

Trading Calls

GODREJCP BUY 24th April 2019

GODREJCP has made an 'Inverted Hammer' pattern after downtrend on monthly chart. This is a strong reversal pattern. Apart from this, 'Double Bottom' was also formed on daily chart. Therefore some up move is expected in the stock in short term.

TATAMOTORS BUY 2nd May 2019

The short term trend of TATAMOTORS is looking positive as it is trading above all the major DMAs (50, 100, 200). Currently it has corrected to its breakout point of 200 DMA. The stochastic has also reached at the oversold zone. So pullback is very likely in the stock in extreme short term.

HDFCLIFE BUY 06th March 2019

HDFCLIFE gave reversal from its downtrend. The stock has also given bullish breakout above 50, 100 DMAs. So some fresh upside is expected in the stock from the current level. Therefore we recommend initiating fresh long position in the stock for a maximum target of RS 454.

Market	Value	% Change
SGX Nifty (at 8.15 am IST)	11754.00	0.00%

Nifty Key Levels

Support	S1: 11660	S2 : 11600
Resistance	R1 : 11800	R2 : 11850

Market Outlook

Nifty consolidated with slightly negative bias. It is likely to consolidate for few more days before witnessing a breakout. For initiating a momentum on upside, it has to cross hurdle of 11800 levels above which it can surge higher till 11850 and 11900 levels. Failure to cross and sustain above 11800 level can slip back till 11660 and 11600 levels.

FII DERIVATIVES POSITION FOR 02-May-2019

Net (Amt. in crs)

INDEX FUTURES	(516)
INDEX OPTIONS	277
STOCK FUTURES	270
STOCK OPTIONS	98

Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
2-May-19	5,759	5,162	598
May-19	5,759	5,162	598
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
2-May-19	2,784	3,576	(792)
May-19	2,784	3,576	(792)

Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	(1.40)	(3.54)	(5.20)	(25.17)
Automobiles	0.04	(4.04)	(0.82)	(25.71)
Chemicals	(0.67)	(0.16)	(3.46)	(1.44)
Construction & Engineering	0.47	(0.66)	(3.50)	(13.72)
Construction Materials	0.13	3.27	5.60	(2.10)
Diversified Financial Services	0.33	0.33	(2.24)	(3.04)
Electrical Equipment	(0.65)	(1.93)	(1.32)	(7.67)
Energy	0.32	3.86	1.35	19.19
Financials	0.08	0.53	(2.52)	6.65
Health Care	(0.88)	(1.43)	(1.53)	(0.48)
Household Durables	(0.63)	(1.47)	(3.81)	(16.87)
Household & Personal Products	(1.31)	(1.66)	0.52	7.14
Information Technology	(1.67)	2.06	4.31	20.04
Metals/Mining/Minerals	(0.35)	0.34	(0.31)	(16.30)
Telecom	2.15	(0.99)	(4.58)	(19.81)
Utilities	0.11	(1.84)	(4.27)	(10.88)

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

Long Position				
	DII	FII	Pro	Other
Future Index	30274	181851	17343	117997
Future Stock	8983	840861	142121	867029
Option Index Call	26383	171162	117473	313940
Option Index Put	85758	269076	131510	331912
Option Stock Call	0	19887	47049	173812
Option Stock Put	0	21940	47520	80393

Short Position				
	DII	FII	Pro	Other
Future Index	71247	75190	29283	171745
Future Stock	914229	574516	115417	254832
Option Index Call	0	74861	154679	399418
Option Index Put	0	117469	143225	557562
Option Stock Call	743	17190	70863	151952
Option Stock Put	0	15889	37483	96481

High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
511288	GRUH	20.9
530517	RELAXO	17.5
506820	ASTRAZEN	16.9
523367	DCMSHRIRAM	13.1
524200	VINATORGA	12.8
532540	TCS	12.5
532689	PVR	12.1
532281	HCLTECH	11.3
505890	WIDIA	10.3
522074	ELGIEQUIP	9.5

High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
512161	8KMILES	28.8
532892	MOTILALOF	23.9
500135	ESSELPACK	18.1
534690	LAKSHVILAS	16.4
500266	MAHSCOOTER	8.3
532313	MAHLIFE	6.1
532622	GDL	5.7
532772	DCBbank	4.8
505355	NESCO	4.0
500413	THOMASCOOK	3.8

Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
532617	JETAIRWAYS	(51.30)
532939	RPOWER	(48.30)
531508	EVEREADY	(44.80)
532822	IDEA	(42.90)
500111	RELCAPITAL	(31.80)
532922	EDELWEISS	(25.80)
500106	IFCI	(24.00)
532548	CENTURYPLY	(17.20)
531737	GREENCREST	(16.80)
500315	ORIENTBANK	(15.20)

Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
517380	IGARASHI	(15.30)
506395	COROMANDEL	(12.60)
511218	SRTRANSFIN	(12.20)
514162	WELSPUNIND	(11.90)
522205	PRAJIND	(11.70)
500355	RALLIS	(9.80)
500302	PEL	(9.40)
500085	CHAMBLFERT	(8.80)
512599	ADANIENT	(8.10)
509496	ITDCM	(7.00)

* 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 02-05-2019 (3)

STDC (3)									
No	Date	Type	Buy/Sell	Stock	Entry1	Entry2	SL	Tgt 1	Tgt 2
1	24-Apr-19	STDC	BUY	GODREJCP	677	661.5	634	724	770
2	6-Mar-19	STDC	BUY	HDFCLIFE	381	365	343	407	454
3	2-May-19	STDC	BUY	TATAMOTORS	206	196	175	232	274

VIEW

Market was volatile throughout the week and had taken wild swing in both the direction. Although Bulls tried their best to recover their lost ground but tussle between Bulls and Bears will continue in the coming sessions as coming week is truncated due to two days of holiday. Not expecting much movement in the absence of any immediate catalyst, crude oil and currency rates will continue to have a major bearing on the markets in the short term. Political jitters, earning results and other macroeconomic factors can steer the market.

NIFTY-

- a) Nifty is moving in a sustained uptrend as the sequence of higher top and higher bottom formation remain intact.
- b) Sustainability of index above all the price pattern breakout suggest index continues to remain in an uptrend in the medium term
- c) From last four weeks, Nifty has been formed strong basis near 11550 levels. Until this break decisively on closing basis, bias will remain positive
- d) Range bound movement is expected in coming week in the range of 12000 to 11550 levels
- e) Resistance is seen at 11860 followed by 12000 levels on upside
- f) Support lies at 11550 level followed by 11400 levels on downside

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	12000	Psychological level
Resistance 1	11860	Near recent top
Close	11754	
Support 1	11550	Near 20 DMA
Support 2	11400	SL of Cup & Handle

Banknifty Weekly

30-Apr-19

VIEW

After starting with a negative session, Banknifty fell to make a weekly low of 29435 on last Wednesday. However some pullback rally to 30057 was witnessed on the ending session of last week. At the end of the week the index closed with a net loss of 0.8% over its previous week's close.

OBSERVATIONS:

- 1) Banknifty has retested the breakout line (the breakout was happened on 15th March) and found a strong support in that areas.
- 2) The Stochastic have reached at the oversold zone.
- 3) Banknifty is trading above above all the major DMAs (50, 100 & 200).

Currently Banknifty is in consolidaion phase. The above observations suggest that short term and medium term trend of Banknifty is positive as it is trading above all the major DMAs (50, 100 & 200). Last week the index has also found a strong support near its previous breakout zone and gave a good pullback from that level. At this juncture we recommend holding long position / accumulating the Banknifty by placing stop loss at 29120 (closing basis).

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	30950
Resistance 1	30670
Close	30014
Support 1	29434
Support 2	29120

VIEW

After giving breakout from double bottom price pattern, prices tried to trade above the neckline but sustainability above the same is questionable due to the cooling of crude oil prices. Trumps appeal to OPEC on the issue have supported in lowering the price. Hope his appeal further helpful in lowering the price which will aid in strengthening the indian currency in the coming sessions.

TECHNICAL FACTORS-

- a) Although prices has given breakout from double bottom price pattern but formation of red candle near the channel resistance line raised the concern
- b) RSI also turned south after facing the resistance near 63-65 levels and the same it did earlier also suggest upside is capped for the time being
- c) As long as it sustains below the levels of 70.35 mark, pair has to bear the selling pressure
- d) Immediate support is seen at 69.75 below which it can slip down till 69.33-69.30 levels and 68.83-68.80 levels on downside

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

USDINR LEVEL

Resistance 2	70.70
Resistance 1	70.35
Close	69.85
Support 1	69.75
Support 2	69.30

STDC : Long / BUY

2-May-19

BSE Code	500570
NSE Symbol	TATAMOTORS
52wk Range H/L	351.65/129
Mkt Capital (Rs Cr)	59768
Av.Cash Volume(,000)	14707
Open Interest	77396000

Buy Price	204-208 & 194-198
Stop Loss	175
Target Price1	232
Target Price2	274
Upside in Tgt1	15.40%
Upside in Tgt2	36.30%

Technical Chart



STDC BUY TATAMOTORS @ 204-208 & 194-198 SL-175 (CLOSING BASIS) TGT-232,274

The short term trend of TATAMOTORS is looking positive as it is trading above all the major DMAs (50, 100, 200). Currently it has corrected to its breakout point of 200 DMA. The stochastic has also reached at the oversold zone. So pullback is very likely in the stock in extreme short term.

STDC : Long / BUY

24-Apr-19

BSE Code	532424
NSE Symbol	GODREJCP
52wk Range H/L	1468/634
Mkt Capital (Rs Cr)	68996
Av.Cash Volume(,000)	830
Open Interest	8479800

Buy Price	674-680 & 657-666
Stop Loss	634
Target Price1	724
Target Price2	770
Upside in Tgt1	8.00%
Upside in Tgt2	15.00%

Technical Chart



STDC BUY GODREJCP @ 674-680 & 657-666 SL-634 (CLOSING BASIS) TGT-724,770

GODREJCP has made an 'Inverted Hammer' pattern after downtrend on monthly chart. This is a strong reversal pattern. Apart from this, 'Double Bottom' was also formed on daily chart. Therefore some up move is expected in the stock in short term.

STDC : Long / BUY

6-Mar-19

BSE Code	540777
NSE Symbol	HDFCLIFE
52wk Range H/L	547.25/345
Mkt Capital (Rs Cr)	77853.5
Av.Cash Volume(,000)	740
Open Interest	NA

Buy Price	379-383 & 363-367
Stop Loss	343
Target Price1	407
Target Price2	454
Upside in Tgt1	7%-9%
Upside in Tgt2	19%-22%

Technical Chart

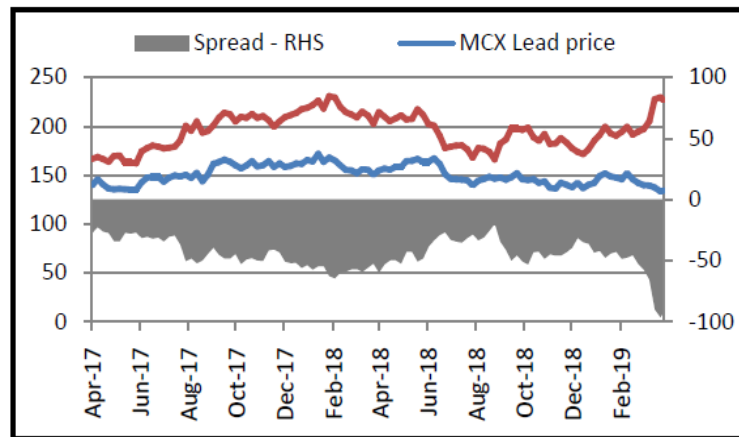


STDC BUY HDFCLIFE @ 379-383 & 363-367 SL-343 (CLOSING BASIS) TGT-407,454

HDFCLIFE gave reversal from its downtrend. The stock has also given bullish breakout above 50, 100 DMAs. So some fresh upside is expected in the stock from the current level. Therefore we recommend initiating fresh long position in the stock for a maximum target of RS 454.

Spread Call View – Sell Zinc Buy Lead

The spread of Zinc and Lead have tested the record low of -96 levels and currently the spread is trading at -92. We believe the spread to narrow towards -75 to -70 levels in the months to come.

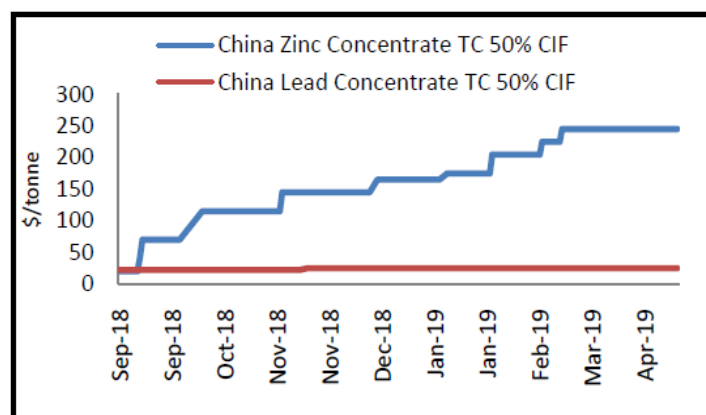


Source: Bloomberg, Narnolia Research

MCX Zinc prices have rallied by almost 23 percent since the start of this year. Zinc has been the best performer among the base metal complex in 2019 during the first quarter of 2019. While Lead prices has remained unchanged during the first quarter of 2019. We believe Lead prices to stay strong over Zinc prices in future.

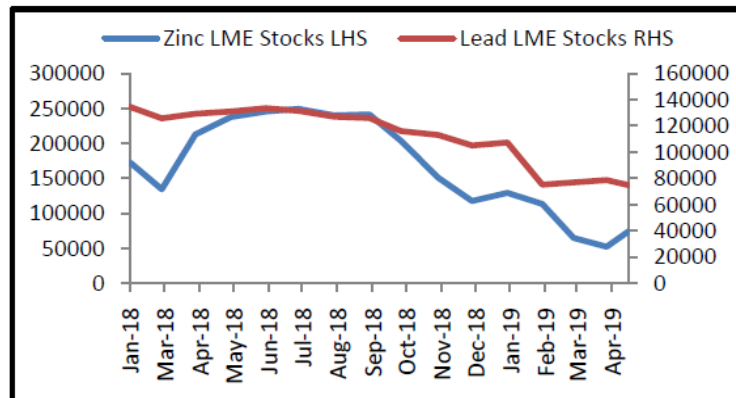
Zinc Treatment and refining charges has risen towards \$265 per tonne, up from \$20 per tonne in Sept 2018 which indicates the smelter get a higher margin towards refined production indicating the output to keep rising in coming months. On the other hand, Lead refining charges have remained unchanged helping us to forecast that no major production increase is expected in near future. This also points towards rise in zinc production will be higher as compared to lead production.

Treatment and refining charges



Source: Bloomberg, Narnolia Research

LME inventories of both Zinc and Lead are currently near decade low levels. Although, a big inflows in zinc inventories this week have fanned expectation that supply tightness will end soon. LME Zinc inventories jumped to 73,700 tonnes, rising from the record low of 50,000 tonnes in January 2019. LME Zinc stocks have increased by 11 percent since February 2019. While Lead stocks has remained unchanged during the same period.



Source: Bloomberg, Narnolia Research

Zinc mine supply is expected to come online during the second half of 2019 as smelters earn a higher margin and with prices up 20% during the year we believe supply of zinc is expected to increase in the months to come. On the other hand, Lead supply is expected to rise by 4.1% in 2019 however the tightness in availability of lead concentrate may provide constraint to the global lead output.

Spread Call View – Sell Zinc Buy Lead

The spread of Zinc and Lead have tested the record low of -96 and currently the spread is trading at -91. We believe the spread to narrow towards -75 to -70 levels in the months to come.

Various Possible Outcome of Spread Call:

1. Zinc price to fall, Lead price rise
2. Both Lead and zinc prices fall, but zinc to fall more
3. Lead prices unchanged, while zinc prices fall
4. Both Lead and zinc prices rise, but lead outperform
5. Lead rise, while zinc prices unchanged

Conclusion:

“Higher Zinc refining charges, expectation of new zinc mine supply, rising LME Zinc stocks and tighter lead market makes us to come to a conclusion to actively short zinc and buy lead.” Therefore, we expect the ratio Sell Zinc and Buy Lead to become narrow towards -75 to -70. At present the ratio is trading at -92 as on 18th April 2019.

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