

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.

Market	Value	% Change
SGX Nifty (at 8.00 am IST)	11215.00	0.08%

Nifty Key Levels

Support	S1: 11120	S2 : 11100
Resistance	R1 : 11250	R2 : 11300

Market Outlook

Nifty has achieved descending triangle breakdown target after touching 11160 marks. Though benchmark index is trading near line of parity placed around 11150 levels which can act as a strong support, buying only above 5 EMA placed around 11320 levels is advisable, till then one can use sell on rise strategy.

FII DERIVATIVES POSITION FOR 04-October-2019

Net (Amt. in crs)

INDEX FUTURES	(725)
INDEX OPTIONS	927
STOCK FUTURES	129
STOCK OPTIONS	(92)

Institutional Turnover

	FII	Buy(cr.)	Sell(cr.)	Net(cr.)
04-Oct-19		4,863	5,546	(683)
Sep-19		15,088	17,880	(2,792)
	DII	Buy(cr.)	Sell(cr.)	Net(cr.)
04-Oct-19		3,758	3,151	606
Sep-19		12,535	9,563	2,972

Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	(1.64)	(5.19)	4.84	(22.10)
Automobiles	(1.09)	(2.80)	10.83	(15.66)
Chemicals	(1.24)	(3.74)	6.96	15.90
Construction & Engineering	(2.30)	(5.33)	7.26	7.12
Construction Materials	(2.36)	(7.96)	2.51	0.34
Diversified Financial Services	(0.87)	(4.50)	2.44	11.23
Electrical Equipment	(1.01)	(3.65)	9.68	(1.71)
Energy	(0.41)	0.67	11.76	7.19
Financials	(1.85)	(6.16)	2.22	10.82
Health Care	(0.52)	(4.33)	(2.98)	(15.11)
Household Durables	(0.65)	(1.32)	10.27	17.07
Household & Personal Products	(0.96)	(3.84)	5.07	13.54
Information Technology	0.71	0.28	(5.47)	(0.17)
Metals/Mining/Minerals	(1.07)	(7.05)	1.63	(32.86)
Telecom	(1.30)	(2.11)	(0.26)	(5.07)
Utilities	(0.35)	(2.59)	0.06	(2.34)

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

	Long Position			
	DII	FII	Pro	Other
Future Index	63164	54123	25514	164003
Future Stock	11374	948326	156222	840204
Option Index Call	26722	177965	129208	698642
Option Index Put	92206	284852	163260	319477
Option Stock Call	0	14683	47247	256123
Option Stock Put	0	12154	63224	112814

	Short Position			
	DII	FII	Pro	Other
Future Index	7893	114709	26341	157861
Future Stock	1066555	610202	86222	193147
Option Index Call	0	137392	271390	623755
Option Index Put	0	95397	170541	593857
Option Stock Call	1361	18394	107806	190492
Option Stock Put	0	11959	51467	124766

High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
532374	STRTECH	27.9
500238	WHIRLPOOL	24.5
530965	IOC	23.3
531344	CONCOR	20.9
523385	NILKAMAL	20.7
500123	DRBECK	20.0
522064	HONDAPOWER	19.0
500034	BAJFINANCE	17.1
506820	ASTRAZEN	16.5
532926	JYOTHYLAB	16.1

High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
531266	VSTTILLERS	22.4
500495	ESCORTS	17.3
532313	MAHLIFE	15.8
500266	MAHSCOOTER	15.0
532706	INOXLEISUR	14.7
512573	AVANTI	11.4
514043	HIMATSEIDE	11.2
533150	GODREJPROP	11.2
505200	EICHERMOT	10.7
531795	ATULAUTO	9.8

Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
500111	RELCAPITAL	(35.4)
531548	SOMANYCERA	(34.4)
511072	DHFL	(34.3)
532667	SUZLON	(34.2)
532939	RPOWER	(24.7)
502742	SINTEX	(24.0)
532179	CORPBANK	(23.6)
532922	EDELWEISS	(23.5)
532480	ALBK	(23.1)
524000	MAGMA	(22.9)

Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
509496	ITDCM	(34.1)
500302	PEL	(21.4)
532296	GLENMARK	(17.8)
532700	ENIL	(14.4)
532810	PFC	(9.5)
500112	SBIN	(8.7)
500380	JKLAKSHMI	(8.1)
505192	SMLISUZU	(8.0)
500257	LUPIN	(7.2)
508869	APOLLOHOSP	(7.2)

* 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 07-10-2019 (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

Domestic market has been witnessing roller coaster ride amid wild swing of 396 point and volatility seems to be still haunting in the market. After the strong tussle with Bulls in previous week, Bears flexed their muscles again and broader market closed in red. Market participants sentiment was dampened due to the exposure of several banks to NBFCs & reality sectors after the crisis in PMC & Lakshmi Vilas Bank which gave Bears to chance for stepping in. RBI cautious commentary on economic growth and sharp downside revision of FY20 GDP growth forecast from 6.9% to 6.1% also weighed market sentiments. Going forward from here, Investors can take cues from the outcome of US-CHINA meeting and earning season of domestic market which is starting from next week.

Technical Outlook-

- Appearance of long bearish candle after the formation of long leg doji not augur well for Bulls
- Indicators and oscillators are also not looking conducive for price pattern
- Point of polarity where previous resistance can act as support in coming week is the next hope for Bulls
- If Index will not able to survive above 11100-11140 zone, then fresh selling can drive the nifty towards 10945 and 10850
- However, resistance stands at 11260 (near 200 DMA) and 11405 (near 100 DMA)

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	11405	Near 100 DMA
Resistance 1	11260	Near 200 DMA
Close	11174	
Support 1	11140	Line of Polarity
Support 2	10945	Previous swing low

VIEW

In line with our expectation selling was witnessed in Banknifty throughout last week. At the end of the week the index closed with a net loss of 7% over its previous week's close. The selling was witnessed across the board. SBI, Axis Bnak and ICICI bank were the major losers during the week and they closed after losing 6%-11%.

OBSERVATIONS:

- 1) Banknifty has breached 200 DMA.
- 2) A 'Bearish Doji Star' pattern was formed on the weekly chart of Banknifty.

According to the above observations it can be concluded that the near term trend of Banknifty is looking negative. The closing below 200 DMA along with formation of Bearish Doji Star on the weekly chart indicates more downside in the near future. On the downward path 26300 would act as strong support of the Banknifty as it is the multi-year support of the index. Therefore we recommend initiating fresh long position in Banknifty either near 26300 or only above 200 DMA (currently is at 28795)

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	30000
Resistance 1	29000
Close	27730
Support 1	27100
Support 2	26700

VIEW

Easing trade tension between US & China and accommodative stance adopted by RBI had given some relief to Rupee due to this pair faced stiff resistance from its previous swing high which helped Rupee to gain around 1 Rs during the week. As of now in the coming sessions, we expect pair will trade lower as Indian government keeps on check inflation and current account deficit under control.

TECHNICAL FACTORS-

- a) Emergence of gravestone doji on daily chart suggest further selling pressure
- b) Sustainability of RSI below 50 imply bearishness
- c) However, pair is going to face stiff resistance near 71.40 while sustainability above the same can weaken the rupee till 72 mark
- d) A decisive break below 70.35 can push down towards 70.10 and 69.65 mark on downside

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

USDINR LEVEL	
Resistance 2	72.00
Resistance 1	71.4
Close	70.82
Support 1	70.35
Support 2	70.10

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

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