

Trading Calls

RELIANCE BUY 23rd August 2019

On daily scale RELIANCE has formed a DB around 1095 and after forming DB it has moved in impulse towards 1304.45, now it is trading in wave 2 and retraced 37.5% of just preceding impulse (wave1) and yesterday it has opened the door for wave 3. In case of normal wave 2 formation we advise to buy in the range of 1255 to 1235 and if it enters in complex wave 2 then we further recommend to accumulate in the range of 1173-1147. Here wave1 is strong so wave 2 never be complex in normal case as it has already given indication of less than 50% retracement. Hence we recommend buy for the price target of 1333 and 1375 with 1072 (on closing basis) as stop loss.

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.

Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
26-Aug-19	4,085	4,838	(753)
Aug-19	80,121	93,267	(13,146)
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
26-Aug-19	4,729	3,457	1,272
Aug-19	68,279	50,859	17,420

FII DERIVATIVES POSITION FOR 26-August-2019

	Net (Amt. in crs)
INDEX FUTURES	622
INDEX OPTIONS	2,062
STOCK FUTURES	743
STOCK OPTIONS	80

Market	Value	% Change
SGX Nifty (at 8.00 am IST)	11093.00	0.37%

Nifty Key Levels

Support	S1: 10900	S2 : 10800
Resistance	R1 : 11070	R2 : 11200

Market Outlook

Formation of dragon fly doji candle after the formation of piercing pattern suggest Bulls tried to regain their lost ground. Nifty surged around 2.1% on easing trade tension between US & China. Further positive divergence in RSI also looking conducive for price pattern side which suggest this bull run may accelerate further. As long as Nifty holds above 10900 level, it could extend the gains towards 11200 near 200 DMA's where index can face resistance.

Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	1.92	0.69	(4.35)	(34.94)
Automobiles	0.33	1.00	(0.44)	(34.11)
Chemicals	1.20	(0.03)	1.21	(2.61)
Construction & Engineering	3.68	(1.70)	(5.58)	(10.75)
Construction Materials	2.97	(3.47)	(8.62)	(10.23)
Diversified Financial Services	4.01	(0.87)	(1.96)	(9.86)
Electrical Equipment	1.50	(1.54)	(6.48)	(19.16)
Energy	0.26	(1.66)	(1.08)	(9.88)
Financials	3.80	(0.75)	(3.99)	(5.02)
Health Care	0.61	0.03	(2.96)	(19.67)
Household Durables	0.91	(0.97)	(0.29)	(13.56)
Household & Personal Products	0.75	0.75	4.18	(5.40)
Information Technology	0.72	3.46	4.75	6.59
Metals/Mining/Minerals	(0.10)	(5.27)	(14.08)	(35.19)
Telecom	0.44	(1.57)	(1.83)	(17.75)
Utilities	1.18	(0.52)	(3.22)	(6.64)

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

	Long Position			
	DII	FII	Pro	Other
Future Index	81037	93467	33057	186760
Future Stock	25608	984466	223906	794674
Option Index Call	23661	265367	158645	531184
Option Index Put	82492	303585	172389	597831
Option Stock Call	0	33522	75177	341486
Option Stock Put	0	20249	76221	164522

	Short Position			
	DII	FII	Pro	Other
Future Index	6955	208896	23981	154489
Future Stock	1007583	659269	140316	221486
Option Index Call	0	143706	288708	546443
Option Index Put	0	124027	267342	764928
Option Stock Call	942	31501	177703	240039
Option Stock Put	0	17533	90732	152727

High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
500163	GODFRYPHLP	34.4
531335	ZYDUSWELL	22.2
532504	NAVINFLUOR	22.1
500331	PIDILITIND	15.0
532531	STAR	13.9
500820	ASIANPAINT	11.9
532539	MINDAIND	11.1
500676	GSKCONS	10.7
500696	HINDUNILVR	10.7
532129	HEXAWARE	9.8

High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
503310	SWANENERGY	16.1
511243	CHOLAFIN	9.9
526586	WIMPLAST	9.3
532500	MARUTI	6.4
500182	HEROMOTOCO	4.9
533655	TRITURBINE	3.9
500049	BEL	3.3
532772	DCBbank	2.8
532892	MOTILALOFS	2.7
524742	CAPPL	2.3

Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
530943	SABTN	(49.0)
532822	IDEA	(47.3)
514034	JBFIND	(36.8)
502742	SINTEX	(35.1)
531548	SOMANYCERA	(31.4)
500111	RELCAPITAL	(31.2)
523204	ABAN	(30.8)
532179	CORPBANK	(29.8)
500294	NCC	(29.3)
500570	TATAMOTORS	(29.3)

Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
500480	CUMMINSIND	(21.4)
509496	ITDCEM	(19.3)
524404	MARKSANS	(18.7)
500112	SBIN	(18.1)
522205	PRAJIND	(16.9)
531531	HATSUN	(15.0)
500116	IDBI	(14.2)
532612	INDOCO	(14.2)
500031	BAJAJELEC	(14.1)
515030	ASAHIINDIA	(13.2)

* 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 27-08-2019 (3)

STDC (3)

No	Date	Type	Buy/Sell	Stock	Entry1	Entry2	SL	Tgt 1	Tgt 2
1	23-Aug-19	STDC	BUY	RELIANCE	1203	-	1071	1333	1375
2	10-Jul-19	STDC	BUY	GAIL	142.5	122.5	110	180	200
3	25-Jun-19	STDC	BUY	RECLTD	158	140	125	220	260

VIEW

The most awaited policy for boosting market sentiment has come on Friday in which FM announced a slew of measures including a rollback of the surcharge on FPI's to perk up consumer demand and investments, no angel tax for startups and immediate infusion of 70kcr into PSB. Although these measures can stimulate market to some extent but feeble global cues due to US-China trade war can add some negativity in this celebration. Going ahead, global cues play a vital role in giving the direction to the Indian market.

NIFTY-

- a) Index gave symmetrical triangle breakdown on daily chart and breached all major support
- b) But some relief has seen on Friday as Nifty formed piercing line pattern on daily chart as it gave a decent pullback from its low
- c) Positive divergence in RSI and declining histogram in MACD suggest this pullback can further extend
- d) On crossing above 10910 level, it can extend up to 11015 (20 DMA) and 11200 (200 DMA)
- e) Although the sustainability of this pullback is questionable till it holds below 20 and 200 DMA's
- f) Failure to cross and sustain above 10910 can see a slip back till 10620 and 10580 levels on down side

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	11015	20 DMA
Resistance 1	10910	Top of Bearish Belt hold
Close	10829	
Support 1	10620	Previous swing low
Support 2	10580	Line of parity

VIEW

Inline with our expectation, some sell-off was witnessed in Banknifty throughout last week. At the end of the week the index closed with a net loss of 4.4% over its previous week's close. The selling was witnessed across the board, however State Bank, ICICI Bank and Punjab National Bank lead to a decline.

OBSERVATIONS:

- 1) Positive divergence on RSI was formed on the daily chart of Banknifty.
- 2) Banknifty has entered into its strong support area of 26400-26800 zone.

As we discussed earlier that (26400-26800) zone is a multi-year support area of Banknifty and the index has entered into that zone. We believe, it would not be so easy for the index to close below 26400 in the short term. On Friday, we have seen first leg of pullback in Banknifty. The formation of positive divergence on RSI is also indicating of some more upward rally in the extreme short term. Therefore we recommend initiating fresh long position in Banknifty at the current level by placing a stop loss at 26400 (closing basis). The short term targets are 27700 and then 28250.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	28255
Resistance 1	27710
Close	26959
Support 1	26560
Support 2	26400

VIEW

Rupee had plunged to an over eight month low of 71.81 on thursday amid falling equities and incessant foreign fund outflows. Local unit faced selling pressure in the past week and depreciated against the dollar for the last seven consecutive weeks. We expect halt in the upside of USDINR pair due to easing crude oil prices and surge in the equity market.

TECHNICAL FACTORS-

- a) Formation of Bearish engulfing near 61.8 % fibonacci retracement on weekly chart suggest halt in the upside momentum of pair
- b) RSI started tilting from an overbought zone and negative crossover in MACD implying strength in the coming sessions
- c) To carry forward this upside momentum, pair has to cross and sustain above 72.10 mark from where it can inch forward toward 72.60 and 73
- d) On crossing below 71.30 mark, it can extend down till 70.84 and 70.40

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

USDINR LEVEL

Resistance 2	72.60
Resistance 1	72.1
Close	71.51
Support 1	71.3
Support 2	70.84

STDC : Long / BUY

23-Aug-19

BSE Code	500325
NSE Symbol	RELIANCE
52wk Range H/L	1417/1017
Mkt Capital (Rs Cr)	808,836
Av.Cash Volume(,000)	428683
Open Interest	

Buy Price	1203
Stop Loss	1071
Target Price1	1333
Target Price2	1375
Upside in Tgt1	11%
Upside in Tgt2	14%

Technical Chart



Volume

STDC- BUY RELIANCE @ 1255-1235 AND ON DIP TOWARDS 1173-1147 SL- 1072 (CLOSING BASIS) TGT-1333, 1375

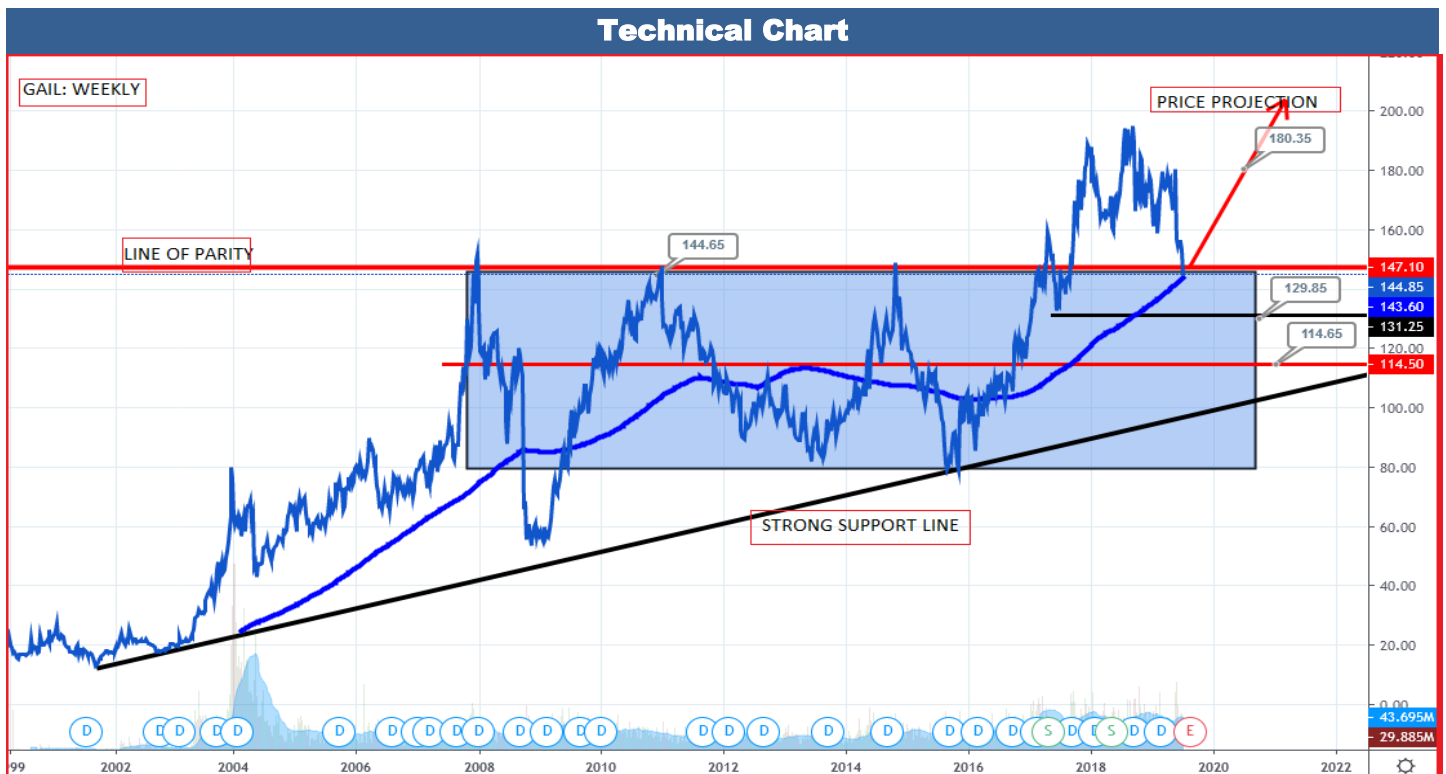
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STDC : Long / BUY

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