption in Libya, Canada and impending sanction on Iran, all of which increases the likelihood of big shortfall in the oil market. Bullish oil factors are ruling over Bearish factors as investors are currently assuming that the oil supply increase from OPEC will not suffice the current oil demand and prevailing supply curtailments.



Back in 2012, when US and EU imposed additional sanction on Iran which restricted Iran to export oil due to which the country's production fell towards 2 mbpd from the pre-sanctions level of 3.8 mbpd. Later in 2015, the sanctions were lifted and the country resumed its production towards pre-sanction level. **Last month in June, US withdrew from the deal and imposed sanctions on Iran that will repeat the episode of decline in Iran oil production and exports in the year 2018-19.** US sanctions are about snap back in two parts, with a first round returning in August, and with the toughest sanctions returning in early November. US has also warned that it will impose sanctions on foreign companies that do business with Iran, in an effort to cut Iran's exports of crude oil and condensates to zero from the current 2 million barrels per day. However, exemptions to few countries will be provided, with no criteria or specification given.

Iran's President Rouhani hinted at a threat to disrupt oil shipments from neighboring countries if Washington tries to cut its exports. "If they want to stop Iranian oil exports, we will not allow any oil shipment to pass through the Strait of Hormuz". About 20% of the world petroleum passes through this strait, making it highly important route for the international trade. Therefore, any blockage in the strait could disrupt the world oil supply.



**“Loss of Iran oil supply can be replaced by US, leading to lower US crude inventories”.**

If Iran stops exporting oil to other countries, this loss of supply can be replaced by higher exports from United States which may lead to drawdown in US inventories going forward, another supporting sign for oil prices.

To conclude, we can say that with no clear clarity from the outcome of the OPEC meeting along with several supply disruptions, there is a high volatility in crude oil keeping oil prices close to 2014 level high. Also, there is uncertainty relating to Iran sanctions as to how much production and exports would decline in future. Outage in Canada pipeline which can last through July end and indefinite conflict in Libya are supporting the crude oil prices. At present, total of 1.8-2.0 million barrels of unplanned supply outages have occurred in June 2018.

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