

Trading Calls

INDUSINDBK BUY 03rd June 2019

From last few days, stock is consolidating in the congestion zone of 1630 levels at higher side and 1580 at lower side which has taken the form of POLE & FLAG pattern. Breakout came with decent volume after the formation of HAMMER at lower side suggest further move on higher side. Moreover, MACD is trading in the positive territory which indicate strength on upside. Furthermore, it is trading above all its important short term and long term moving averages. BUY INDUSINB BANK @ 1595- 1605 AND ON DIP TOWARDS 1540-1550 SL- 1430 TGT-1760, 1820.

ESCORTS BUY 24th May 2019

Stocks is in the rising trend and it has taken multiple support at 540 on weekly scale with good volume during its corrective fall. Last week again it has taken support at 540 and near 200 SMA also with rising volume. Momentum oscillator stochastic is trading in over sold zone and trying to move up. Hence, we advice our client to buy in the range of 620-610 and on the decline towards 590-580 for the price targets of 662 and 683 with 540 on closing basis as stop loss.

Market	Value	% Change
SGX Nifty (at 8.00 am IST)	11865.00	-0.16%

Nifty Key Levels

Support	S1: 11800	S2 : 11750
Resistance	R1 : 11970	R2 : 12050

Market Outlook

Sensex shrugs off rate cut, plunged 554 points on growth concerns, banks bleed most; Nifty stumbled below 11850. Principle of polarity showing support near 11750 -11800 zone, if this levels hold then Nifty may form double bottom pattern on an hourly chart and it can bounce back toward 11970 & 12050 levels again. While if mentioned support zone will taken out decisively then we will see fresh set of selling kicking in that will result into chaotic selloff towards 11660 levels on downside.

FII DERIVATIVES POSITION FOR 06-June-2019

Net (Amt. in crs)

INDEX FUTURES	(1,473)
INDEX OPTIONS	4,991
STOCK FUTURES	(211)
STOCK OPTIONS	(30)

Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
06-Jun-19	6,977	8,426	(1,449)
Jun-19	19,651	18,448	1,204
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
06-Jun-19	4,051	4,702	(651)
Jun-19	8,978	10,446	(1,469)

Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	(1.10)	(1.37)	(2.46)	(21.24)
Automobiles	(0.92)	(0.24)	0.52	(24.32)
Chemicals	(0.56)	0.92	3.19	6.55
Construction & Engineering	(2.28)	(1.60)	10.62	2.98
Construction Materials	(2.73)	(4.25)	2.63	11.80
Diversified Financial Services	(2.49)	0.34	8.65	6.71
Electrical Equipment	(1.47)	(0.31)	4.33	5.17
Energy	(2.27)	(0.23)	(2.33)	16.27
Financials	(2.43)	(0.76)	5.87	11.42
Health Care	(1.43)	(1.65)	(6.65)	0.06
Household Durables	(0.46)	0.80	4.42	(4.00)
Household & Personal Products	0.46	2.56	7.44	7.68
Information Technology	(0.44)	1.66	(0.14)	20.08
Metals/Mining/Minerals	(0.85)	(0.24)	(2.72)	(18.51)
Telecom	(0.42)	2.64	0.54	(11.93)
Utilities	(0.22)	1.30	2.96	(2.09)

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

Long Position				
	DII	FII	Pro	Other
Future Index	47046	145547	17926	165383
Future Stock	25340	835610	138031	892162
Option Index Call	24397	170637	98344	395239
Option Index Put	77758	283092	112774	305325
Option Stock Call	0	15001	43160	227009
Option Stock Put	0	18166	44701	91669

Short Position				
	DII	FII	Pro	Other
Future Index	29270	110062	43828	192742
Future Stock	938111	601931	79187	271914
Option Index Call	0	58379	196075	434163
Option Index Put	0	112204	146476	520269
Option Stock Call	1080	16964	93721	173405
Option Stock Put	0	15589	38463	100484

High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
500800	TATAGLOBAL	26.8
500292	HEIDELBERG	23.1
532777	NAUKRI	20.7
532440	MPSLTD	18.9
500114	TITAN	17.6
523367	DCMSHRIRAM	17.2
524208	AARTIIND	16.7
532370	RAMCOSYS	16.6
500034	BAJFINANCE	16.6
523319	BALMLAWRIE	16.3

High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
524742	CAPPL	34.1
500049	BEL	28.4
532706	INOXLEISUR	22.4
532430	BFUTILITIE	19.2
511243	CHOLAFIN	17.4
511196	CANFINHOME	14.8
500266	MAHSCOOTER	13.9
532622	GDL	13.7
532313	MAHLIFE	13.1
535789	IBULHSGFIN	13.1

Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
511431	VAKRANSOFT	(28.3)
502742	SINTEX	(24.5)
511072	DHFL	(24.3)
532839	DISHTV	(18.6)
514034	JBFIN	(15.1)
532667	SUZLON	(14.7)
532822	IDEA	(14.6)
532885	CENTRALBK	(13.2)
532915	RELIGARE	(12.4)
531508	EVEREADY	(12.4)

Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
517380	IGARASHI	(15.0)
500257	LUPIN	(13.5)
532296	GLENMARK	(12.5)
500420	TORNTPHARM	(9.6)
532843	FORTIS	(8.6)
500124	DRREDDY	(7.2)
502865	FORBESGOK	(6.9)
532612	INDOCO	(6.2)
532700	ENIL	(4.5)
509496	ITDCM	(4.0)

* 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

Market was volatile throughout the week and had taken wild swing in both the direction.

Although Bears tried their best to make presence on D-street but expectation of lower interest rate from coming RBI policy, softening crude oil prices and positive expectation from NDA govt. have supported the market. We expect the rangebound move will continue in the coming session due to RBI monetary policy, Auto sale data and on going trade war tensions.

NIFTY-

- Nifty is moving in a sustained uptrend as the sequence of higher top and higher bottom formation remain intact.
- Sustainability of index above all the price pattern breakout suggest index continues to remain in an uptrend in the medium term
- From last four weeks, Nifty has been formed strong basis near 11800 levels. Until this break decisively on closing basis, bias will remain positive
- Range bound movement is expected in coming week in the range of 12200 to 11800 levels
- Resistance is seen at 12050 followed by 12200 levels on upside (138.2% external retracement of previous decline)
- Support lies at 11800 level followed by 11590 levels on downside

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	12200	138.2% External Retracement
Resistance 1	12050	Near Peak
Close	11922	
Support 1	11800	Key Base
Support 2	11590	Previous low of Gap up opening

Banknifty Weekly

3-Jun-19

VIEW

After opening with a green session, Banknifty traded in the band of 30623 and 31784 throughout last week and closed the week with a net gain of 0.5% over its previous week's close. HDFC bank and Axis bank were the major gainers during the week and closed after gaining over 2%.

OBSERVATIONS:

- 1) A 'Hanging man' pattern was formed on daily chart of Banknifty. It is a bearish candlestick pattern and indicates a potential reversal in an uptrend.
- 2) A negative divergence was formed in Stochastic.
- 3) A gap was made in between 29560 and 30111 in Banknifty.

According to the above observations it can be concluded that some profit booking is very likely in the Banknifty in extreme short term. In the profit booking process the index may fill the gap of (29560 - 30111) which was left on 20th May 2019.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	31950
Resistance 1	31785
Close	31375
Support 1	30100
Support 2	29550

VIEW

Currency sentiment remain upbeat last week and pair moved lower after testing our mentioned resistance. Crude oil prices gave biggest monthly fall since november as trade conflicts spread with US ramped up trade tensions globally by vowing to slap tariffs on all goods from maxico & China. Global market expect these trade tensions to trigger a recession which can show its impact on rupee. Pair will continue to witness profit booking and selling pressure. Meanwhile, market participants will soon set their eyes on the RBI policy meet, progress of the monsoon, the forthcoming budget and the performance of the new govt's 100 days agenda. These events will set the further course of action for the currency market.

TECHNICAL FACTORS-

- a) Currently, pair has been trading near rising support line which indicate strength in Rupee
- b) Sustainability of RSI below 50 and negative crossover in MACD on daily chart also looking conducive for our domestic currency
- c) On crossing below 69.35, pair can slip down till 69 and 68.40 mark.
- d) Resistance is seen at 70.10 followed by 70.70 marks

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

USDINR LEVEL

Resistance 2	70.70
Resistance 1	70.1
Close	69.38
Support 1	69.35
Support 2	68.40

STDC / R25 Open Calls for 07-06-2019 (2)

STDC (2)									
No	Date	Type	Buy/Sell	Stock	Entry1	Entry2	SL	Tgt 1	Tgt 2
1	03-Jun-19	STDC	BUY	INDUSINDBK	1600	1545	1430	1760	1820
2	24-May-19	STDC	BUY	ESCORTS	600	-	540	662	683

STDC : Long / BUY

3-Jun-19

BSE Code	532187
NSE Symbol	INDUSIND BANK
52wk Range H/L	2037/1333
Mkt Capital (Rs Cr)	100324
Av.Cash Volume(,000)	3064055
Open Interest	NA

Buy Price	1595-1605 & 1540-1550
Stop Loss	1430
Target Price1	1760
Target Price2	1820
Upside in Tgt1	11%-18%
Upside in Tgt2	22%-30%

Technical Chart



STDC BUY INDUSINB BANK @ 1595- 1605 AND ON DIP TOWARDS 1540-1550 SL- 1430 TGT-1760, 1820

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STDC : Long / BUY

24-May-19

BSE Code	500495
NSE Symbol	ESCORTS
52wk Range H/L	957.95/542.50
Mkt Capital (Rs Cr)	7,765.00
Av.Cash Volume(,000)	4659
Open Interest	

Buy Price	600
Stop Loss	540
Target Price1	662
Target Price2	683
Upside in Tgt1	10%
Upside in Tgt2	14%

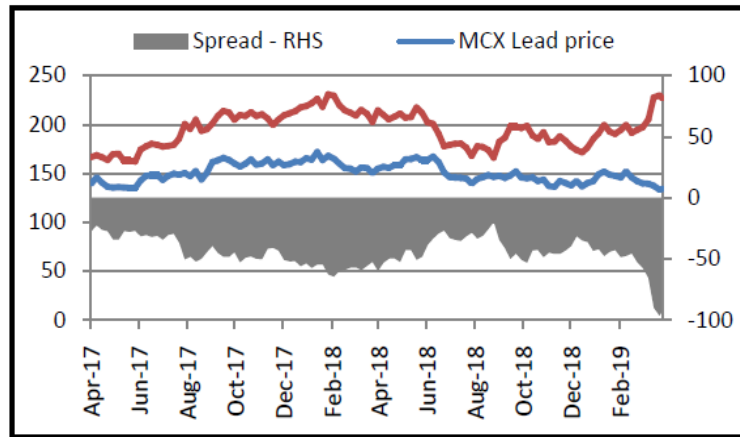


STDC- BUY ESCORTS @ 620-610 AND ON DIP TOWARDS 590-580 SL- 540 (CLOSING BASIS) TGT-662, 683

Stocks is in the rising trend and it has taken multiple support at 540 on weekly scale with good volume during its corrective fall. Last week again it has taken support at 540 and near 200 SMA also with rising volume. Momentum oscillator stochastic is trading in over sold zone and trying to move up. Hence, we advice our client to buy in the range of 620-610 and on the decline towards 590-580 for the price targets of 662 and 683 with 540 on closing basis as stop loss.

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.

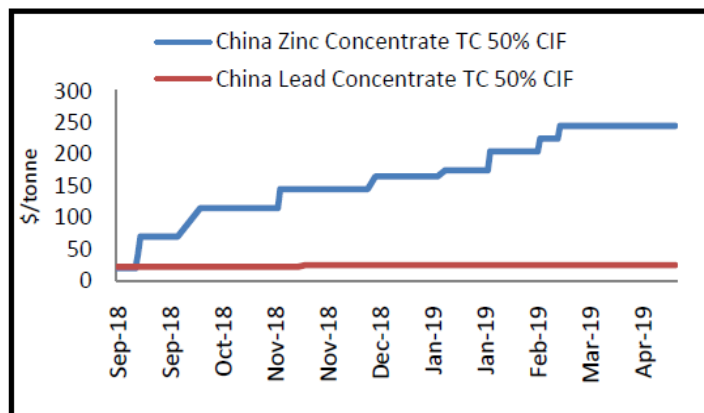


Source: Bloomberg, Narnolia Research

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.

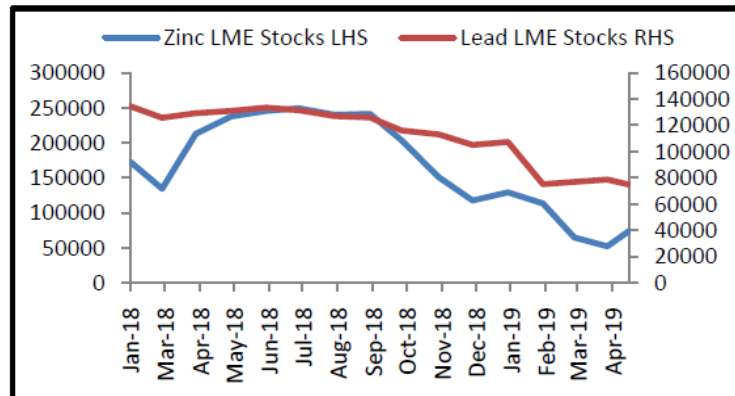
Zinc Treatment and refining charges has risen towards \$265 per tonne, up from \$20 per tonne in Sept 2018 which indicates the smelter get a higher margin towards refined production indicating the output to keep rising in coming months. On the other hand, Lead refining charges have remained unchanged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

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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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