

## Trading Calls

### GAIL BUY 10th July 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 140-145, ON DIP 120-125 SL 110(CLOSING BASIS), TARGET 180-200

### RECL BUY 25th June 2019

Scrip is moving in a well defined ascending channel with multiple touch point and appears to be having a strong support around 138- 142 levels as it bounced back couple of time from the demand line. It also maintained its uptrend on the long term chart and is trading well above its short and long term moving averages(20/ 50 /200 DMA). The momentum oscillator, RSI is also favors the price pattern. One can accumulate the stock around 155 and lower around 138-142 zone for an upside target of 220/260 and a stop loss should maintain 125 closing basis.

Market	Value	% Change
SGX Nifty (at 8.00 am IST)	10859.50	-0.05%

### Nifty Key Levels

Support	S1: 10750	S2 : 10700
Resistance	R1 : 10950	R2 : 11000

### Market Outlook

Fresh sell-off was witnessed in Nifty yesterday and it validates our view that the index has not yet completed its bottom out process. Immediate crucial support of Nifty is at 10800 and a closing below this level is likely to take the index further lower to 10600 in the near future. In short term (10500-10600) zone would act as strong support areas of Nifty. So we should initiate fresh long position either in 10500-10600 zone or only above 200 DMA (currently is at 11160).

### Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
07-Aug-19	5,240	5,624	(384)
Aug-19	25,083	33,536	(8,453)
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
07-Aug-19	3,991	3,459	532
Aug-19	24,661	16,595	8,066

### FII DERIVATIVES POSITION FOR 07-August-2019

	Net (Amt. in crs)
INDEX FUTURES	(981)
INDEX OPTIONS	986
STOCK FUTURES	609
STOCK OPTIONS	(4)

### Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	(1.07)	(2.44)	(12.69)	(35.54)
Automobiles	(1.87)	0.53	(13.12)	(36.35)
Chemicals	(0.10)	0.47	(2.28)	(4.10)
Construction & Engineering	(1.08)	(1.96)	(11.77)	(6.83)
Construction Materials	0.11	(0.04)	(5.18)	(3.21)
Diversified Financial Services	(0.49)	0.01	(11.01)	(10.60)
Electrical Equipment	(0.75)	(1.33)	(11.82)	(15.49)
Energy	(1.66)	(5.18)	(13.44)	(13.46)
Financials	(0.89)	(2.70)	(11.96)	(5.98)
Health Care	0.62	(0.84)	(0.53)	(14.46)
Household Durables	(0.26)	(0.30)	(8.18)	(15.28)
Household & Personal Products	1.15	2.14	(0.84)	(4.54)
Information Technology	0.16	(0.18)	1.36	7.99
Metals/Mining/Minerals	(1.39)	(5.76)	(15.08)	(30.54)
Telecom	(0.84)	3.78	(7.81)	(18.69)
Utilities	0.01	(2.46)	(6.35)	(5.64)

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

Long Position				
	DII	FII	Pro	Other
Future Index	74826	66021	42539	190843
Future Stock	20049	945792	156429	779573
Option Index Call	23606	244227	143567	857850
Option Index Put	87330	250731	196655	502299
Option Stock Call	0	27564	52406	294820
Option Stock Put	0	15852	68204	127624

Short Position				
	DII	FII	Pro	Other
Future Index	7165	200885	23018	143161
Future Stock	1021143	584376	86565	209759
Option Index Call	0	122136	444662	702452
Option Index Put	0	92801	236379	707835
Option Stock Call	975	21824	139856	212135
Option Stock Put	0	12581	67247	131852

## High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
500820	ASIANPAINT	16.4
500126	MERCK	13.0
532497	RADICO	11.8
532531	STAR	11.8
531335	ZYDUSWELL	9.4
500209	INFY	8.2
500331	PIDILITIND	7.3
500096	DABUR	7.3
524816	NATCOPHARM	5.1
532539	MINDAIND	5.1

## High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
511196	CANFINHOME	6.7
500182	HEROMOTOCO	5.3
533150	GODREJPROP	3.3
506690	UNICHEMLAB	1.4
500390	RELINFRA	1.2
500110	CHENNPETRO	0.8
500710	AKZOINDIA	0.5
500135	ESSELPACK	0.0
517385	SYMPHONY	(0.4)
503310	SWANENERGY	(0.7)

## Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
532822	IDEA	(53.6)
524000	MAGMA	(40.7)
522275	ALSTOMT&D	(38.0)
511072	DHFL	(36.5)
514034	JBFIN	(34.3)
526797	GREENPLY	(29.2)
532617	JETAIRWAYS	(28.7)
532548	CENTURYPLY	(28.5)
530007	JKTYRE	(27.3)
523204	ABAN	(26.9)

## Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
509496	ITDCM	(33.3)
500031	BAJAJELEC	(27.7)
532638	SHOPERSTOP	(22.9)
500116	IDBI	(20.4)
500249	KSBPUMPS	(19.1)
500112	SBIN	(18.4)
505192	SMLISUZU	(18.4)
532810	PFC	(17.2)
532144	WELCORP	(16.8)
532215	AXISBANK	(15.7)

\* 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 08-08-2019 (2)**

STDC (2)									
No	Date	Type	Buy/Sell	Stock	Entry1	Entry2	SL	Tgt 1	Tgt 2
1	10-Jul-19	STDC	BUY	GAIL	142.5	122.5	110	180	200
2	25-Jun-19	STDC	BUY	RECLTD	158	140	125	220	260

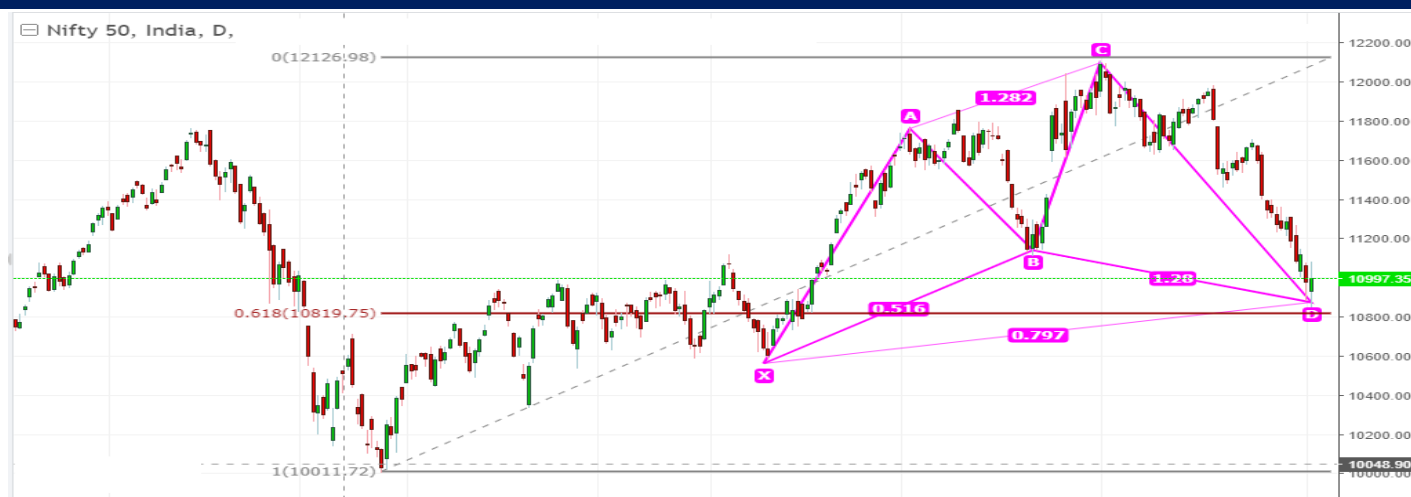
### VIEW

For the first time in last three months, Domestic market witnessed back to back follow thru selling for last five consecutive weeks. Weakness in the market has intensified as it closed with 2.5% loss in this week. Poor quarterly results, weak auto sale data and negative macro economic condition has created bearish sentiment in the market. However Nifty and Bank nifty has entered into crucial support zone so some respite can be seen in this coming week.

### Technical Outlook-

- Nifty continue to reel under pressure and widens its relative under performance with emerging economies.
- The sequence of lower tops and lower bottom formation remains intact.
- Strong support zone is seen near 10800-10840 zone due to below mentioned rationale:
  - Completion of D leg in the Bullish harmonic pattern near mentioned zone
  - 100 weeks moving average
  - 61.8 % retracement of the upside move from 10004 to 12100 comes at 10810-10820 levels.
- Sustainability above the zone of 10800-10840 can provide relief rally towards 11155 (200 DMA's ) and 11310 levels on upside.
- View will negate if index get close below 10725 level on closing basis.

### CHART ANALYSIS



### SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	11310	Top of Bearish Belt Hold
Resistance 1	11155	200 DMA
Close	10997	
Support 1	10840	200 WMA
Support 2	10725	Previous swing low

### VIEW

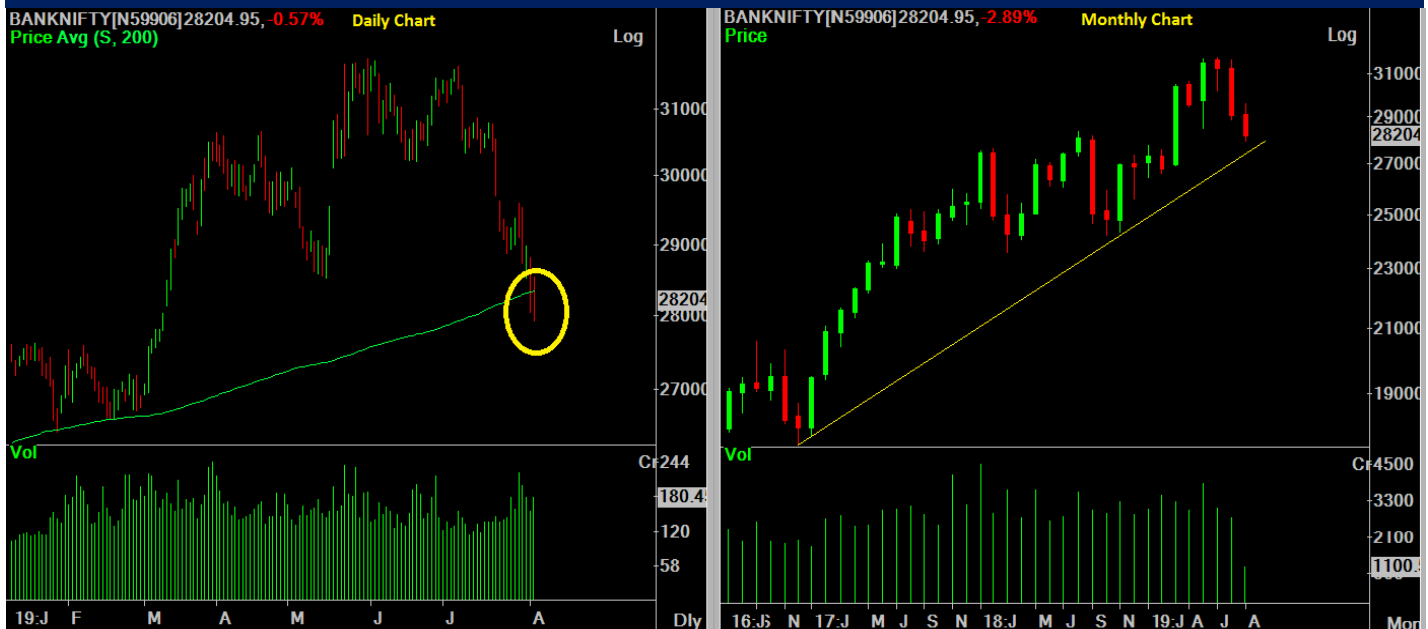
Banknifty gave a sharp downward movement throughout last week and closed the week with a net loss of 3.8% over its previous week's close. The selling was witnessed across the board. However Stae Bank of India and Axis bank were the major losers during the week and they lost nearly 10% and 8% respectively.

#### OBSERVATIONS:

- 1) Banknifty has breached its immediate support of 200 DMA on daily chart.
- 2) Banknifty is approaching near its trendline support areas on the monthly chart.

According to the above observations it can be concluded that in the extreme short term some more selling is possible in the Banking sector as the index has breached its immediate support of 200 DMA (currently is at 28348). However short term trend of Banknifty remains positive untill it breaches its monthly trendline support of 26920. But the reversal confirmation of current downtrend would come after closing above 200 DMA. So we recommend initiating fresh long position in Banknifty only above 200 DMA (closing basis).

### CHART ANALYSIS



### SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	28850
Resistance 1	28370
Close	28208
Support 1	27530
Support 2	26920

### VIEW

Currency got hammered due to the commotion of global growth, monetary easing by international bank and a recent flare up in US China trade war where US president Trump imposed 10% tariffs on remaining 300 bn USD of imports from china and this tariff announcement triggered a huge sell off in Equity and commodities plunged with crude oil down 7%. Persistent foreign fund outflows and a strengthening greenback also put pressure on the rupee.

### TECHNICAL FACTORS-

- a) Strong support lies at 68.30 as pair has formed Double bottom at lower levels.
- b) As long as it sustain above the same, it can move higher
- c) Positive divergence in RSI also implying the same
- d) Further buying momentum can trigger above 70 from where it can surge higher till 70.20 (near 200 DMA) and 70.65 mark.

### CHART ANALYSIS



### SUPPORT & RESISTANCE LEVELS

#### USDINR LEVEL

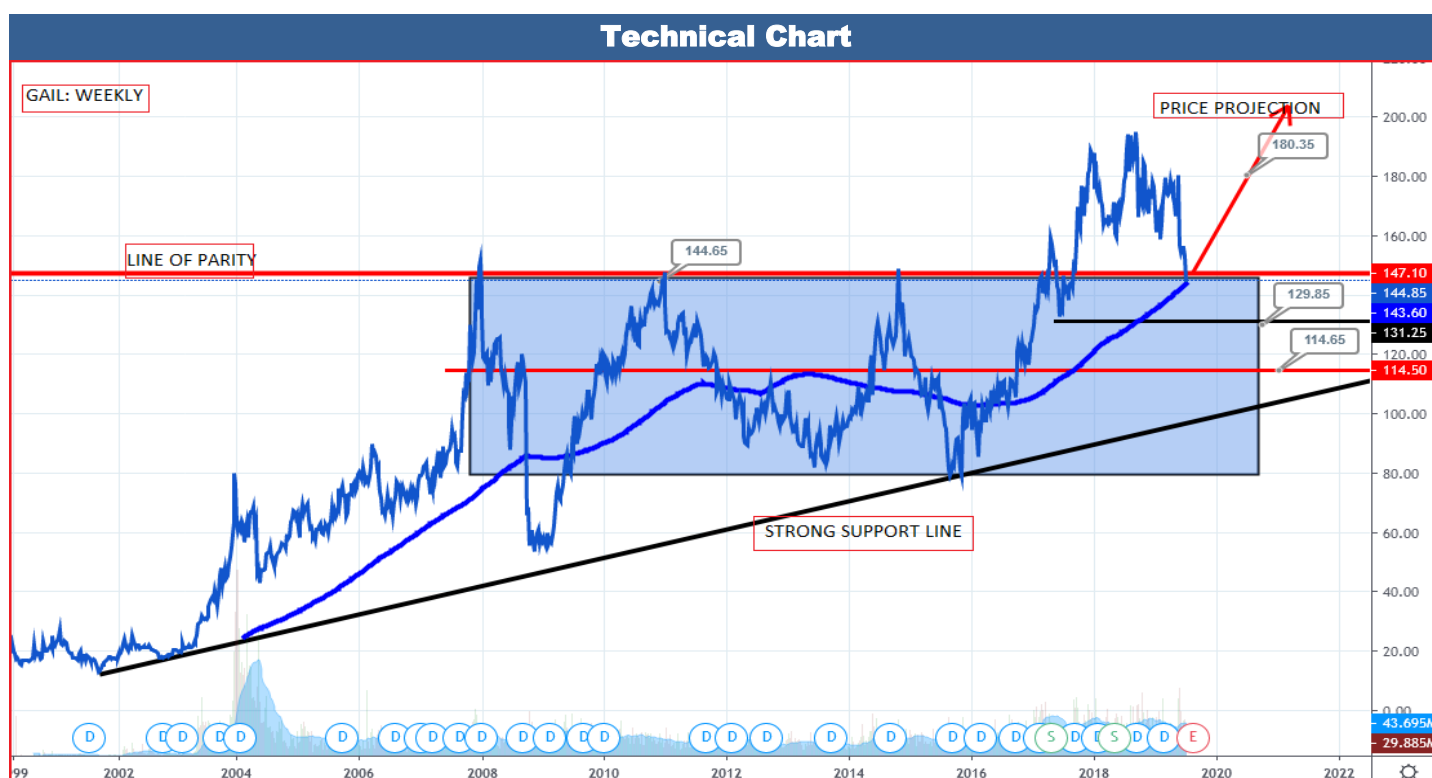
Resistance 2	70.20
Resistance 1	70
Close	69.70
Support 1	69.2
Support 2	68.30

## STDC : Long / BUY

10-Jul-19

BSE Code	532155
NSE Symbol	GAIL
52wk Range H/L	200/144
Mkt Capital (Rs Cr)	69467.46
Av.Cash Volume(,000)	31955.03
Open Interest	NA

Buy Price	140-145 & 120-125
Stop Loss	110
Target Price1	180
Target Price2	200
Upside in Tgt1	20%-30%
Upside in Tgt2	30%-40%



STDC BUY GAIL AROUND 140-145, ON DIP 120-125 SL 110(CLOSING BASIS), TARGET 180-200

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 140-145, ON DIP 120-125 SL 110(CLOSING BASIS), TARGET 180-200

## STDC : Long / BUY

25-Jun-19

BSE Code	532955
NSE Symbol	RECLTD
52wk Range H/L	169/89
Mkt Capital (Rs Cr)	27066
Av.Cash Volume(,000)	33489
Open Interest	NA

Buy Price	155-161 & 138-142
Stop Loss	125
Target Price1	220
Target Price2	260
Upside in Tgt1	25%-34%
Upside in Tgt2	25%-47%

### Technical Chart



**STDC : BUY RECL AROUND 161-155 AND 138-142 SL 125 TARGET 220/ 260**

Scrip is moving in a well defined ascending channel with multiple touch point and appears to be having a strong support around 138- 142 levels as it bounced back couple of time from the demand line. It also maintained its uptrend on the long term chart and is trading well above its short and long term moving averages(20/ 50 /200 DMA). The momentum oscillator, RSI is also favors the price pattern. One can accumulate the stock around 155 and lower around 138-142 zone for an upside target of 220/260 and a stop loss should maintain 125 closing basis.



Last week, base metal prices were hit badly after US President Trump announced to impose additional tariffs on further \$300bn of Chinese imports stating that the 10% tariffs, due to take effect on 1 September which means it will tax all the Chinese imports. This states the trade war has reached on another level slowly damaging the health of the economy and thereby reducing the demand for industrial commodity.

Lead prices started to rise towards \$2100/tonne in June 2019 on the back of supply disruption and environmental crackdowns on smelters in China with additional support coming due to falling inventories. However, looking at the current scenario we believe this upside in prices is unlikely to sustain.

Looking at the demand supply scenario, global lead market shifted to surplus of 13,000 tonnes in May 2019 after showing a deficit of 31,000 tonnes in the month of April 2019. In the coming months, we believe this surplus will expand on account of fall in demand from the auto sector and lower manufacturing activity weakening demand for the metal worldwide.

#### Demand-Supply Scenario:

According to the ILZSG, the Group anticipates that global lead supply will exceed demand by 71,000 tonnes in 2019. The production is mainly anticipated to expand in China and Australia in 2019. China's lead production expanded 16.6 percent to 2.87 million tonnes in the first six months of 2019 according to the National Development and Reform Commission (NDRC).

	2016	2017	2018	2019*
Mine Production*	4689	4713	4671	4750
World Refined Production	11169	11589	11642	11940
World Refined Consumption	11141	11740	11721	11870
Surplus/Deficit	28	-151	-79	70
Source: ILZSG, Narnolia Research				(Figs in tonnes)

**Current Scenario:** Three days ago, Nyrstar announced that it has restarted the blast furnace at its Port-Pirie lead smelter in Australia after two months shutdown due to an unplanned outage in late May resulting into a production loss of around 30,000 tonnes. On the London Metal Exchange, the benchmark spread i.e. the difference between the cash price and that for three-month delivery remains at discount of \$13 per tonne. This shifted the current premium of Lead into discount.

**Inventory:** The rising LME inventory is a cause for concern for the traders. LME warehouses saw an inflow of 27,625 tonnes of lead in a span of one week, taking total LME lead stocks to a one-month high of 85,375 tonnes, although total LME Lead inventories are still down significantly from the 107,000 tonnes held at the start of the year.

**Conclusion:** The restart of lead plant, rising inventories and increasing production together are pushing the LME forward contract into contango pointing us towards slowing demand for the metal in the coming months. Also the global economy is expected to remain subdued due to rising trade worries between US and China. If the China retaliates with more tariffs on United States we believe LME Lead prices will fall towards \$1770 per tonne in the coming three month time frame. Therefore, one can follow sell on rise strategy in LME Lead at \$2040/tonne.

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**Disclosure of Interest Statement-**

Analyst's ownership of the stocks mentioned in the Report	NIL
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