

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.)
29-Aug-19		3,871	4,858	(987)
Aug-19		101,186	117,178	(15,992)
	DII	Buy(cr.)	Sell(cr.)	Net(cr.)
29-Aug-19		5,291	4,802	489
Aug-19		82,625	63,193	19,431

FII DERIVATIVES POSITION FOR 29-August-2019

	Net (Amt. in crs)
INDEX FUTURES	(1,092)
INDEX OPTIONS	(1,002)
STOCK FUTURES	475
STOCK OPTIONS	67

Market	Value	% Change
SGX Nifty (at 8.00 am IST)	10997.50	-0.10%

Nifty Key Levels

Support	S1: 10920	S2 : 10840
Resistance	R1 : 11020	R2 : 11050

Market Outlook

Nifty is going to form inverted H&S where current correction is forming right hand shoulder. If nifty will stabilise above 10780-10800 level and recoil without price damage then probability of forming this H&S increases. We can expect the breakout above 11145 levels. For intraday, resistance stands at 11020-11050 zone & support lies at 10920 & 10840 levels.

Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	(0.77)	2.81	(2.76)	(36.12)
Automobiles	(0.38)	1.20	3.25	(35.23)
Chemicals	(0.16)	2.91	2.34	(2.77)
Construction & Engineering	(0.28)	3.41	(4.29)	(11.38)
Construction Materials	(1.74)	3.40	(6.39)	(10.72)
Diversified Financial Services	(1.37)	4.11	(2.02)	(11.92)
Electrical Equipment	(0.60)	2.01	(5.31)	(19.62)
Energy	(0.53)	2.67	(0.85)	(11.12)
Financials	(1.65)	2.36	(5.20)	(7.94)
Health Care	1.43	2.54	(0.83)	(19.04)
Household Durables	(0.19)	2.15	1.99	(13.76)
Household & Personal Products	0.34	(0.92)	3.89	(5.66)
Information Technology	(0.11)	1.19	3.42	4.58
Metals/Mining/Minerals	1.14	3.43	(11.02)	(36.85)
Telecom	0.09	(1.36)	(1.27)	(20.73)
Utilities	0.11	3.02	(1.68)	(9.43)

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

	Long Position			
	DII	FII	Pro	Other
Future Index	83177	117995	64438	199138
Future Stock	38489	1000602	184247	817205
Option Index Call	23661	255243	159458	1100851
Option Index Put	80292	385110	163604	619806
Option Stock Call	0	27643	79499	331759
Option Stock Put	0	14256	85040	144381

	Short Position			
	DII	FII	Pro	Other
Future Index	7151	260755	24630	172212
Future Stock	1083382	634809	103142	219210
Option Index Call	0	174468	365812	998933
Option Index Put	0	169914	197770	881128
Option Stock Call	712	23965	168540	245684
Option Stock Put	0	10546	82995	150136

High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
500163	GODFRYPHLP	44.8
532654	MCLEODRUSS	30.0
532504	NAVINFLUOR	22.5
531335	ZYDUSWELL	20.3
507880	VIPIND	19.7
532541	NIITTECH	19.2
524200	VINATORGA	17.3
532281	HCLTECH	11.5
532848	DELTACORP	11.5
532539	MINDAIND	11.4

High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
533655	TRITURBINE	19.5
526586	WIMPLAST	17.0
512529	SEQUENT	11.7
500495	ESCORTS	9.4
511243	CHOLAFIN	8.8
503310	SWANENERGY	7.4
500407	SWARAJENG	6.3
500049	BEL	6.1
532500	MARUTI	5.3
500182	HEROMOTOCO	3.3

Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
500111	RELCAPITAL	(36.7)
532839	DISHTV	(29.1)
500294	NCC	(25.6)
500187	HSIL	(25.1)
502742	SINTEX	(23.8)
531548	SOMANYCERA	(23.6)
512131	SIGNET	(23.0)
532179	CORPBANK	(22.9)
523204	ABAN	(22.8)
500570	TATAMOTORS	(22.3)

Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
500480	CUMMINSIND	(22.7)
532612	INDOCO	(21.1)
500112	SBIN	(19.8)
509496	ITDCEM	(16.7)
500116	IDBI	(16.3)
531531	HATSUN	(14.7)
500387	SHREECEM	(13.6)
524404	MARKSANS	(12.5)
500171	GHCL	(11.0)
532810	PFC	(10.4)

* 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 30-08-2019 (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



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

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.

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

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-

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