Narnolia™

E Value Plus

Technical & Quant Update

21-Jun-19

Edition 1336

Trading Calls

Market	Value	% Change
SGX Nifty (at 8.00 am IST)	11862.50	-0.02%

Nifty Key Levels

Support	S1: 11750	S2 : 11700
Resistance	R1 : 11870	R2 : 11900

GAIL — BUY — 18th June 2019

Weekly chart of GAIL reveals that demand is increasing and supply is diminishing. Channel support line from lower levels is displaying trend reversal and creates buying opportunity at current juncture. As of now, stock is taking support from its ascending triangle resistance line on monthly chart which augur well for the Bulls and indicate surge on upside . Apart from this, rising Histogram in MACD daily signals optimism, which further suggest upside move in the counter in coming sessions. BUY GAIL AROUND 308-300, ON DIP 260-270 SL 236(CLOSING BASIS), TARGET 390-445

SBIN — BUY — 17th June 2019

After contravention sustainability of consolidation chapter between 312 and 246, this script was on track to creation a flag pattern on weekly chart, now it has given breakout of flag pattern. It also maintained its uptrend on the long term chart and is trading well above its short and long term moving averages. The momentum oscillator, RSI is also favors the price pattern. One can accumulate the stock around 335-340 AND ON DIP TOWARDS 305-310 SL 278 (CLOSING BASIS) TGT 398-450.

TATAMOTOR — BUY — 12th June 2019

Scrip spurted from a low of 163, it showed pullback on upside marked the high of marks and started consolidating there. This pullback rally and consolidation has taken the form of inverted H&S price pattern on an hourly chart where construction of right shoulder is going on. Currently, it is awaiting for the breakout on upside so that it can accelerate buying momentum further. Formation of Bullish Harami on daily time frame of chart suggesting bullish momentum in the scrip. Indicator and oscillator also showing conducive scenario in the coming sessions. So based on the mentioned technical structure we expect that price may see momentum on upside after giving the breakout above 173 and hit our target of 185 & 192 marks. BUY TATA MOTOR @ 168-171 AND ON DIP TOWARDS 162-164 SL- 154 (CLOSING BASIS) TGT- 185, 192

Market Outlook

Nifty has deliverd smart upmove in (-)1day from pressure date of 21st June and it achieved our discussed lower target of 11614(11643). Despite of recent vertical upmove it's early to say that Nifty has formed an intermediate bottom, Until and unless it breaks 12001 with faster pace as it has already breached multiple lower swing. All internal up moves will be treated as reactionary waves. Nevertheless Nifty has managed to close above 11827 and two successive closing above this levels will confirm trend reversal.

FII DERIVATIVES POSITION FOR 20-June-2019

	Net (Amt. in crs)
INDEX FUTURES	(237)
INDEX OPTIONS	1,508
STOCK FUTURES	1,076
STOCK OPTIONS	133

Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
20-Jun-19	4,464	4,902	(438)
Jun-19	62,912	63,827	(915)
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
20-Jun-19	3,456	2,214	1,241
Jun-19	35,720	34,212	1,508

Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	1.13	(1.90)	(2.89)	(23.02)
Automobiles	2.69	(2.08)	(5.80)	(27.33)
Chemicals	(0.14)	(3.36)	(1.46)	1.61
Construction & Engineering	2.01	(0.31)	3.62	5.01
Construction Materials	2.52	(0.92)	(2.29)	13.12
Diversified Financial Services	1.63	(1.00)	0.91	5.05
Electrical Equipment	0.90	(0.75)	2.28	3.83
Energy	1.56	(1.42)	(2.30)	11.87
Financials	1.45	(0.81)	0.19	10.10
Health Care	2.08	(1.69)	(3.94)	(11.62)
Household Durables	0.09	(2.36)	2.02	(6.99)
Household & Personal Products	0.09	(2.62)	0.63	3.57
Information Technology	0.35	0.28	3.52	19.25
Metals/Mining/Minerals	1.51	(0.97)	(0.17)	(16.82)
Telecom	2.23	(3.06)	0.82	(13.18)
Utilities	0.58	(0.46)	2.84	(1.28)

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

Long Position	DII	FII	Pro	Other
Future Index	40803	166098	17149	169522
Future Stock	18433	844765	180146	915888
Option Index Call	24397	185818	100952	318488
Option Index Put	80365	340506	113871	390654
Option Stock Call	0	21761	72046	325093
Option Stock Put	0	20194	57098	160737

Short Position	DII	FII	Pro	Other
Future Index	27026	121966	45252	199328
Future Stock	947338	609581	116066	286247
Option Index Call	0	60326	160150	409179
Option Index Put	0	118585	189236	617575
Option Stock Call	1848	22507	145539	249006
Option Stock Put	0	18061	75745	144223

High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
532777	NAUKRI	14.7
524200	VINATIORGA	11.9
503100	PHOENIXLTD	9.9
531344	CONCOR	9.9
500790	NESTLEIND	8.7
500800	TATAGLOBAL	8.6
500490	BAJAJHLDNG	8.3
532514	IGL	7.6
532898	POWERGRID	6.9
500238	WHIRLPOOL	6.6

High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
533150	GODREJPROP	16.1
505355	NESCO	14.8
500266	MAHSCOOTER	13.7
500049	BEL	11.0
532313	MAHLIFE	7.9
524742	CAPPL	7.7
512573	AVANTI	7.6
531266	VSTTILLERS	6.9
532814	INDIANB	3.7
500710	AKZOINDIA	3.3

Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
502742	SINTEX	(58.8)
500219	JISLJALEQS	(55.1)
532617	JETAIRWAYS	(51.3)
511072	DHFL	(44.6)
500111	RELCAPITAL	(44.4)
511431	VAKRANSOFT	(37.1)
523204	ABAN	(31.9)
514034	JBFIND	(30.4)
532667	SUZLON	(29.8)
532939	RPOWER	(24.9)

Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
517380	IGARASHI	(31.0)
532612	INDOCO	(21.7)
500302	PEL	(17.9)
502865	FORBESGOK	(15.9)
501425	BBTC	(14.8)
509496	ITDCEM	(14.8)
500288	MOREPENLAB	(14.4)
532482	GRANULES	(13.0)
532296	GLENMARK	(10.1)
500215	ATFL	(10.0)

* 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 companiy 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 21-06-2019 (3)

STDC (3)									
No	Date	Type	Buy/Sell	Stock	Entry1	Entry2	SL	Tgt 1	Tgt 2
1	18-Jun-19	STDC	BUY	GAIL	304	265	236	390	455
2	17-Jun-19	STDC	BUY	SBIN	337.5	307.5	278	398	450
3	12-Jun-19	STDC	BUY	TATAMOTOR	169.5	163	154	185	192

Nifty Weekly

17-Jun-19

VIEW

From last three weeks, Indices continue to trade within a 300 to 500 point range. Nervousness is seen at higher levels which suggest that momentum is fading and only few stocks are holding the benchmark indices. Market breadth also seems to be tilting towards the bears. Going forward, line of parity is the only hope for the bulls from where market can bounce back on higher side otherwise market can experience selling pressure in coming sessions.

NIFTY-

a) Index has been forming multiple doji's suggest market has to find its way on either of side.

b) Nifty has reclaimed 12 k but failed to sustain above the same

c) Negative divergence in RSI still posing a challenge to Bulls which lead to intermediate bouts of selling pressure at higher levels

d) But line of parity where previous resistance become support indicate the possibility of pullback on till 12050-12100 zone. Above this, it can extend up to 12200 and 12350 levels

e) Strong support lies at 11750-11800 zone, till this support holds possibility of pullback is not ruled out.

f) While if this mentioned support zone will taken decisively then we will see fresh selling of pressure set of selling kicking in that will result into chaotic sell off towards 11660 level on down side.

CHART ANALYSIS

SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	12200	138.2% External Retracement
Resistance 1	12050	Near Peak
Close	11823	
Support 1	11750	Key Base
Support 2	11660	Previous swing low

Banknifty Weekly

17-Jun-19

VIEW

In line with our expectation Banknifty continued its downward movement throughout last week and after opening with a negative session, the index rose to make a weekly high of 31399. However it was unable to maintain at the higher level and continuous selling pressure forced the index to close with a net loss of 1.6% over its previous week's close.

OBSERVATIONS:

1) Banknifty is trading above 50, 100 & 200 DMAs
2) A gap was left in between 29560 and 30111 in Banknifty.
3) RSI & Stochastic are approaching to their normal levels.

According to the above observations it can be concluded that the short term and medium term trend of Banknifty is looking positive as the index is trading above all the major DMAs (50, 100, 200). Current profit booking process is also likely to complete very soon as the RSI & Stochastic are approaching to their normal levels.

In the current week the index may come down further to fill the gap of (29560 - 30111) which was formed on 20th May 2019. However we should use this gap-filling activity as a fresh buying opportunity in Banknifty.

CHART ANALYSIS

SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	31400
Resistance 1	31050
Close	30614
Support 1	30564
Support 2	30080

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USDINR

USDINR Weekly

17-Jun-19

VIEW

Sharp spike in crude oil prices amid tensions between saud arabia and Iran, limited production from Russia & OPEC and hiking of rates by the US FED are weighing on our domestic currency. Weakness can be expected in the coming sessions as ghost of trade dispute is still lingering which can create negative bias for the currency.

TECHNICAL FACTORS-

a) Pullback is seen after breaching the mentioned support of 69.30 mark

b) Formation of bull marubozu on weekly chart suggest weakness for Rupee

c) Moreover, bullish crossover in MACD also lending support to the price action of pair

d) Any throwback above 70.10 can be used to initiate fresh long for a target of 70.70 and 71.50 marks

f) A failure to sustain beyond the level would lead to strength for rupee and pair can drag to its lower level till 69 and 68.40 marks

CHART ANALYSIS

SUPPORT & RESISTANCE LEVELS

	USDINR LEVEL
Resistance 2	70.70
Resistance 1	70.1
Close	69.83
Support 1	69
Support 2	68.40

Narnolia™ GAIL

STDC : Long / BUY

18-Jun-19

BSE Code	532155		Buy Price	308-300 & 260-270
NSE Symbol	GAIL		Stop Loss	236
52wk Range H/L	398.80/296		Target Price1	390
Mkt Capital (Rs Cr)	69467.46		Target Price2	455
Av.Cash Volume(,000)	31955.03		Upside in Tgt1	26%-30%
Open Interest	NA		Upside in Tgt2	47%-51%

Technical Chart

STDC BUY GAIL @ 308-300 AND ON DIP TOWARDS 260-270 SL 236 (CLOSING BASIS) TGT 390-445

Weekly chart of GAIL reveals that demand is increasing and supply is diminishing. Channel support line from lower levels is displaying trend reversal and creates buying opportunity at current juncture. As of now, stock is taking support from its ascending triangle resistance line on monthly chart which augur well for the Bulls and indicate surge on upside . Apart from this, rising Histogram in MACD daily signals optimism, which further suggest upside move in the counter in coming sessions. BUY GAIL AROUND 308-300, ON DIP 260-270 SL 236(CLOSING BASIS), TARGET 390-445

Narnolia™ SBIN

STDC : Long / BUY

17-Jun-19

BSE Code	500112
NSE Symbol	SBIN
52wk Range H/L	364/247.65
Mkt Capital (Rs Cr)	301428.75
Av.Cash Volume(,000)	129614.36
Open Interest	NA

Buy Price	335-340& 305-310
Stop Loss	278
Target Price1	398
Target Price2	450
Upside in Tgt1	18%-33%
Upside in Tgt2	34%-45%

Technical Chart

STDC BUY SBIN @ 335-340 AND ON DIP TOWARDS 305-310 SL 278 (CLOSING BASIS) TGT 398-450

After contravention sustainability of consolidation chapter between 312 and 246, this script was on track to creation a flag pattern on weekly chart, now it has given breakout of flag pattern. It also maintained its uptrend on the long term chart and is trading well above its short and long term moving averages. The momentum oscillator, RSI is also favors the price pattern. One can accumulate the stock around 335-340 AND ON DIP TOWARDS 305-310 SL 278 (CLOSING BASIS) TGT 398-450.

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TATAMOTOR

STDC : Long / BUY

12-Jun-19

BSE Code	500570
NSE Symbol	TATAMOTOR
52wk Range H/L	313.5/141.9
Mkt Capital (Rs Cr)	48796
Av.Cash Volume(,000)	12818738
Open Interest	NA

Buy Price	168-171 & 162-164
Stop Loss	154
Target Price1	185
Target Price2	192
Upside in Tgt1	11%-18%
Upside in Tgt2	22%-30%

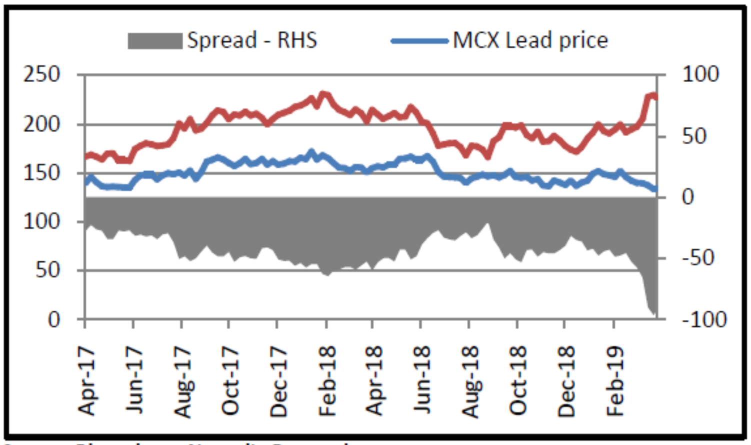
Technical Chart

STDC BUY TATA MOTOR @ 168-171 AND ON DIP TOWARDS 162-164 SL- 154 (CLOSING BASIS) TGT- 185, 192

Scrip spurted from a low of 163, it showed pullback on upside marked the high of marks and started consolidating there. This pullback rally and consolidation has taken the form of inverted H&S price pattern on an hourly chart where construction of right shoulder is going on. Currently, it is awaiting for the breakout on upside so that it can accelerate buying momentum further. Formation of Bullish Harami on daily time frame of chart suggesting bullish momentum in the scrip. Indicator and oscillator also showing conducive scenario in the coming sessions. So based on the mentioned technical structure we expect that price may see momentum on upside after giving the breakout above 173 and hit our target of 185 & 192 marks. BUY TATA MOTOR @ 168-171 AND ON DIP TOWARDS 162-164 SL- 154 (CLOSING BASIS) TGT- 185, 192

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.

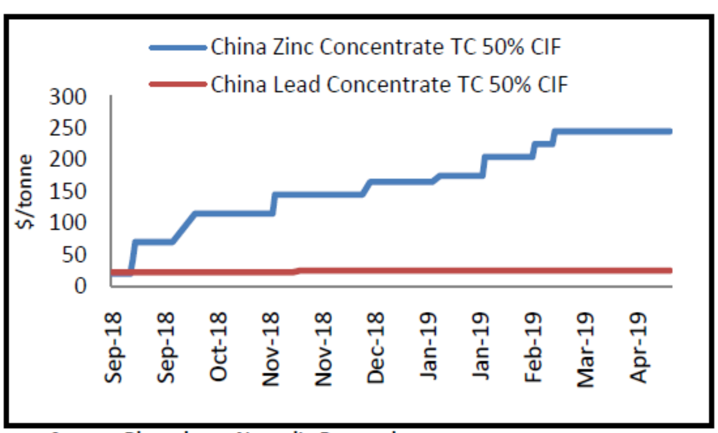


Source: Bloomberg, Narnolia Research

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.

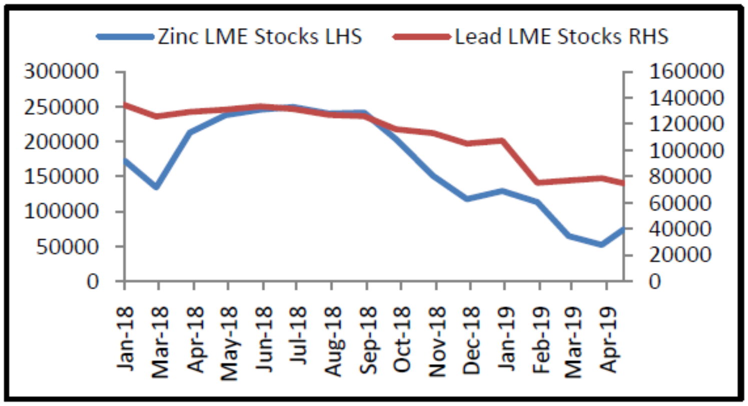
Treatment and refining charges



Source: Bloomberg, Narnolia Research

Spread Call View – Sell Zinc Buy Lead 18-Apr-18

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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