

## 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)	11967.00	0.25%

### Nifty Key Levels For The Week

Support	S1: 11855	S2 : 11820
Resistance	R1 : 11950	R2 : 11985

### Market Outlook

The market breadth was positive throughout the Last trading session where as Nifty closed flat with a minor gain of only 13 points forming lower high and lower low pattern. Although Nifty has closed in positive, we expect index to take resistance from descending trend line and previous swing high placed around 11950 levels. Moreover, Index trading above crucial resistance (11985) will accelerate up move taking it higher towards 12100 levels; however a close below 11855 levels will give an early indication of trend reversal.

### FII DERIVATIVES POSITION FOR 01-November-2019

Net (Amt. in crs)

INDEX FUTURES	428
INDEX OPTIONS	1,432
STOCK FUTURES	1,095
STOCK OPTIONS	(41)

### Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
01-Nov-19	6,069	5,536	533
Nov-19	6,069	5,536	533
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
01-Nov-19	3,979	4,116	(137)
Nov-19	3,979	4,116	(137)

### Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	0.09	4.75	7.06	(15.50)
Automobiles	(0.66)	4.40	13.40	1.38
Chemicals	(1.15)	1.42	3.87	21.61
Construction & Engineering	(0.94)	1.57	0.06	6.05
Construction Materials	0.21	0.83	1.99	14.02
Diversified Financial Services	1.06	3.60	5.30	17.80
Electrical Equipment	0.14	2.97	3.31	(0.80)
Energy	(0.60)	2.28	8.90	22.47
Financials	0.91	3.35	5.24	17.91
Health Care	0.55	3.61	8.28	(7.86)
Household Durables	(0.25)	1.82	5.34	19.39
Household & Personal Products	0.03	1.22	7.17	25.45
Information Technology	(1.43)	3.91	2.81	7.82
Metals/Mining/Minerals	1.16	4.26	5.56	(22.45)
Telecom	1.41	(0.99)	0.02	(1.16)
Utilities	0.13	1.93	5.44	(1.72)

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

Long Position				
	DII	FII	Pro	Other
Future Index	52032	71279	16926	111741
Future Stock	18956	987966	126089	734008
Option Index Call	16482	187431	136979	332961
Option Index Put	74203	236251	136088	483395
Option Stock Call	0	10316	42814	174091
Option Stock Put	0	13853	40064	106531

Short Position				
	DII	FII	Pro	Other
Future Index	25525	87995	24230	114228
Future Stock	1058586	510596	78224	219613
Option Index Call	0	59238	163173	451442
Option Index Put	0	109264	190127	630546
Option Stock Call	0	13525	71322	142374
Option Stock Put	0	12502	46271	101675

## High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
532777	NAUKRI	27.5
532440	MPSLTD	23.7
505200	EICHERMOT	23.5
500680	PFIZER	21.4
506820	ASTRAZEN	21.2
500660	GLAXO	19.3
532482	GRANULES	18.9
532504	NAVINFLUOR	18.3
500870	CASTROLIND	17.0
500238	WHIRLPOOL	15.5

## High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
532648	YESBANK	36.5
500408	TATAELXSI	21.5
500187	HSIL	17.1
505537	ZEEL	13.1
500112	SBIN	11.5
500470	TATASTEEL	11.2
524404	MARKSANS	9.8
500530	BOSCHLTD	9.4
532483	CANBK	9.3
513375	CARBORUNIV	9.2

## Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
500111	RELCAPITAL	(27.7)
532822	IDEA	(23.9)
500219	JISLJALEQS	(21.3)
524804	AUROPHARMA	(19.5)
526521	SANGHIIND	(18.4)
519552	HERITGFOOD	(17.5)
530073	SANGHVIMOV	(17.3)
532839	DISHTV	(16.3)
532662	HTMEDIA	(14.1)
526586	WIMPLAST	(10.4)

## Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
535754	ORIENTCEM	(15.5)
532259	APARINDS	(8.9)
522074	ELGIEQUIP	(7.7)
500380	JKLAKSHMI	(7.1)
501455	GREAVESCOT	(5.8)
509930	SUPREMEIND	(5.5)
532683	AIAENG	(5.5)
500840	EIHOTEL	(5.4)
503310	SWANENERGY	(5.4)
532156	VAIBHAVGEM	(4.9)

\* 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 04-11-2019 (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

Bulls dominate the D-street in the first week of Nov series and Nifty 50 gave stellar rally across the board after giving clear breakout on weekly chart. Follow thru buying from FII and positive global developments helped market to give stable move on upside. Capital market tax reforms and improved automobile sale boosted the sentiment of investors at domestic front which pushed sensex to make fresh life time high. For further up move indices has to break its recent high, failure of which can bring doubt about the sustainability of the breakout.

### Technical Outlook-

- Index made a decent Bullish belt hold type of candle on weekly chart which have strengthened the prevailing bullish sentiment further.
- Formation of doji candles in the last three days suggest healthy consolidation in near term which could leads further gain for the index
- RSI is also approaching towards oversold zone which further implying consolidation
- Immediate resistance is seen near the zone of 11945-11980 zone from where it can surge higher for making new life time high
- While on downside 11715 level followed by 11490 level will act as key support and breach of this on closing basis can once again catapult the short term trend in favours of Bears.

### CHART ANALYSIS



### SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	12100	Near Life time High
Resistance 1	11945	Immediate Resistance
Close	11890	
Support 1	11715	Previous resistance now become support
Support 2	11490	Previous Swing low

### VIEW

After opening with a subdued session, Banknifty continuously rose to make a weekly high of 30416 on Thursday and closed the week with a net gain of 2.8% over its previous week's close. The buying was witnessed across the board, however State Bank of India, Punjab National Bank and Axis bank were the main catalysts to lift the index higher.

#### **OBSERVATIONS:**

- 1) Banknifty is trading above 50, 100 and 200 DMAs.
- 2) Banknifty is approaching towards its short term crucial resistance areas.
- 3) Stochastic reached at overbought zone.

According to the above observations it can be concluded that the near term trend of Banknifty is looking positive as it is trading all the major DMAs. However overbought position of Stochastic is indicating some profit booking from the current level. Currently the index is trading near its short term crucial resistance level of 30905 and a successive closing beyond this level is likely to take the index further higher to 31700 in short term. Therefore we recommend initiating fresh long position in Banknifty either near 29300 or only above 30905.

### CHART ANALYSIS



### SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	30905
Resistance 1	30620
Close	30331
Support 1	29940
Support 2	29670

### VIEW

From last ten days, Pair has been consolidating and held firmly on its support but Rupee clawed back some lost ground and gained some strength against US dollar in line with the upside move in domestic equities. Rupee traded with a positive bias tracking the uplift in global risk appetite. We expect for further strength in Rupee in this coming week also.

#### 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 70.10 and 69.70 levels

### CHART ANALYSIS



### SUPPORT & RESISTANCE LEVELS

USDINR LEVEL	
Resistance 2	71.35
Resistance 1	71.1
Close	70.70
Support 1	70.35
Support 2	70.10

## 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%

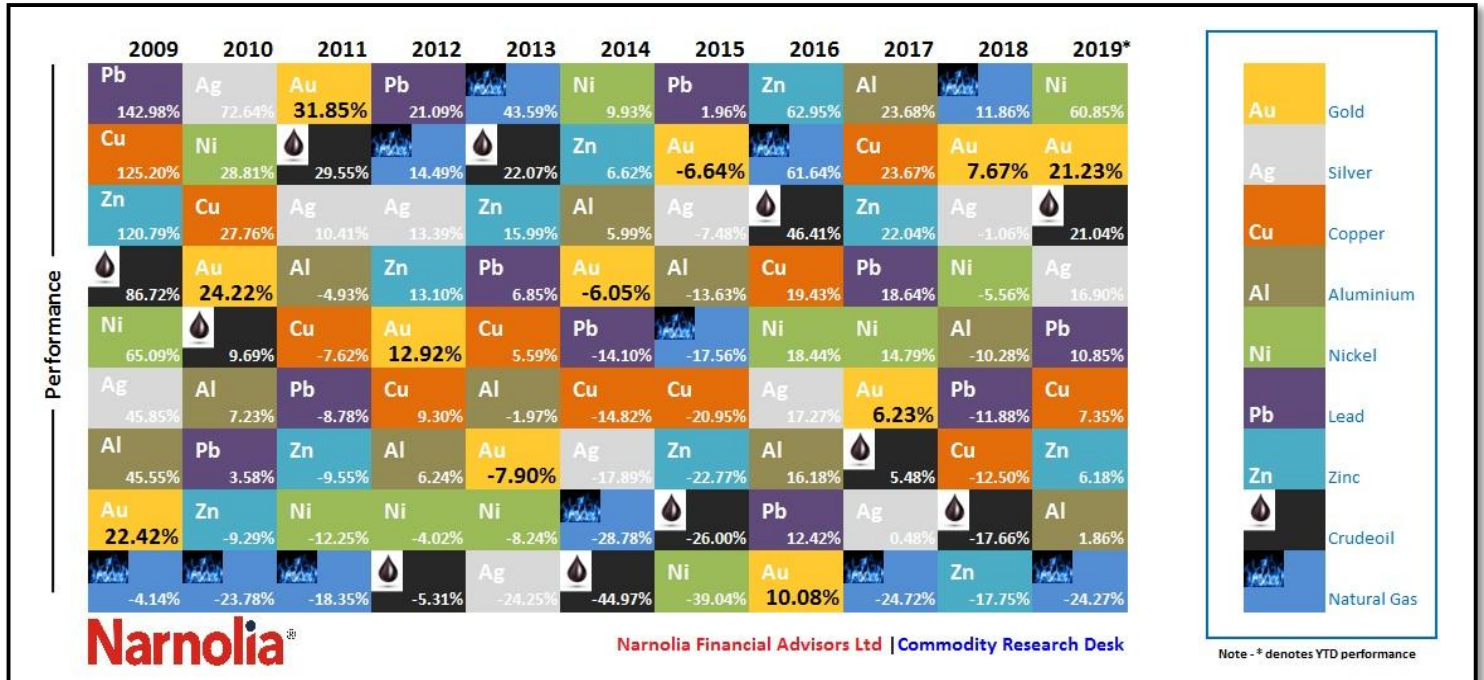
### Technical Chart



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