

## 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)	11924.00	-0.03%

### Nifty Key Levels For The Week

<b>Support</b>	S1: 11780	S2 : 11700
<b>Resistance</b>	R1 : 11920	R2 : 12000

### Market Outlook

Sensex galloped to its fresh lifetime high in intra-day trade before closing a tad lower as investors kept the faith in IT and banking stocks amid firm global cues. Emergence of spinning top kind of formation in nifty led by small-bodied candles on the daily scale. Supports remained intact, but supply pressure emerged at higher levels. Now index has support near 11800-11780 zone and resistance stands near 11920 followed by 12000 zone.

### FII DERIVATIVES POSITION FOR 31-October-2019

Net (Amt. in crs)

INDEX FUTURES	(344)
INDEX OPTIONS	6,716
STOCK FUTURES	1,369
STOCK OPTIONS	(173)

### Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
31-Oct-19	9,005	7,134	1,871
Oct-19	116,236	107,641	8,596
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
31-Oct-19	4,887	5,537	(651)
Oct-19	81,008	76,278	4,730

### Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	0.65	4.34	4.60	(15.73)
Automobiles	0.12	4.88	14.32	2.65
Chemicals	1.40	2.40	4.12	23.80
Construction & Engineering	0.01	2.01	(0.55)	9.30
Construction Materials	0.37	(0.70)	(0.20)	15.67
Diversified Financial Services	0.81	1.67	3.58	18.13
Electrical Equipment	(0.26)	2.00	2.25	0.53
Energy	(0.24)	2.70	8.29	23.54
Financials	0.57	2.73	3.34	17.91
Health Care	0.86	3.33	6.61	(8.77)
Household Durables	0.76	1.48	5.29	21.24
Household & Personal Products	0.20	1.00	6.78	24.36
Information Technology	1.29	6.82	2.44	8.08
Metals/Mining/Minerals	(0.17)	2.82	2.86	(22.72)
Telecom	1.82	(3.30)	(6.01)	(2.74)
Utilities	0.40	1.07	3.80	(0.92)

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

	Long Position			
	DII	FII	Pro	Other
Future Index	52236	67296	13259	107075
Future Stock	17058	909782	120851	711594
Option Index Call	16482	151971	111861	262711
Option Index Put	74203	223375	108080	320401
Option Stock Call	0	4561	33870	129264
Option Stock Put	0	6883	33417	83772

	Short Position			
	DII	FII	Pro	Other
Future Index	19325	89703	23378	107460
Future Stock	979215	504056	69874	206140
Option Index Call	0	50119	129870	363036
Option Index Put	0	86178	140428	499453
Option Stock Call	0	5538	53620	108537
Option Stock Put	0	6883	36040	81149

## High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
523598	SCI	35.9
512599	ADANIEN	30.3
505200	EICHERMOT	25.9
532777	NAUKRI	24.4
500680	PFIZER	23.9
532482	GRANULES	21.8
509480	BERGEPAIN	21.5
532440	MPSLTD	21.1
506820	ASTRAZEN	20.4
500660	GLAXO	17.5

## High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
532430	BFUTILITIE	39.7
532648	YESBANK	38.0
506197	BLISSGVS	34.2
500408	TATAELXSI	19.5
500112	SBIN	10.8
500187	HSIL	8.2
500530	BOSCHLTD	8.1
524404	MARKSANS	7.1
500087	CIPLA	6.4
513375	CARBORUNIV	6.0

## Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
532839	DISHTV	(40.0)
500111	RELCAPITAL	(34.2)
500219	JISLJALEQS	(28.6)
532822	IDEA	(25.5)
524804	AUROPHARMA	(23.0)
519552	HERITGFOOD	(22.8)
530073	SANGHVIMOV	(18.8)
532662	HTMEDIA	(15.2)
526521	SANGHIIND	(13.5)
532480	ALBK	(11.1)

## Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
535754	ORIENTCEM	(15.4)
533088	MHRIL	(8.8)
500380	JKLAKSHMI	(8.6)
512529	SEQUENT	(7.9)
532259	APARINDS	(6.5)
520113	VESUVIUS	(6.4)
503310	SWANENERGY	(6.0)
531531	HATSUN	(5.4)
500840	EIHOTEL	(5.3)
532683	AIAENG	(4.8)

\* 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 01-11-2019 (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

Benchmark index traded in a tight range of 11700 on higher side and 11500 on lower side throughout the last week. Hopes of positive quarterly numbers and consistent buying from FIIs kept investors' confidence high and pushed market on northward side. Not only we have seen buying in large cap stocks but also in mid cap & small cap stocks signaling universal participation in all direction which lifted the optimism of market participants. Consolidation is expected in the coming truncated week due to the absence of any major trigger. Quarterly earnings and global events can give direction to the market.

### Technical Outlook-

- a) Index made a bearish body candle on weekly chart which can be consider as a profit booking after a strong up move.
- b) A decisive close above downward sloping line and sustainability above 11700 will accelerate bullish momentum further.
- c) Nifty has been making higher highs and higher lows from last three consecutive weeks which shows strength is still intact.
- d) After conquering the level of 11700, index is consolidating in a range of 11700-11400 levels.
- e) While on downside 11417 level followed by 11300 levels (200 DMA's) will act as key support and breach of this on closing basis can once again catapult the short term trend in favors of Bears.

### CHART ANALYSIS



### SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	11795	Previous Swing High
Resistance 1	11699	Immediate Resistance
Close	11583	
Support 1	11417	Crucial support line
Support 2	11300	200 DMA

### VIEW

Bank Nifty continued to make higher troughs and higher crests but closed flat in a last week. It is trading in a range of 29700 on higher side and 28840 on lower side. Although it has been trading with positive bias, it has formed indecisive doji candlestick pattern hinting doubt in current up move.

**OBSERVATIONS:**

- 1) Banknifty has formed a doji candlestick pattern suggesting indecision in coming session
- 2) Support from rising trendline is giving cues for further upside move
- 3) Sustainability above 200 DMA (28900) and RSI above 50 on daily chart are looking conducive of price pattern
- 4) However, it may face stiff resistance near 100 DMA and 61.8 % retracement of the downside move from the high of 30801 to low of 27568 levels.

According to the above observations it can be concluded that the near term trend of Banknifty is looking range bound. However near term resistance is quoting retracement from the current level. Fresh long position can be initiated (only for trading) by placing stop loss at 28840. However positional long should be initiated only after closing above crucial resistance placed around 29717 from where it can extend gain till 30700 marks.

### CHART ANALYSIS



### SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	30700
Resistance 1	29717
Close	29395
Support 1	28840
Support 2	28400

VIEW

USDINR prices remained steady as investors are waiting for clarity on Brexit confusion after UK lawmakers voted for PM Boris Johnson's divorce plan but opposed his tight timetable to complete the legislative process in three days. However, some strength was visible as capital market witnessed a net inflow of over Rs 3800 crore by FPI so far on the back of steps taken by Govt to revive domestic demand with positive global cues. We expect price to trade range bound after the parliament rejects the Brexit vote and as now investors await a US federal Reserve meeting at the end of month that could offer further signs of monetary easing.

**TECHNICAL FACTORS-**

- a) Upside is looking capped as it formed bearish candle on weekly chart
- b) Construction of inverted Cup & Handle is still going on 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 71.10 followed by 71.35 mark 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 close 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	71.35
Resistance 1	71.1
Close	70.82
Support 1	70.35
Support 2	69.70

## 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.

## 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%

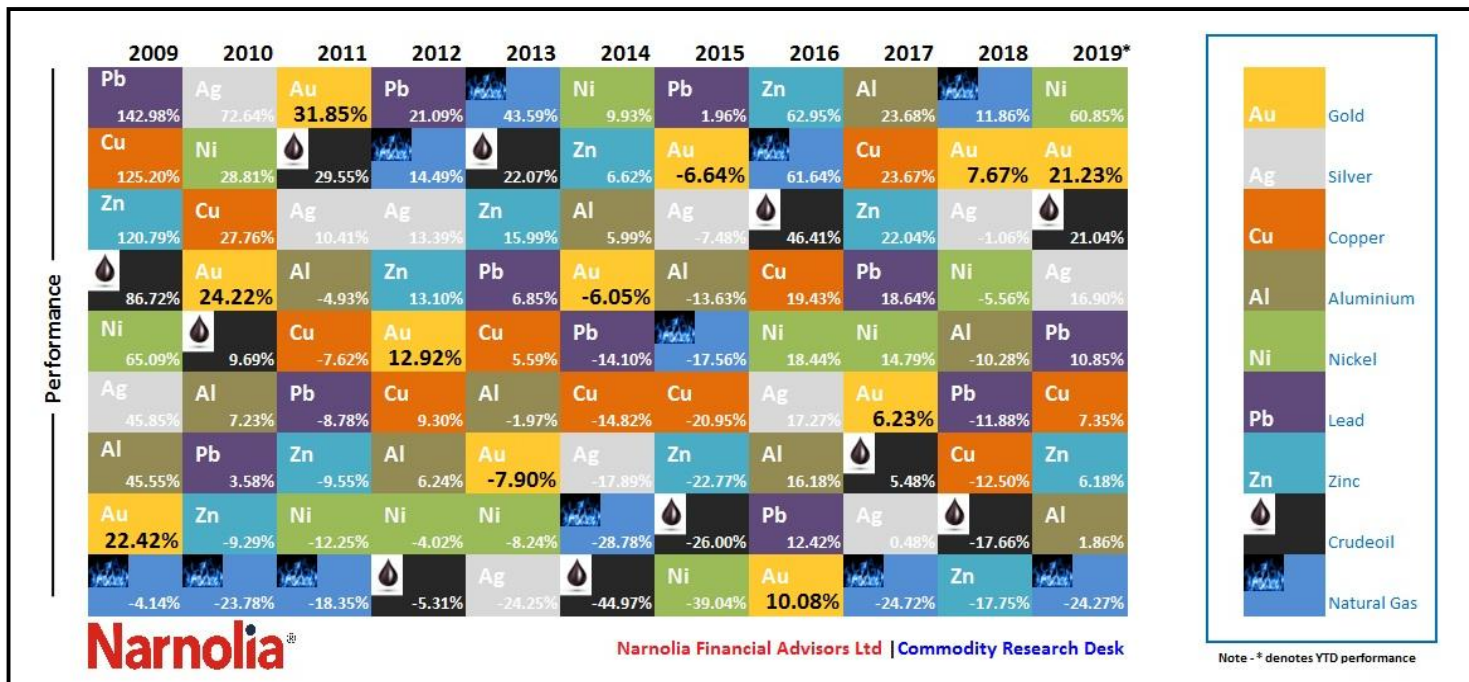
### Technical Chart



**STDC BUY GAIL AROUND 140-145, ON DIP 120-125 SL 110(CLOSING BASIS), TARGET 180-200**

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### Top Picks for 2019-2020

#### NICKEL

Nickel prices has risen by more than 60% on worries over supply tightness after the Indonesia announced an export ban on nickel ore from Jan 2020, two years earlier than expected. Moving into next year, Nickel prices may remain supported at Rs 1100 levels and trade higher towards 1400 levels in 2020.

#### GOLD

MCX Gold prices have witnessed a surge of 21% since last Diwali on account of 15-month long trade tension leads to soft economic growth, monetary easing by the central banks, increasing investment demand from ETF and Central banks buying and Brexit uncertainty. Investors started to lock in gains starting June and in the span of four months gold prices rocketed 15% and made a high \$1566/oz.

U.S. Fed policy makers will review their stance at a meeting on Oct. 29-30 amid speculation that they are set to deliver a third consecutive interest rate cut. Currently even negative interest rates and easing monetary policy is unable to spur the economic activity to balance the Debt to GDP ratio. During the short term, Gold prices may face headwind due to trade optimism and higher bond yields however, for the long term, one must mandatorily add gold in their portfolio due to uncertainty over global economic outlook. We expect Comex Gold prices to test \$1,650 in the coming year 2020.

## CRUDEOIL

Crude oil prices are mainly supported by the efforts of OPEC members, same way as it helped falling oil prices in 2016 by introducing production cuts. Crude oil prices managed to rise 21% YTD despite record production from US and persistent demand worries.

OPEC+ nations have planned to discuss on reducing further production in the 5<sup>th</sup> Dec 2019 policy. This meeting will be deciding factor for the future direction of oil prices.

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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