

## 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)	10920.00	-0.11%

### Nifty Key Levels

Support	S1: 10900	S2 : 10820
Resistance	R1 : 11045	R2 : 11120

### Market Outlook

The falling near the lower end of the range indicates the market is in bears' control, and rising volatility is putting sustained pressure at every bounce, hence, there could be more sell-off if index dips decisively below 10900 in the coming sessions. Bulls need to defend 10900 for witnessing a pullback. If nifty trades below 10900 for at least 60 minutes in next session with a stop above intraday high for the initial target of 10820-10790 zone. Strength in the index shall not be expected unless it gets past above 11120 on a closing basis.

### FII DERIVATIVES POSITION FOR 21-August-2019

Net (Amt. in crs)

INDEX FUTURES	(137)
INDEX OPTIONS	(932)
STOCK FUTURES	(328)
STOCK OPTIONS	(107)

### Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
21-Aug-19	3,834	4,604	(771)
Aug-19	66,325	76,078	(9,753)
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
21-Aug-19	3,475	3,121	354
Aug-19	54,432	41,552	12,880

### Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	(0.52)	(0.54)	(6.57)	(36.50)
Automobiles	(0.50)	2.96	(0.90)	(34.32)
Chemicals	(0.94)	0.17	2.16	(3.80)
Construction & Engineering	(2.40)	(1.60)	(9.11)	(11.64)
Construction Materials	(2.25)	(4.23)	(9.92)	(11.05)
Diversified Financial Services	(1.43)	(0.77)	(7.57)	(12.08)
Electrical Equipment	(1.89)	(1.24)	(8.81)	(19.56)
Energy	(1.28)	(1.66)	(4.45)	(9.29)
Financials	(1.16)	(0.48)	(7.74)	(7.27)
Health Care	(0.88)	(1.57)	(2.43)	(19.67)
Household Durables	(0.54)	(0.36)	(3.08)	(13.52)
Household & Personal Products	(0.19)	0.07	3.92	(4.52)
Information Technology	(0.12)	0.44	2.46	4.91
Metals/Mining/Minerals	(2.79)	(3.67)	(15.04)	(34.34)
Telecom	(1.64)	1.19	(4.37)	(18.55)
Utilities	(0.79)	0.92	(4.50)	(7.25)

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

	Long Position			
	DII	FII	Pro	Other
Future Index	75084	91033	40459	183047
Future Stock	28650	940659	215732	786877
Option Index Call	23581	238799	151124	884315
Option Index Put	82426	304823	197687	477593
Option Stock Call	0	34354	64154	378310
Option Stock Put	0	19814	76877	161059

	Short Position			
	DII	FII	Pro	Other
Future Index	8173	214157	24577	142716
Future Stock	985157	649819	114919	222023
Option Index Call	0	144357	418753	734709
Option Index Put	0	117844	207335	737350
Option Stock Call	942	31707	184812	259357
Option Stock Put	0	16265	83187	158298

## High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
500163	GODFRYPHLP	24.9
500820	ASIANPAINT	14.9
532504	NAVINFLUOR	13.9
500331	PIDILITIND	11.3
531335	ZYDUSWELL	9.7
503806	SRF	9.6
500790	NESTLEIND	8.7
532497	RADICO	8.6
500676	GSKCONS	6.9
524816	NATCOPHARM	6.6

## High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
500182	HEROMOTOCO	9.5
533655	TRITURBINE	7.3
532500	MARUTI	5.8
532772	DCBbank	4.4
506690	UNICHEMLAB	1.1
533006	BIRLACOT	0.0
517385	SYMPHONY	(0.2)
526586	WIMPLAST	(0.5)
500110	CHENNPETRO	(0.5)
523405	JMFINANCIL	(0.9)

## Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
500187	HSIL	(72.5)
532822	IDEA	(50.6)
530943	SABTN	(41.2)
502742	SINTEX	(36.1)
532839	DISHTV	(34.6)
531548	SOMANYCERA	(34.4)
514034	JBFIND	(33.5)
500294	NCC	(32.0)
523204	ABAN	(30.3)
500570	TATAMOTORS	(30.2)

## Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
500116	IDBI	(26.4)
509496	ITDCEM	(24.0)
500112	SBIN	(23.7)
500480	CUMMINSIND	(23.0)
524404	MARKSANS	(20.2)
522205	PRAJIND	(20.0)
532638	SHOPERSTOP	(19.8)
500031	BAJAJELEC	(19.1)
532296	GLENMARK	(17.7)
514162	WELSPUNIND	(17.3)

\* 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 22-08-2019 (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

Due to curtailed week, we did not see much movement in the indices but they were able to hold their key supports firmly which gives insight of positive biasness. Bulls got sigh of relief after 1000 points of downswing when Govt indicated to take some revival steps for the economy. This past week domestic market is haunted by fears of global recession due to US inverted yield curve which is seen in the 10 year and 2 year treasury bonds. Any negative news can hurt our market sentiment but the chances of that are very low currently as our domestic market are gradually becoming resilient as it has digested all negative news in its adversaries.

### Technical Outlook-

- Formation of multiple doji near the key support at the base of Inverted Flag pattern suggest positive bias as decline has bought and Nifty has seen smart pullback on upside
- Nifty is gradually moving towards our first target of Cypher pattern which we mentioned in our previous report
- As of now, follow thru buying is needed **above 200 DMA** which comes in the zone of **11160-11170**, then after we may witness a further rally towards 11285 (38.2% Retracement) and 11595 (61.8% Retracement) which is our first and second target of our Bullish Cypher pattern
- On the flip side, **bearish flag breakdown** is expected below 10900 levels from where it can slip down till 10800- 10780 levels on down side

### CHART ANALYSIS



### SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	11285	38.2 % Retracement
Resistance 1	11165	200 DMA
Close	11047	
Support 1	10900	Base of bearish Flag Pattern
Support 2	10780	Previous swing low

VIEW

After opening with a red session, Banknifty fell to make a weekly low of 27683.50 on the first day of the last week. However it was unable to maintain at the lower level and some recovery was witnessed in next couple of trading days. At the end of the week Banknifty closed at 28217. It had a net loss of 0.85% over its previous week's close.

**OBSERVATIONS:**

- 1) Banknifty is trading below 200 DMA.
- 2) Banknifty is approaching near its trendline support areas (shown by the upward sloping line on the monthly chart).

According to the above observations it can be concluded that the immediate trend of the Banknifty is looking weak as the index is trading below 200 DMA. However it is currently consolidating near its multi year trend line support areas (26400-26800 zone). So the major downside is very unlikely in the index. On the higher side 28995 would act as short term strong resistance of the index and a successive move above 28995 would indicate the reversal of current downtrend and in that case Banknifty will go higher to 30500 and then 31400 in the short term. Therefore we recommend initiating fresh long position in Banknifty either in (26400-26800 zone) or only above 28995.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	28995
Resistance 1	28860
Close	28217
Support 1	28069
Support 2	27380

### VIEW

In line with our analysis of previous week, USDINR pair is looking firm and Rupee was traded under pressure on stable dollar and lower risk appetite. Rapid escalating US CHINA trade tariff will continue to roil Rupee. Trade war between US & China has sent the riskier assets on a downward spiral, with investors taking shelter of the safe haven assets. Volatility in forex market will continue until the US-CHINA trade war will cool off.

#### TECHNICAL FACTORS-

- a) Formation of shooting star near 61.8 % fibonacci retracement on weekly chart suggest halt in the upside momentum of pair
- b) But indicators and oscillators are looking remain firm on upside which can give support in coming sessions
- c) To carry forward this upside momentum, pair has to cross and sustain above 71.80-72.10 zone from where it can inch forward toward 72.60 and 73
- d) However, A break below 70.84 can push lower towards 70.10 and 69.70 mark on downside

### CHART ANALYSIS



### SUPPORT & RESISTANCE LEVELS

#### USDINR LEVEL

Resistance 2	72.10
Resistance 1	71.8
Close	71.15
Support 1	70.84
Support 2	70.10

## 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
<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-**

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