

Trading Calls

SBIN - R25 **BUY** **2nd May 2019**

State Bank of India gave a bullish breakout of 'Symmetrical Triangle' pattern in March 2019 and thereafter gave around 15% up move from that level. Currently the stock is retracing towards its breakout point. So it would be prudent decision to use this retracement as buying opportunity.

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 8.00 am IST)	11257.00	1.28%

Nifty Key Levels

Support	S1: 11250	S2 : 11200
Resistance	R1 : 11360	R2 : 11400

Market Outlook

Index hovered around its support of 11300. Nifty formed an indecisive pattern and near-term oscillators are still in sell mode. Sustained weakness could drag the index towards the 11200 level. On the upside, it may face some headwinds around the 11360 levels.

FII DERIVATIVES POSITION FOR 09-May-2019

Net (Amt. in crs)

INDEX FUTURES	(2,068)
INDEX OPTIONS	2,047
STOCK FUTURES	(952)
STOCK OPTIONS	(160)

Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
09-May-19	5,088	5,743	(655)
May-19	28,608	31,362	(2,754)
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
09-May-19	3,160	2,482	678
May-19	19,307	18,222	1,085

Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	(0.68)	(3.56)	(7.23)	(26.10)
Automobiles	0.13	(2.41)	(5.60)	(27.11)
Chemicals	(0.95)	(3.38)	(5.42)	(3.55)
Construction & Engineering	(0.63)	(2.92)	(4.37)	(15.54)
Construction Materials	(0.74)	(3.12)	0.87	(2.61)
Diversified Financial Services	0.28	(4.31)	(7.11)	(6.03)
Electrical Equipment	(0.60)	(4.91)	(6.32)	(11.51)
Energy	(2.19)	(7.17)	(2.66)	9.21
Financials	(0.10)	(3.33)	(5.39)	2.44
Health Care	(0.31)	(3.24)	(4.58)	(1.44)
Household Durables	(0.70)	(3.99)	(6.35)	(19.35)
Household & Personal Products	0.32	(2.18)	(1.77)	4.97
Information Technology	0.48	(1.90)	1.50	19.73
Metals/Mining/Minerals	(1.49)	(4.96)	(6.17)	(20.11)
Telecom	(1.44)	(3.91)	(7.19)	(21.97)
Utilities	(0.86)	(2.60)	(6.29)	(12.82)

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

Long Position				
	DII	FII	Pro	Other
Future Index	30120	155400	19012	141868
Future Stock	12599	847145	160037	882837
Option Index Call	31207	190102	120212	388477
Option Index Put	87150	297690	125026	361735
Option Stock Call	0	28785	58175	232305
Option Stock Put	18	29084	63075	92741

Short Position				
	DII	FII	Pro	Other
Future Index	51054	99326	37252	158768
Future Stock	940066	607636	124884	230032
Option Index Call	0	100267	182059	447672
Option Index Put	0	140564	154510	576527
Option Stock Call	1973	29066	86650	201576
Option Stock Put	0	22981	41424	120513

High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
523367	DCMSHRIRAM	20.6
506820	ASTRAZEN	10.5
500312	ONGC	8.8
532689	PVR	7.4
504067	ZENSARTECH	7.2
500087	CIPLA	7.1
511288	GRUH	7.1
530517	RELAXO	5.1
500300	GRASIM	4.5
524200	VINATORGA	4.3

High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
500135	ESSELPACK	16.3
532892	MOTILALOF	10.3
532772	DCBbank	7.8
512161	8KMILES	4.1
500040	CENTURYTEX	2.5
505355	NESCO	2.5
512529	SEQUENT	2.3
532706	INOXLEISUR	1.1
532313	MAHLIFE	1.0
505200	EICHERMOT	0.6

Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
531508	EVEREADY	(54.4)
532939	RPOWER	(41.3)
532617	JETAIRWAYS	(41.2)
500111	RELCAPITAL	(39.4)
500106	IFCI	(29.8)
532548	CENTURYPLY	(23.5)
532418	ANDHRABANK	(23.3)
511072	DHFL	(21.5)
533519	L&TFH	(20.7)
522275	ALSTOMT&D	(20.4)

Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
517380	IGARASHI	(20.8)
512599	ADANIEN	(19.0)
522205	PRAJIND	(17.8)
500302	PEL	(16.1)
500116	IDBI	(15.6)
511218	SRTRANSFIN	(14.1)
500085	CHAMBLFERT	(13.3)
532700	ENIL	(12.7)
506395	COROMANDEL	(12.4)
505242	DYNAMATECH	(12.3)

* 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 10-05-2019 (2)

STDC (2) / R25 (1)									
No	Date	Type	Buy/Sell	Stock	Entry1	Entry2	SL	Tgt 1	Tgt 2
1	08-May-19	R25	BUY	SBIN	302	287.5	258	338	380
2	02-May-19	STDC	BUY	TATAMOTORS	206	196	175	232	274
3	06-Mar-19	STDC	BUY	HDFCLIFE	381	365	343	407	454

VIEW

Domestic market continued to trade with range bound move but gains are capped. Momentum has been declining week by week as some of the sectors had witnessed profit booking. Liquidity is increasing because of strength in Rupee due to ease in crude oil prices which can become the cause of volatility. We believe domestic bourses would remain volatile till general elections result are out.

NIFTY-

- For last three days of week, Nifty has been forming doji type of candlesticks type of pattern indicate lack of strength on either of side
- Although it formed strong base near 20 DMA's which comes at 11660 levels but still facing selling pressure at higher side
- RSI seems to trade in the neutral zone around 50 marks on daily chart indicate lacklustre movement in coming sessions
- For the bulls, a close above 11800 can instill confidence and from where index can surge higher till 12000 levels on upside
- However, as long as index trades above 11550 level there will be a ray of hope for bulls and index can approach for making a new high above 11856 levels.
- On the flip side, a decisive close below 11550 level can activate the sellers towards 11400 level on downside.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	11856	Previous Top of Index
Resistance 1	11800	Top of last two weeks candle
Close	11712	
Support 1	11660	20 DMA
Support 2	11550	Swing low rising trendline

Banknifty Weekly

6-May-18

VIEW

Banknifty gave a range bound and choppy movement throughout last week and closed the week with a net loss of 0.2% over its previous week's close. PSU Banking stocks were the main catalysts to close the index lower.

OBSERVATIONS:

- 1) Banknifty is fluctuating in between 29150 and 30670 since last one month
- 2) Bank Nifty is currently trading above 50, 100 & 200 DMAs

Currently Banknifty is in consolidation phase. The short term and medium term trend of the index is looking positive as it is trading above all the major DMAs (50, 100 & 200). Therefore every decline should be use as a buying opportunity. Currently 29120-29430 zone is the strong support areas of the Banknifty and it would be wise decision to initiate fresh long position position in the index near its strong support areas.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	30671
Resistance 1	30310
Close	29954
Support 1	29430
Support 2	29120

VIEW

Softening in crude oil prices helped Rupee to gain strength and pair closed with negative bias. Sentiments remain buoyant amidst strong growth expectation of economy, the likelihood of NDA returning to power again and capped upside move of dollar index. A firm trend in the rupee is likely to continue over the coming session.

TECHNICAL FACTORS-

- On daily chart, pair has formed Bearish belt hold price pattern below falling trendline suggest strength in Rupee
- Pair can extend its downside move towards 68.35-68.30 levels where key support is seen
- On sustaining below 68.30, further downside can be seen towards 67.80 levels
- For moving on upside, it has to cross and sustain above 69.92 from where it can resume its uptrend towards 70.35 and 70.90
- The daily strength indicator RSI and the momentum indicator MACD both are in a bearish mode which imply downside momentum

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

USDINR LEVEL

Resistance 2	70.90
Resistance 1	70.35
Close	69.09
Support 1	68.30
Support 2	67.80

R-25 : Long / BUY

8-May-19

BSE Code	500112
NSE Symbol	SBIN
52wk Range H/L	339.65/237.85
Mkt Capital (Rs Cr)	270416
Av.Cash Volume(,000)	10280
Open Interest	916200000

Buy Price	300-304 & 285-290
Stop Loss	258
Target Price1	338
Target Price2	380
Upside in Tgt1	15.00%
Upside in Tgt2	29.00%

Technical Chart



R-25 BUY SBIN @ 300-304 & 285-290 SL-258 (CLOSING BASIS) TGT-338,380

State Bank of India gave a bullish breakout of 'Symmetrical Triangle' pattern in March 2019 and thereafter gave around 15% up move from that level. Currently the stock is retracing towards its breakout point. So it would be prudent decision to use this retracement as buying opportunity.

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

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

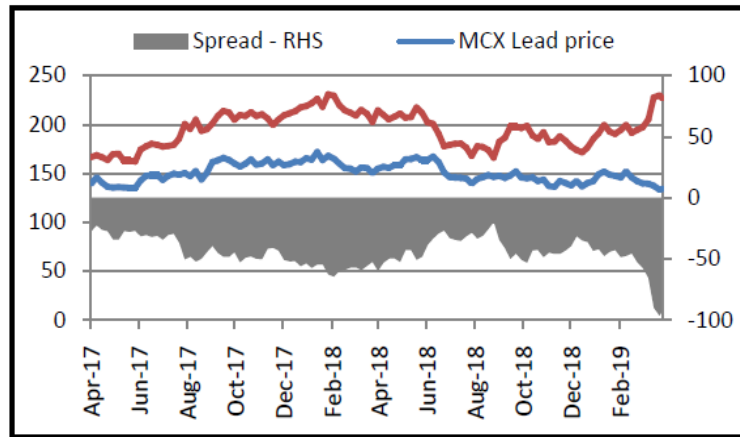


STDC BUY HDFCLIFE @ 379-383 & 363-367 SL-343 (CLOSING BASIS) TGT-407,454

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.

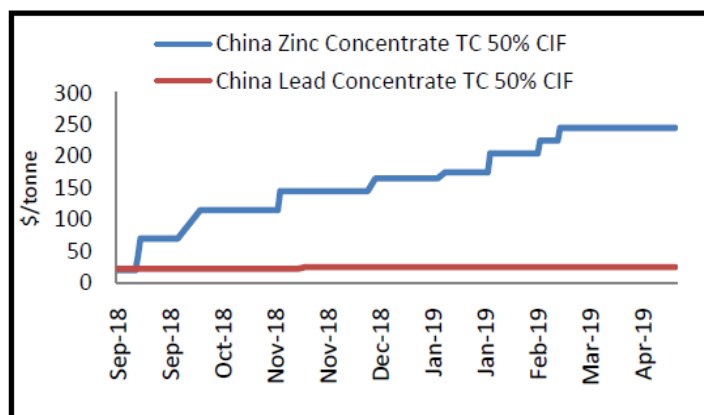


Source: Bloomberg, Narnolia Research

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.

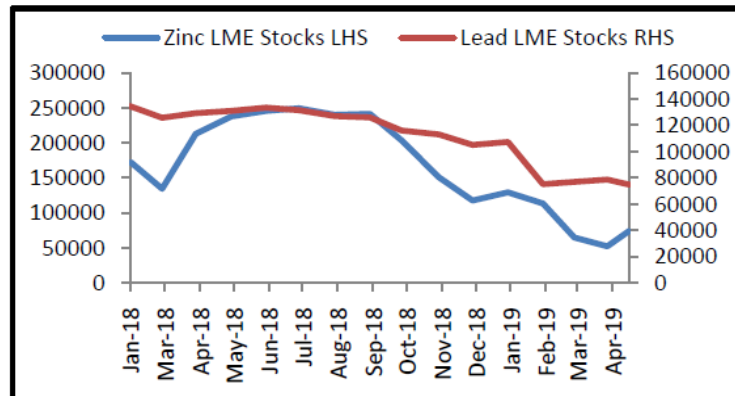
Zinc Treatment and refining charges has risen towards \$265 per tonne, up from \$20 per tonne in Sept 2018 which indicates the smelter get a higher margin towards refined production indicating the output to keep rising in coming months. On the other hand, Lead refining charges have remained unchanged 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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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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