

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)	11568.50	-0.31%

Nifty Key Levels

Support	S1: 11439	S2 : 11400
Resistance	R1 : 11610	R2 : 11690

Market Outlook

In line with our expectation, bulls continue to March on northward journey without any hurdles and with the indices galloping higher, the underlying trend seems to be positive. Agreement on Brexit deal boosted the sentiments of investor's. Further upsides are likely in the near term once the resistance of 11610 will be conquered out. Crucial supports to watch for resumption of weakness is at 11439 followed by 11400 mark.

Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
17-Oct-19	5,660	4,501	1,159
Oct-19	56,925	57,033	(108)
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
17-Oct-19	3,702	4,214	(512)
Oct-19	44,567	38,365	6,202

FII DERIVATIVES POSITION FOR 17-October-2019

	Net (Amt. in crs)
INDEX FUTURES	794
INDEX OPTIONS	4,583
STOCK FUTURES	1,235
STOCK OPTIONS	24

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	55893	67385	18815	145891
Future Stock	21204	969763	168852	829720
Option Index Call	28629	186965	117748	362892
Option Index Put	95289	252872	127311	451089
Option Stock Call	23	24288	71442	314285
Option Stock Put	0	19730	70790	183172

	Short Position			
	DII	FII	Pro	Other
Future Index	11185	84913	32792	159094
Future Stock	1057904	569078	117420	245137
Option Index Call	0	122410	148892	424932
Option Index Put	0	102096	189614	634851
Option Stock Call	2023	26321	133976	247718
Option Stock Put	0	22766	86689	164237

High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
509480	BERGEPAIN	32.2
500238	WHIRLPOOL	31.7
505200	EICHERMOT	22.9
500830	COLPAL	22.2
500825	BRITANNIA	21.3
500495	ESCORTS	20.8
532777	NAUKRI	20.4
500034	BAJFINANCE	19.8
523598	SCI	19.1
500820	ASIANPAINT	17.1

High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
532430	BFUTILITIE	31.2
500173	GUJFLUORO	21.6
500477	ASHOKLEY	15.9
500408	TATAELXSI	9.5
506197	BLISSGVS	7.9
513375	CARBORUNIV	1.0
531795	ATULAUTO	0.2
532155	GAIL	(0.3)
532175	CYIENT	(0.6)
514043	HIMATSEIDE	(0.6)

Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
535789	IBULHSGFIN	(55.4)
500390	RELINFRA	(50.4)
509496	ITDCEM	(48.8)
500219	JISLJLEQS	(46.2)
532939	RPOWER	(41.6)
531508	EVEREADY	(37.4)
523756	SREINFRA	(36.1)
532814	INDIANB	(28.8)
532480	ALBK	(26.0)
524804	AUROPHARMA	(25.9)

Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
532955	RECLTD	(15.3)
532810	PFC	(14.4)
500380	JKLAKSHMI	(12.6)
532811	AHLUCONT	(12.0)
535754	ORIENTCEM	(11.1)
512529	SEQUENT	(10.2)
532531	STAR	(9.9)
532259	APARINDS	(9.8)
505714	GABRIEL	(8.2)
502865	FORBESGOK	(8.2)

* 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 18-10-2019 (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

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-

- a) Indices showed pause in selling after showing 50% retracement and ended above 200 DMA
- b) Formation of green candle after long bear candle augur well for Bulls
- c) Line of parity and rising trend line will act as strong support in the coming sessions
- d) Weekly RSI stands around 50 stays neutral and weekly MACD looks bearish as it continues to trade below its signal line
- e) Follow thru buying is needed above 11410 level (near 100 DMA) from where it can extend up to 11555 & 11695 levels.
- f) 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



SUPPORT & RESISTANCE LEVELS

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%



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

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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>				<i>(Figs in tonnes)</i>

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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