

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)	11117.00	0.24%

Nifty Key Levels

Support	S1: 11000	S2 : 10980
Resistance	R1 : 11180	R2 : 11200

Market Outlook

As per the expectation Nifty has found a stiff resistance near 200 DMA (currently is at 11167) and thereafter corrected from that level on Friday. We recommend initiating fresh long position in Nifty only above 200 DMA and a breach of this level is likely to take the index higher to 11300 and then 11400. On the lower side 11024 and 10970 would act as strong supports of Nifty.

Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
09-Aug-19	4,735	4,531	204
Aug-19	35,246	43,933	(8,687)
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
09-Aug-19	4,569	3,962	607
Aug-19	33,422	24,458	8,964

FII DERIVATIVES POSITION FOR 09-August-2019

	Net (Amt. in crs)
INDEX FUTURES	(271)
INDEX OPTIONS	1,197
STOCK FUTURES	47
STOCK OPTIONS	42

Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	2.42	1.33	(7.38)	(33.51)
Automobiles	1.98	3.83	(5.09)	(32.74)
Chemicals	0.78	2.58	2.21	(2.98)
Construction & Engineering	0.53	0.00	(9.57)	(6.03)
Construction Materials	1.41	1.74	(4.18)	(3.44)
Diversified Financial Services	2.02	3.68	(5.21)	(8.56)
Electrical Equipment	0.46	0.94	(9.11)	(15.33)
Energy	0.52	(1.96)	(10.30)	(11.97)
Financials	1.42	1.80	(6.54)	(4.55)
Health Care	(0.01)	1.36	0.09	(12.99)
Household Durables	1.14	3.21	(4.75)	(13.44)
Household & Personal Products	1.60	4.68	4.27	(2.51)
Information Technology	(0.42)	2.26	4.38	9.63
Metals/Mining/Minerals	(0.66)	(0.91)	(12.18)	(30.76)
Telecom	(0.44)	4.40	(5.23)	(16.69)
Utilities	(0.38)	(0.68)	(4.17)	(5.79)

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

	Long Position			
	DII	FII	Pro	Other
Future Index	65646	68728	38218	179029
Future Stock	23623	951152	159874	760552
Option Index Call	23541	241175	152018	447623
Option Index Put	85330	253365	187375	477202
Option Stock Call	0	27327	62088	298378
Option Stock Put	0	17203	67971	146622

	Short Position			
	DII	FII	Pro	Other
Future Index	6628	204173	17448	123372
Future Stock	1003512	601687	86602	203400
Option Index Call	0	96645	259427	508285
Option Index Put	0	103427	212283	687562
Option Stock Call	975	22226	145216	219376
Option Stock Put	0	14092	74980	142724

High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
500820	ASIANPAINT	19.1
500331	PIDILITIND	14.2
500126	MERCK	13.0
531335	ZYDUSWELL	12.9
532531	STAR	12.6
532497	RADICO	11.1
500209	INFY	10.2
532654	MCLEODRUSS	9.0
532539	MINDAIND	8.6
524208	AARTIIND	8.6

High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
500182	HEROMOTOCO	9.2
500110	CHENNPETRO	6.0
511196	CANFINHOME	5.8
512529	SEQUENT	3.2
500390	RELINFRA	2.9
532500	MARUTI	2.9
506690	UNICHEMLAB	2.4
517385	SYMPHONY	2.2
500040	CENTURYTEX	1.5
524742	CAPPL	0.2

Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
532822	IDEA	(52.4)
530943	SABTN	(38.3)
524000	MAGMA	(34.5)
523204	ABAN	(31.3)
522275	ALSTOMT&D	(31.0)
511072	DHFL	(30.5)
514034	JBFIND	(25.6)
532179	CORPBANK	(25.3)
500038	BALRAMCHIN	(25.1)
530007	JKTYRE	(24.3)

Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
509496	ITDCM	(25.5)
500116	IDBI	(20.6)
500480	CUMMINSIND	(19.1)
532638	SHOPERSTOP	(18.4)
500112	SBIN	(17.7)
500031	BAJAJELEC	(16.4)
532144	WELCORP	(15.0)
505192	SMLISUZU	(14.9)
522205	PRAJIND	(14.8)
505744	FMGOETZE	(14.2)

* 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 13-08-2019 (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

After opening with a red session, Banknifty fell to make a weekly low of 27389.50 on the first day of last week. However it was unable to maintain at the lower level and started to give pullback from the next day. At the end of the week Banknifty closed at 28431.90. It had a net gain of 0.9% over its previous week's close.

OBSERVATIONS:

- 1) Banknifty closed just over 200 DMA.
- 2) Banknifty is facing a stiff resistance near the downward sloping trend line.
- 3) A positive divergence was witnessed in Stochastic.

According to the above observations it can be concluded that the Banknifty has witnessed some pullback rally last week due to the formation of positive divergence in Stochastic. However currently the index is facing a stiff resistance near the downward sloping trend line. A successive move above the trend line (28995) would indicate the reversal of current downtrend and in that case Banknifty will go higher to 29580 and then 30500 in the short term.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	28995
Resistance 1	28860
Close	28432
Support 1	28069
Support 2	27380

VIEW

China altered its currency by pegging the yuan below 7 to a dollar and the impact of which is felt by financial assets across all over the world. Currency depreciation is in retaliation to trade tariffs, seeking to maintain export competitiveness which added volatility to emerging market currencies, making global investors even more wary of emerging market equities. Dollar denominated indices of indonesia, malaysia , south koria and India already slipped into negative territory for 2019 after china's historic currency decision. Further weakness in yuan could impact dollar denominated currencies in the coming days.

TECHNICAL FACTORS-

- a) Trendline breakout along with bullish belt hold candle on weekly chart showing no respite for Rupee in coming days
- b) Positive crossover in MACD in negative zone implying further weakness for indian currency
- c) As of now, support is shifted higher at 70.10 followed by 69
- d) On crossing and sustaining above 71.20 mark, it can extend up to 71.85 and 72 mark

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

USDINR LEVEL

Resistance 2	71.85
Resistance 1	71.2
Close	70.92
Support 1	70.1
Support 2	69.00

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%

Technical Chart



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

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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
<i>Source: ILZSG, Narnolia Research</i>				(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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