

Trading Calls

DABUR BUY 20th May 2019

On daily scale DABUR India has completed its wave 2 with resonable volume. Here you can see that wave 'c' has terminated in internal waves 5. Entire wave 2 is a part of corrective, price and time wise both. So further we expect that it should enter in internal waves of larger wave 3. Hence we recommend accumulate in the range of 383-379 and on decline towards 372-368 for the price targets of 396 and 405 with 351 as stop loss on closing basis. Momentum oscillator Stochastic is supporting the whole labeling with rising pattern.

SBIN - R25 BUY 8th 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.

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.

Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
22-May-19	4,686	5,651	(965)
May-19	70,709	78,975	(8,265)
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
22-May-19	3,579	3,737	(158)
May-19	55,973	48,891	7,082

FII DERIVATIVES POSITION FOR 22-May-2019

	Net (Amt. in crs)
INDEX FUTURES	136
INDEX OPTIONS	(2,524)
STOCK FUTURES	(480)
STOCK OPTIONS	(164)

Market	Value	% Change
SGX Nifty (at 8.00 am IST)	11807.50	0.23%

Nifty Key Levels

Support	S1: 11700	S2 : 11550
Resistance	R1 : 11860	R2 : 12000

Market Outlook

Volatility will rule the roost on D- Street due to the vote count on Thursday amid the expiry of weekly index option contracts, which will also contribute its share of choppiness. Anything less than majority for NDA will become the cause for vulnerability of the market. First hour likely to be more volatile but as counting will progress, we will be able to see stability on either of side. On the other side, hung Parliament remains a near-term threat. Formation of Tweezers Bottom candlestick pattern, along with a Bullish Harami suggests the bulls are in control of the market. Majority of NDA will push nifty towards the upper zone of 12000-12200 levels. On the the flip side, any disappointment on the result day could lead to correction towards 11550, 11300 & 11100 levels.

Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	(0.45)	1.29	(8.14)	(24.17)
Automobiles	0.94	6.02	(5.36)	(21.72)
Chemicals	0.74	4.41	(1.33)	0.63
Construction & Engineering	0.67	9.03	2.54	(3.52)
Construction Materials	(0.17)	6.18	3.60	7.45
Diversified Financial Services	0.45	9.23	5.05	5.51
Electrical Equipment	0.25	5.91	(2.39)	(4.59)
Energy	0.50	6.50	2.60	18.15
Financials	0.59	7.67	3.72	12.02
Health Care	0.41	0.09	(7.13)	1.81
Household Durables	(0.27)	3.36	(3.00)	(12.29)
Household & Personal Products	(0.41)	4.58	(0.62)	5.17
Information Technology	(0.80)	(0.64)	(3.02)	16.06
Metals/Mining/Minerals	0.18	2.58	(6.53)	(19.32)
Telecom	0.56	0.16	(5.17)	(14.59)
Utilities	0.27	4.26	(4.62)	(7.98)

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

Long Position				
	DII	FII	Pro	Other
Future Index	47031	157909	24320	141671
Future Stock	21288	889411	166092	862143
Option Index Call	34325	205749	179735	599838
Option Index Put	83718	334881	164256	526318
Option Stock Call	0	42613	68149	307645
Option Stock Put	0	35087	65930	139636

Short Position				
	DII	FII	Pro	Other
Future Index	47235	126145	41127	156424
Future Stock	950045	627733	136256	224900
Option Index Call	0	209599	263891	546157
Option Index Put	0	195099	230057	684017
Option Stock Call	1973	45368	113062	258004
Option Stock Put	0	34394	63861	142398

High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
523367	DCMSHRIRAM	52.1
503806	SRF	17.5
500034	BAJFINANCE	13.7
500126	MERCK	13.0
500292	HEIDELBERG	12.8
511288	GRUH	12.7
530001	GUJALKALI	12.6
531599	FDC	11.4
500114	TITAN	10.5
500312	ONGC	10.0

High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
532772	DCBbank	14.1
500266	MAHSCOOTER	8.6
500049	BEL	7.2
500040	CENTURYTEX	5.3
532313	MAHLIFE	3.4
532706	INOXLEISUR	3.1
524742	CAPPL	1.2
500135	ESSELPACK	1.0
532892	MOTILALOFS	0.4
533655	TRITURBINE	0.3

Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
531508	EVEREADY	(55.9)
532617	JETAIRWAYS	(34.4)
532822	IDEA	(31.7)
511072	DHFL	(31.1)
532839	DISHTV	(28.4)
500111	RELCAPITAL	(25.9)
514034	JBFIN	(24.0)
532885	CENTRALBK	(23.8)
532667	SUZLON	(23.7)
532477	UNIONBANK	(22.8)

Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
517380	IGARASHI	(22.6)
515030	ASAHIINDIA	(18.4)
500302	PEL	(18.3)
500116	IDBI	(17.1)
500620	GESHIP	(16.5)
501425	BBTC	(16.2)
500420	TORNTPHARM	(15.1)
502865	FORBESGOK	(14.7)
511218	SRTRANSFIN	(13.5)
524404	MARKSANS	(12.1)

* 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

After going through all the doldrums of tariff war between US & China along with political chaos, things are seeming back on track. Domestic indices were on flame as they surge more than 2.5% within two days after taking support from their 100 DMA's. In coming week, market participants will be wait & watch mode till they will get clarity of direction on either of side. Projection of exit poles of Sunday evening and final declaration of election result on 23rd May will play a vital role not only for the direction of the market but also the future of our nation. We can expect wild swings on both these days so we advise for preferring option strategies instead of naked longs or shorts position in the market.

Next barrier of Nifty is seen near **11550 level** which was the **neckline of bearish H&S** along with **23.6 fibonacci retracement** of upside move from 10585 to 11856 level. Above 11550, it can zoom up to 11660 levels.

On the downside, crucial support lies at **11250 followed by 11130** which is near 100 DMA's.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	11660	Previous swing high
Resistance 1	11550	Neckline of Bearish H&S
Close	11406	
Support 1	11250	Low of Bullish Belt Hold
Support 2	11130	100 DMA's

Banknifty Weekly

20-May-19

VIEW

After opening with a negative session, Banknifty fell to make a weekly low of 28525. However a sharp pullback rally was witnessed on Friday and the index continuously rose to make a weekly high of 29559.45. At the end of the week Banknifty closed with a net gain of 1.5% over its previous week's close.

OBSERVATIONS:

- 1) Banknifty has formed a strong base near 28525 and thereafter gave a good pullback from that level.
- 2) Positive divergence was made on Stochastic.
- 3) RSI & MACD have reached at oversold zone.

The above observations suggest that the upward movement in Banknifty is expected to continue in the current week. Therefore we recommend holding long positions for a target of 30100. Fresh long can also be initiated near 29000. On the lower side 28525 would act as strong support of the index.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	30100
Resistance 1	29610
Close	29450
Support 1	28784
Support 2	28525

STDC / R25 Open Calls for 23-05-2019 (3)

STDC (2) / R25 (1)									
No	Date	Type	Buy/Sell	Stock	Entry1	Entry2	SL	Tgt 1	Tgt 2
1	20-May-19	STDC	BUY	DABUR	375.5	-	351	396	405
1	08-May-19	R25	BUY	SBIN	302	287.5	258	338	380
2	06-Mar-19	STDC	BUY	HDFCLIFE	381	365	343	407	454

STDC : Long / BUY

20-May-19

BSE Code	500096
NSE Symbol	DABUR
52wk Range H/L	490.70/357.10
Mkt Capital (Rs Cr)	67,675.00
Av.Cash Volume(,000)	21656
Open Interest	

Buy Price	375.5
Stop Loss	351
Target Price1	396
Target Price2	405
Upside in Tgt1	5%
Upside in Tgt2	8%



On daily scale DABUR India has completed its wave 2 with resonable volume. Here you can see that wave 'c' has terminated in internal waves 5. Entire wave 2 is a part of corrective, price and time wise both. So further we expect that it should enter in internal waves of larger wave 3. Hence we recommend accumulate in the range of 383-379 and on decline towards 372-368 for the price targets of 396 and 405 with 351 as stop loss on closing basis. Momentum oscillator Stochastic is supporting the whole labeling with rising pattern.

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

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

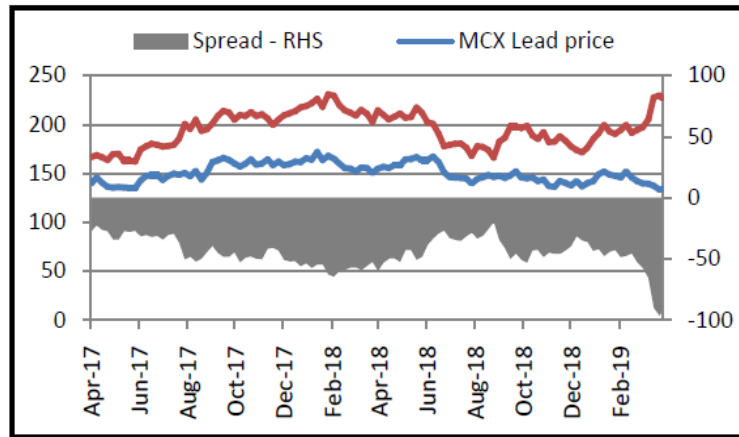


STDC BUY HDFCLIFE @ 379-383 & 363-367 SL-343 (CLOSING BASIS) TGT-407,454

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.

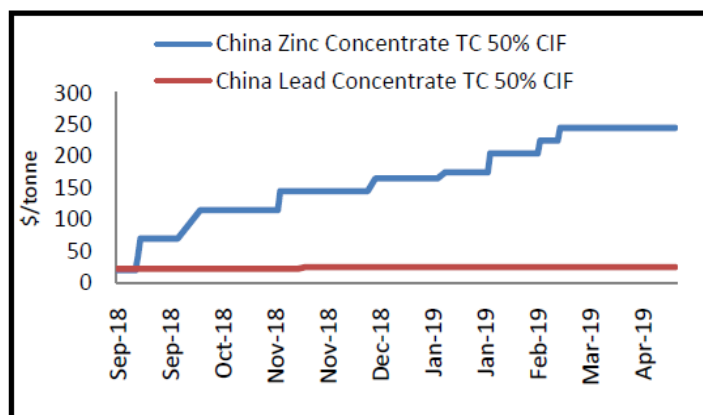


Source: Bloomberg, Narnolia Research

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.

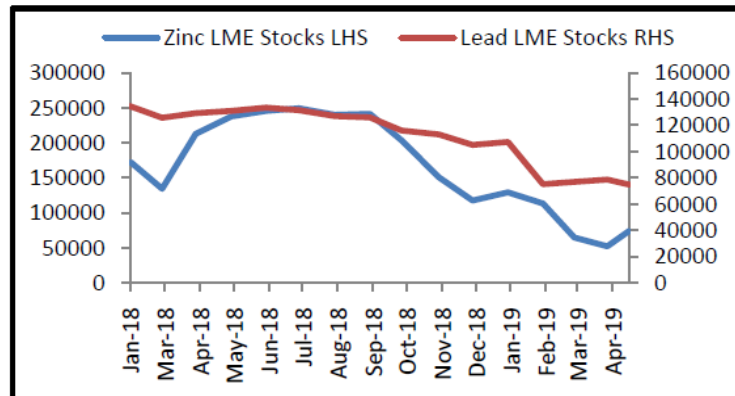
Zinc Treatment and refining charges has risen towards \$265 per tonne, up from \$20 per tonne in Sept 2018 which indicates the smelter get a higher margin towards refined production indicating the output to keep rising in coming months. On the other hand, Lead refining charges have remained unchanged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