

## Trading Calls

**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.

**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

Market	Value	% Change
SGX Nifty (at 8.00 am IST)	11315.50	0.06%

### Nifty Key Levels

Support	S1: 11240	S2 : 11200
Resistance	R1 : 11350	R2 : 11380

### Market Outlook

On Friday, Nifty opened positive at 11257.70 and made a high of 11362.90. From there it moved towards the low of 11189.40 and closed positive at 11301.25. On Indices front only MEDIA and Pvt Bank traded and closed negative. India VIX closed positive by 0.74% at 17.10.

Nifty traded in a range of mere 180 points throughout the Last trading session with a positive sentiment. As long as index is sustaining above 5 SMA , possible higher targets are 100 SMA placed around 11400 marks.

### FII DERIVATIVES POSITION FOR 11-October-2019

Net (Amt. in crs)

INDEX FUTURES	661
INDEX OPTIONS	(861)
STOCK FUTURES	(681)
STOCK OPTIONS	155

### Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
11-Oct-19	5,722	4,972	750
Oct-19	34,110	37,395	(3,285)
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
11-Oct-19	3,607	4,310	(703)
Oct-19	28,148	23,516	4,633

### Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	0.17	(2.13)	(1.50)	(20.23)
Automobiles	0.74	(0.78)	0.50	(10.85)
Chemicals	0.69	0.88	5.86	20.45
Construction & Engineering	0.62	(1.51)	3.41	11.09
Construction Materials	1.17	(1.89)	0.13	6.88
Diversified Financial Services	0.34	(0.81)	1.01	16.08
Electrical Equipment	0.13	(1.12)	5.88	(0.12)
Energy	(0.54)	0.33	9.03	14.56
Financials	0.21	(1.12)	1.05	13.89
Health Care	0.35	(1.36)	(5.93)	(14.61)
Household Durables	0.12	1.17	9.90	18.59
Household & Personal Products	1.49	1.75	8.15	19.74
Information Technology	0.71	(0.82)	(4.31)	3.11
Metals/Mining/Minerals	1.97	0.02	(2.88)	(28.08)
Telecom	0.73	9.13	6.75	9.57
Utilities	0.16	0.84	(3.02)	(0.06)

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

	Long Position			
	DII	FII	Pro	Other
Future Index	60581	56055	20133	158945
Future Stock	13996	947394	167669	846743
Option Index Call	26732	195080	141123	537596
Option Index Put	95186	265397	155272	386876
Option Stock Call	258	20771	56403	313161
Option Stock Put	0	16436	68031	148257

	Short Position			
	DII	FII	Pro	Other
Future Index	7840	109728	23504	154642
Future Stock	1058840	602868	92818	221276
Option Index Call	0	131832	222873	545826
Option Index Put	0	103732	171622	627377
Option Stock Call	1636	24885	130706	233366
Option Stock Put	0	18235	65073	149416

## High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
500173	GUJFLUORO	29.3
500547	BPCL	28.7
522064	HONDAPOWER	27.5
500238	WHIRLPOOL	25.9
511288	GRUH	23.1
500830	COLPAL	19.8
523385	NILKAMAL	19.4
500123	DRBECK	18.8
500034	BAJFINANCE	17.9
500820	ASIANPAINT	16.8

## High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
500495	ESCORTS	23.1
532706	INOXLEISUR	18.1
531266	VSTILLERS	15.7
532313	MAHLIFE	14.5
500266	MAHSCOOTER	12.9
500135	ESSELPACK	12.6
533150	GODREJPROP	12.0
505200	EICHERMOT	10.8
500870	CASTROLIND	10.7
532500	MARUTI	8.3

## Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
511072	DHFL	(54.6)
500111	RELCAPITAL	(50.3)
532617	JETAIRWAYS	(49.6)
531508	EVEREADY	(43.2)
502742	SINTEX	(39.1)
532939	RPOWER	(35.8)
532922	EDELWEISS	(31.8)
531548	SOMANYCERA	(31.7)
532839	DISHTV	(26.4)
500219	JISLJALEQS	(23.4)

## Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
509496	ITDCM	(40.8)
500302	PEL	(27.8)
532296	GLENMARK	(26.8)
532700	ENIL	(22.5)
532810	PFC	(15.7)
505192	SMLISUZU	(13.1)
532612	INDOCO	(12.3)
524404	MARKSANS	(11.9)
500380	JKLAKSHMI	(11.2)
500257	LUPIN	(9.2)

\* 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 11-10-2019 (3)

### 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

Domestic market remained volatile in the truncated week but rebounded from its lower levels as market participants expected a truce between US & China trade agreement and the steps taken by Indian government for supplying oxygen to our stagnant economy before festive season. Beginning of second quarterly result was not well but result of Infy boosted the confidence of investors on D-street. Going forward, we maintain our cautious stance on the domestic market. The near term movement is likely to be driven by the upcoming quarterly results of various companies. Globally, while the temporary trade truce between US and China is a positive development, the recently escalated tension between Saudi Arab & Iran could continue to induce high volatility across indices.

### Technical Outlook-

- Indices showed pause in selling after showing 50% retracement and ended above 200 DMA
- Formation of green candle after long bear candle augur well for Bulls
- Line of parity and rising trend line will act as strong support in the coming sessions
- Weekly RSI stands around 50 stays neutral and weekly MACD looks bearish as it continues to trade below its signal line
- Follow thru buying is needed above 11410 level (near 100 DMA) from where it can extend up to 11555 & 11695 levels.
- Any slip below 11100- 11080 zone where key support lies will bring weakness in the market over the coming days and it can slip down till 10945 levels.

### CHART ANALYSIS



### SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	11555	Previous swing high
Resistance 1	11410	Near 100 DMA
Close	11305	
Support 1	11100	Line of Polarity
Support 2	10945	Previous swing low

VIEW

Last week we have seen a very volatile movement of Banknifty and after opening with a red session the index fell to make a weekly low of 27568 on Tuesday. However it was unable to maintain at the lower level and some pullback rally lifted the index to 28858 on Tuesday. At the end of the week Banknifty closed at 28042.50. It had a net gain of 1% over its previous week's close.

**OBSERVATIONS:**

- 1) Banknifty is trading below 50, 100 and 200 DMAs.
- 2) Banknifty is facing a stiff resistance at 200 DMA.
- 3) Stochastic reached at oversold zone.

According to the above observations it can be concluded that the near term trend of Banknifty is looking negative. However oversold position of Stochastic is indicating some quick pullback from the current level. fresh long position can be initiated (only for trading) by placing stop loss at 27550. However positional long should be initiated only after closing above 200 DMA (currently is at 28823) or near 26300 (it is the multi-year support of the Banknifty).

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	28860
Resistance 1	28620
Close	28042
Support 1	27550
Support 2	27180

### VIEW

Despite a bleak opening against the US dollar, Rupee managed to close around 10 paise loss as market participants were showing optimism over US-CHINA trade talk. This news has lifted the sentiment for investors but recent rise in oil prices on the back of tension which is prevailing in the middle east where Iranian oil tankers was struck by two missiles of Saudi port of Jehhad will capped the gains in the coming session.

#### TECHNICAL FACTORS-

- a) Formation of lower highs and lower lows suggesting halt in the upside of the pair
- b) Prices took the form of inverted Cup & Handle which can act as reversal for this ongoing trend but breakdown is expected below 70.35 level from where Rupee can accumulate strength
- c) Downward sloping line will act as stiff resistance near 71.25 while sustainability above the same can weaken the rupee till 72 mark
- d) Failure to cross and sustain above the mentioned resistance, it can slip down till 70.35 levels
- e) A decisive breakdown below 70.35 level can take strength of Rupee towards 69.70 and 69.20 levels

### CHART ANALYSIS



#### USDINR LEVEL

Resistance 2	72.00
Resistance 1	71.25
Close	70.92
Support 1	70.35
Support 2	69.70

## 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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