

Trading Calls

REPCOHOME Long/Buy 07th February 2019

Daily as well as on weekly chart REPCOHOME is trading in wave 4. From recent bottom of 310.25, it has retraced almost 50%. But last few couple of days it is hovering at 50 SMA and today it has engulfed the previous bar with reasonable volume in early hours of market. Internal wave 4 is in form of flat. We can see the alternation between wave 2 & 4. Momentum oscillator stochastic is also in favour of Bulls. Therefore we advise our client to buy in the range of 400-390 and on decline towards 375-365 for the price targets of 436 and 448 with 329 as SL.

Market	Value	% Change
SGX Nifty (at 8.15 am IST)	10778.00	0.22%

Nifty Key Levels

Support	S1: 10620	S2 : 10580
Resistance	R1 : 10760	R2 : 10800

Market Outlook

As per the expectation, Nifty has found a strong support near 100 DMA (on closing basis) and some pullback rally was also witnessed from that level. The Stochastic is still at oversold zone and a 'hammer pattern' was also formed on daily candlestick chart. Therefore some immediate rally is expected in Nifty from the current level. On the upward path 200 DMA (currently is at 10860) would act as a stiff resistance of the index. Therefore we recommend initiating / holding long position in Nifty by keeping a stop loss at 100 DMA (on closing basis).

Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
15-Feb-19	4,947	5,914	(966)
Feb-19	48,605	47,509	2,030
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
15-Feb-19	4,220	3,367	853
Feb-19	35,208	32,788	2,420

Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	(0.96)	(2.79)	(10.15)	(24.67)
Automobiles	(1.06)	(3.48)	(7.04)	(27.30)
Chemicals	(0.77)	(3.43)	(6.16)	(4.68)
Construction & Engineering	0.76	0.27	(8.96)	(21.88)
Construction Materials	(0.79)	(3.28)	(7.76)	(24.18)
Diversified Financial Services	(1.14)	(2.65)	(7.63)	(9.26)
Electrical Equipment	(1.40)	(5.39)	(11.53)	(21.08)
Energy	1.48	(3.63)	3.04	(1.95)
Financials	(0.95)	(2.31)	(5.16)	(3.10)
Health Care	(2.23)	(3.77)	(5.46)	(7.72)
Household Durables	(0.51)	(3.72)	(8.08)	(19.07)
Household & Personal Products	(0.88)	(2.95)	(3.85)	16.74
Information Technology	(0.36)	(1.37)	7.19	25.40
Metals/Mining/Minerals	(1.30)	(1.48)	(9.38)	(32.07)
Telecom	1.23	(3.36)	(6.56)	(29.30)
Utilities	2.16	0.61	(9.51)	(19.28)

FII DERIVATIVES POSITION FOR 15-Feb-2019

Net (Amt. in crs)

INDEX FUTURES	(1,055)
INDEX OPTIONS	(618)
STOCK FUTURES	131
STOCK OPTIONS	427

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

Long Position				
	DII	FII	Pro	Other
Future Index	48613	185931	26417	135291
Future Stock	28296	936967	166467	798829
Option Index Call	24474	223151	116864	517617
Option Index Put	101999	380470	161082	439366
Option Stock Call	688	51138	57052	328460
Option Stock Put	0	45498	61951	153936

Short Position				
	DII	FII	Pro	Other
Future Index	30395	206608	27400	131849
Future Stock	965238	579277	142420	243624
Option Index Call	0	86021	231564	564521
Option Index Put	0	173834	190929	718154
Option Stock Call	605	40455	144459	251819
Option Stock Put	0	41039	72030	148316

High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
526299	MPHASIS	22.3
533179	PERSISTENT	18.1
532755	TECHM	14.4
532281	HCLTECH	12.8
532129	HEXAWARE	11.3
500325	RELIANCE	9.7
532540	TCS	8.6
500114	TITAN	8.1
532221	SONATSOFTW	7.5
503806	SRF	7.5

High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
532706	INOXLEISUR	5.8
532648	YESBANK	5.0
517385	SYMPHONY	3.0
501301	TATAINVEST	0.4
511243	CHOLAFIN	(0.4)
532268	ACCELYA	(1.0)
532313	MAHLIFE	(2.3)
505200	EICHERMOT	(2.6)
500710	AKZOINDIA	(3.0)
533150	GODREJPROP	(3.2)

Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
511072	DHFL	(44.79)
532667	SUZLON	(35.09)
500111	RELCAPITAL	(33.76)
531737	GREENCREST	(33.43)
523204	ABAN	(32.80)
502742	SINTEX	(29.11)
532477	UNIONBANK	(28.54)
520056	SUNCLAYLTD	(28.35)
532915	RELIGARE	(25.33)
532149	BANKINDIA	(23.96)

Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
500116	IDBI	(27.72)
517380	IGARASHI	(26.27)
532612	INDOCO	(22.76)
500288	MOREPENLAB	(22.33)
514162	WELSPUNIND	(21.32)
512599	ADANIENT	(19.37)
500480	CUMMINSIND	(18.62)
532401	VIJAYABANK	(17.90)
500290	MRF	(16.30)
511218	SRTRANSFIN	(15.45)

* 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 18-Feb-2019 (1)

STDC (1)									
No	Date	Type	Buy/Sell	Stock	Entry1	Entry2	SL	Tgt 1	Tgt 2
1	7-Feb-19	STDC	BUY	REPCOHOME	395	370	329	436	448

VIEW

Lack of positive variables creates negative sentiment in domestic equity market. From last few days, Indian market continue to underperform inspite of well performance from the Global market and appreciation of Indian currency. Inflows has reduced this month due to muted Q3 results and outcome of general election. Expecting minor pull back on upside as Indices are reaching towards significant retracement zone.

NIFTY-

- Bears continue to gain the momentum as Nifty shrink below its key support levels along with other sectorial indices
- It was broadly a significant bearish momentum as we observed the breadth to be negative since the start of the session.
- Nifty has made multi top pattern on the daily chart which become hurdles for the Bulls
- Although Index took support from its upward sloping line which can give a ray of hopes to Bulls
- A short term bounce is expected from the level of 10620-10600 zone where key support has seen
- If we are below these mentioned levels then we may see the expansion of bearish momentum till 10430 where 61.8% retracement is seen of the upside move from 10004 to 11118 levels.
- Upside resistance is seen at 10890 followed by 11040 levels.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	11040	Line of parity
Resistance 1	10890	Previous swing
Close	10794	
Support 1	10620	Immediate Suport
Support 2	10430	61.8% retracement

Banknifty Weekly

18-Feb-19

VIEW

After opening with a negative session, Bank Nifty continuously fell to make a weekly low of 26635.25. However the selling got a pause near our expected level of 200 DMA and the index also gave some pullback from that level. At the end of the week Bank Nifty closed at 26794. It has a net loss of 1.83% over its previous week's close.

OBSERVATIONS:

- Bank Nifty has found a strong support at 200 DMA.
- Continuous selling pressure was witnessed in Bank Nifty near its trend line areas. Therefore it becomes a short term 'supply zone' of Bank Nifty.
- Stochastic has reached at its oversold zone.

According to the above observations it can be concluded that some immediate pullback is expected in Bank Nifty due to the oversold position of stochastic. Therefore we advise to book profit of short positions. Fresh long also be initiated by keeping a stop loss at 200 DMA (currently is at 26602) on closing basis. On the upward path 27690-27750 zone (trend line resistance areas) is likely to act as a strong supply zone of Bank Nifty.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	27690
Resistance 1	27150
Close	26794
Support 1	26602
Support 2	26335

VIEW

Higher crude oil prices and persistent selling pressure in local equities can spoil the party for Rupee Bulls. Positive risk sentiment is not changing the direction for the USD and Dollar Bulls are still in control of the trend. Foreign fund outflows is another concern for the depreciation of Rupee in near term. India trade deficit to 14.7 bn in January and export drop by over 1.5 bn while import remained unchanged can become key factors to give pressure on the domestic currency.

TECHNICAL FACTORS-

- Pair has bounced back after hitting the low from our mentioned support of 70.35 mark
- Back to back three bull candle showing upside swing but it can face resistance near downward its downward sloping line
- Formation of Hammer on weekly chart suggests further room for upside
- Negative crossover in MACD suggest upside is capped in coming sessions
- On sustaining above 71.55, pair can extend up to 71.81 and 72.60 marks
- Short term support lies at 70.80 below which it can slip down till 70.35 and 69.75 levels

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

USDINR LEVEL

Resistance 2	72.64
Resistance 1	71.81
Close	71.33
Support 1	70.35
Support 2	70.00

STDC : Long / BUY

7-Feb-19

BSE Code	535532
NSE Symbol	REPCOHOME
52wk Range H/L	653.45/292.50
Mkt Capital (Rs Cr)	2,483.00
Av.Cash Volume(,000)	1564
Open Interest	

Buy Price	400-390/375-365
Stop Loss	329
Target Price1	436
Target Price2	448
Upside in Tgt1	14%
Upside in Tgt2	17%



STDC- BUY REPCOHOME @ 400-390 AND ON DIP TOWARDS 375-365 SL- 329 (CLOSING BASIS) TGT-436, 448.

Daily as well as on weekly chart REPCOHOME is trading in wave 4. From recent bottom of 310.25, it has retraced almost 50%. But last few couple of days it is hovering at 50 SMA and today it has engulfed the previous bar with resonable volume in early hours of market. Internal wave 4 is in form of flat. We can see the alternation between wave 2 & 4. Momentum oscillator stochastic is also in favour of Bulls. Therefore we advise our client to buy in the range of 400-390 and on decline towards 375-365 for the price targets of 436 and 448 with 329 as SL.

LME Aluminium prices have fallen towards two year low at \$1920 per tonne after the supply tightness eased in the raw material sector and after United States decided to delay the sanctions on Russia, one of the world's largest producer of the metal. Prices have moved below its cost of production in China pressurizing the margins of the producers.

Globally, aluminium production has remained flat as the major producers like China is unable to increase the output as the current prices are unprofitable. While, US on the other side is starting to start its smelters but the outages at Canada, Brazil have offset the rise in production. China contributes almost 56% to the global production. And saying if China slows down its production rate, the world would be in huge shortfall in the coming year.

China Supply Concerns:

China's aluminium production has been falling since last three months despite of no winter output curtailments in place. China's capacity growth rate is slowing as old capacity is been shut down by the local government following strict targets set by China and the rate of new smelter capacity is falling. Although, the key ingredient, bauxite is restricted to produce during winter period on China's environmental crackdown.

Aluminum Corp of China Ltd also known as Chalco, China's largest producer, is cutting output on some of its aluminum production lines in northern China. The company is set to reduce some 470,000 tonnes of production, nearly 12% of company's output. Two smelters in Qinghai province of China of 270,000 tonnes capacity have gone off line in the last couple of weeks. These cuts have been inculcated as prices are trading below cost of production driven by reducing demand and ample of supply, forcing smelters to either partially or fully shut down its production.

US Sanctions Tensions

US sanctions on Russia will continue add upside volatility in global aluminium prices. The U.S. Treasury Department last month postponed a Dec. 12 deadline for Deripaska to reduce his holdings in the companies, giving the Russian tycoon until Jan. 7.

Outlook

Overall, aluminium prices have declined drastically fell by almost 20% since April 2018 on extension of US sanction on Rusal and easeness in raw material supply. But we believe still some tightness in alumina market persists, as the Alunorte refinery is partially shut. Furthermore, Chinese production is expected to come down on smelters shutdown due to lower prices. However, demand weakness due to trade duties can provide some selling pressure. but prices will remain supported at lower levels. We expect MCX Aluminium prices will take support of 127-125 levels and move higher towards Rs 150-155 per kg in the short term.

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Disclosure of Interest Statement-

Analyst's ownership of the stocks mentioned in the Report	NIL
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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, AJC 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.

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