

Trading Calls

KAJARIACER BUY 02nd March 2020

The stock has made a double bottom near Rs 520 and thereafter started to give pullback from that level. Positive divergences were also formed both in RSI & Stochastic on daily chart. Therefore some upward rally is expected in the stock from the current level.

HAVELLS BUY 04th February 2020

After making double bottom, the stock started to give pullback rally. Positive divergence in RSI & Stochastic are indicating of some fresh up move in the short term.

Market	Value	% Change
SGX Nifty (at 8.00 am IST) prev closing	9618.00	-3.67%

Nifty Key Levels For The Week

Support	S1: 9400	S2 : 9300
Resistance	R1 : 10200	R2 : 10300

Market Outlook

Benchmark index skids almost 11% in the morning session, however strong short covering pushed nifty higher towards 10000 levels. Market witnesses single day biggest recovery after an intensified selloff. Moreover a sustained trade below psychological marks of 10000 will push Nifty lower towards 9400-9300 levels whereas any move above 9900 will be a relief for bulls.

Sectoral Performance (%)

	1 Day	1 Week	1 Month	1 Year
Auto Components	1.16	(13.49)	(22.48)	(28.94)
Automobiles	2.45	(10.09)	(20.66)	(26.13)
Chemicals	(1.51)	(9.75)	(11.82)	2.86
Construction & Engineering	2.98	(13.38)	(21.60)	(28.23)
Construction Materials	3.70	(10.14)	(15.48)	(8.55)
Diversified Financial Services	5.80	(11.29)	(18.91)	(2.45)
Electrical Equipment	1.32	(11.13)	(16.48)	(23.83)
Energy	4.88	(15.72)	(25.20)	(26.16)
Financials	5.37	(11.71)	(18.83)	(8.95)
Health Care	3.70	(9.52)	(10.97)	(6.30)
Household Durables	1.30	(8.18)	(12.10)	(3.66)
Household & Personal Products	(0.69)	(9.59)	(11.99)	1.30
Information Technology	1.34	(14.64)	(18.44)	(11.81)
Metals/Mining/Minerals	3.71	(15.90)	(26.16)	(37.21)
Telecom	6.57	(3.60)	(8.36)	9.71
Utilities	3.15	(12.74)	(19.93)	(17.19)

FII DERIVATIVES POSITION FOR 13-March-2020

	Net (Amt. in crs)
INDEX FUTURES	2,498
INDEX OPTIONS	177
STOCK FUTURES	2,101
STOCK OPTIONS	315

Institutional Turnover

FII	Buy(cr.)	Sell(cr.)	Net(cr.)
13-Mar-20	8,336	14,364	(6,028)
Mar-20	66,305	96,639	(30,334)
DII	Buy(cr.)	Sell(cr.)	Net(cr.)
13-Mar-20	13,264	7,397	5,868
Mar-20	71,973	44,284	27,689

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

	Long Position			
	DII	FII	Pro	Other
Future Index	51486	46067	21482	185064
Future Stock	54296	999630	147800	516545
Option Index Call	23177	220997	154805	483944
Option Index Put	67683	359703	128241	332839
Option Stock Call	0	23887	62986	241739
Option Stock Put	0	15775	82475	75548

	Short Position			
	DII	FII	Pro	Other
Future Index	3312	164886	43263	92638
Future Stock	958047	501479	66029	192716
Option Index Call	0	162425	228818	491680
Option Index Put	0	170654	187036	530776
Option Stock Call	1985	19355	126814	180458
Option Stock Put	0	13710	56929	103159

High ES & High PS Stock Maintaining Strength

BSE Code	NSE CODE	1 Month Return %
532504	NAVINFLUOR	18.5
524494	IPCALAB	6.9
500674	SANOFI	3.8
500680	PFIZER	0.3
500420	TORNTPHARM	(1.5)
500660	GLAXO	(3.3)
500331	PIDILITIND	(3.3)
500820	ASIANPAINT	(3.9)
500087	CIPLA	(4.4)
532482	GRANULES	(4.8)

High ES & Low PS Stock Showing Strength

BSE Code	NSE CODE	1 Month Return %
511072	DHFL	22.8
526947	LAOPALA	(2.0)
517354	HAVELLS	(3.5)
517506	TTKPRESTIG	(7.0)
500407	SWARAJENG	(8.1)
500315	ORIENTBANK	(10.9)
532809	FSL	(12.9)
534690	LAKSHVILAS	(12.9)
500870	CASTROLIND	(13.6)
531642	MARICO	(15.5)

Low ES & Low PS Stock Maintaining Weakness

BSE Code	NSE CODE	1 Month Return %
532839	DISHTV	(55.5)
524000	MAGMA	(51.4)
535789	IBULHSGFIN	(49.4)
532480	ALBK	(46.7)
532814	INDIANB	(41.3)
523204	ABAN	(40.5)
500110	CHENNPETRO	(40.3)
505163	ZFSTEERING	(39.4)
532477	UNIONBANK	(39.3)
522275	ALSTOMT&D	(38.7)

Low ES & High PS Stock Showing Weakness

BSE Code	NSE CODE	1 Month Return %
511676	GICHSGFIN	(55.6)
532144	WELCORP	(55.5)
532179	CORPBANK	(55.3)
512573	AVANTI	(49.8)
517334	MOTHERSUMI	(48.3)
500570	TATAMOTORS	(46.9)
500330	RAYMOND	(45.6)
533171	UNITEDBNK	(43.9)
532149	BANKINDIA	(43.2)
500483	TATACOMM	(39.5)

* 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 16-03-2020 (2)

STDC (2)									
No	Date	Type	Buy/Sell	Stock	Entry1	Entry2	SL	Tgt 1	Tgt 2
1	02-Mar-20	STDC	BUY	KAJARIACER	546.5	522.5	499	594	643
2	04-Feb-20	STDC	BUY	HAVELLS	610	587.5	574	648	684

VIEW

As WHO declares the coronavirus outbreak a pandemic triggered panic selling across the globe impacted Indian markets too. We saw a sharp fall in the last week where Nifty touched 8500 levels on lower side. Markets halted for 45 minutes after hitting lower circuit limits on Friday whereas the downward sloping trend line connecting 9119 and 8968 standing around 8500 levels acted as a support to severe fall.

Monthly Commodity Channel Index (CCI) is standing (-150) which is below oversold levels of (-100) indicates highly oversold markets and daily CCI is placed around (-225) with positive divergence imply short term price reversal in process. Stochastic oscillator is showing a positive divergence on daily time frame which has also added confidence of price reversal and index can trade higher as a retracement of fall towards 10700-10800 levels.

Moreover, 5 week EMA is trading around 11100 and as long as Nifty is trading below these levels, one should trade with sell on rise strategy. However index has given a fall of 3000 points in the last 2 weeks which has put majority of the oscillators in oversold zone and relief rally towards unfilled gap territory (10700) cannot be ruled out. However, a decisive close below strong ascending trend line connecting previous swing lows on weekly time frame is standing around 9300, can drag index towards swing lows (8500) on downside.

Nevertheless, crucial zone of 9000-9300 will continues to remain as an important support and 61.8% retracement of entire fall which is standing around 10800 marks is likely to act as a stiff resistance zone.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	10800	
Resistance 1	10200	
Close	9955	
Support 1	9300	
Support 2	8500	

VIEW

After giving a gap-down opening, Banknifty fell to make a weekly low of 21351 on Friday. However it was unable to maintain at the lower level and a smart recovery was witnessed in index. At the end of the week Banknifty closed with a net loss of 8.8% over its previous week's close. The selling was witnessed across the board. However ICICI bank, State Bank, Axis bank and Punjab National bank lead to a decline.

OBSERVATIONS:

- 1) Banknifty has made a 'Piercing Line' pattern on daily chart.
- 2) Single day highest ever volume was witnessed in Banknifty on last Friday.
- 3) RSI reached at the deep oversold zone.
- 4) Stochastic was unable to make lower low with the banknifty. It means formation of positive divergence on Stochastic.

All the above parameters are giving indication of reversal of Banknifty from its recent downtrend. However, we believe **trading is not the prudent decision at this juncture** due to the reason of higher volatility in the market. We advise to **initiate positional long in Banking sector in 2-3 steps**. On the lower side 22925 is likely to act as a strong support of Banknifty.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	27100
Resistance 1	26260
Close	25166
Support 1	24190
Support 2	22925

VIEW

The Indian Rupee slid to a record low this week vis-a vie the greenback closing at 73.73. Global risk-off sentiment amid continued worries over the economic impact from the coronavirus virus led to a rout in emerging market currencies with Indian Markets seeing FPI outflows touching a \$2 Billion for the week. Taking cognisance of the current financial market conditions and tightness in dollar liquidity availability the RBI intervened on Friday announcing that it has decided to undertake 6-month US Dollar sell/buy swaps. USD/INR slipped following the news, giving away 52 Paise from its intraday high on Friday. Going ahead further RBI intervention along with stability in global financial markets would provide strength to the rupee, which already has a support from the big drop in Crude oil this week.

TECHNICAL FACTORS-

- a) Formation of Spinning top Doji near the prior swing high on the weekly charts suggests pause in momentum on the upside for the time being.
- b) Long term charts for the pair remains bullish for medium to long term perspective
- c) RSI on the daily timeframe hit the overbought mark of above 80, which has empirically seen the selling pressure for the currency pair.
- d) Next resistance stands at 74.60 followed by 75.50.
- e) Currently, support is shifted higher towards 73.55 and 72.99 mark

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

USDINR LEVEL

Resistance 2	74.60
Resistance 1	75.5
Close	73.73
Support 1	73.55
Support 2	72.99

STDC : Long / BUY

2-Mar-20

BSE Code	500233
NSE Symbol	KAJARIACER
52wk Range H/L	649.65/443
Mkt Capital (Rs Cr)	9028
Av.Cash Volume(,000)	225
Open Interest	NA

Buy Price	544-550 & 520-525
Stop Loss	499
Target Price1	594
Target Price2	643
Upside in Tgt1	11.00%
Upside in Tgt2	20.00%

Technical Chart



STDC BUY KAJARIACER @ 544-550 & 520-525 SL-499 (CLOSING BASIS) TGT-594,643

The stock has made a double bottom near Rs 520 and thereafter started to give pullback from that level. Positive divergences were also formed both in RSI & Stochastic on daily chart. Therefore some upward rally is expected in the stock from the current level.

STDC : Long / BUY

4-Feb-20

BSE Code	517354
NSE Symbol	HAVELLS
52wk Range H/L	806.90/586
Mkt Capital (Rs Cr)	38173.98
Av.Cash Volume(,000)	1281
Open Interest	8540000

Buy Price	608-612 & 585-590
Stop Loss	574
Target Price1	648
Target Price2	684
Upside in Tgt1	8.23%
Upside in Tgt2	14.24%

Technical Chart



STDC BUY HAVELLS @ 608-612 & 585-590 SL-574 (CLOSING BASIS) TGT-648,684

After making double bottom, the stock started to give pullback rally. Positive divergence in RSI & Stochastic are indicating of some fresh up move in the short term.

Crude oil prices shot up by 5% in yesterday's session stood at \$63.86/bbl after the US airstrikes at the Baghdad International Airport. It killed Iran's general manager Qasem Soleimani who is the leader of Islamic Republic's elite Revolutionary Guards.

Also, the same attack killed the Iraq's Abu Mahdi Al-Muhandis, the deputy commander of the Iran-backed militias reported Reuters. This airstrikes has exacerbated the already heightened tensions in the Middle East. Tensions have been increasing between Washington and Iran after an Iran-backed Iraqi militia stormed the American embassy in Baghdad to protest deadly U.S. airstrikes earlier this week.

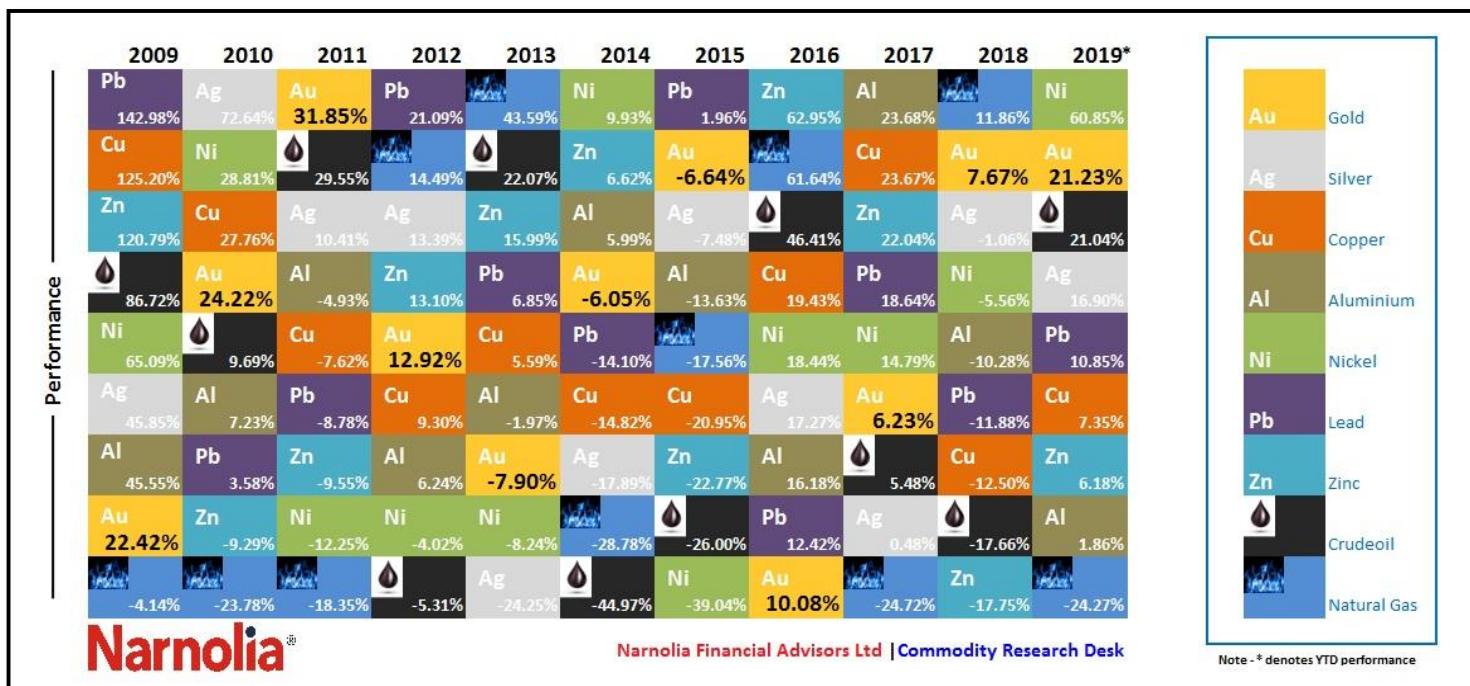
Iran officials have said they will give an immediate response to Washington over the attack further escalating tensions between the two countries Iran and United States. If the conflicts spread to the oilfields, we could see the shutdown of oil production in the region.

Looking at the demand supply scenario, OPEC+ nations has curtailed its oil production by another 2.1 million barrels as discussed in the previous OPEC meeting in December 2019. From starting this month, OPEC is also expected to increase their reduction in output. The global demand supply of oil is estimated to remain balanced and show a surplus of just 0.4 mbpd in the Q1 2020. However, demand prospect remains dim.

The recurring attacks on oilfields and oil producing countries are the upside risk to the oil prices. Last year, Saudi oil facilities and oil tankers were targeted by the enemies. Any attack on five big OPEC producers will be the risk to the oil prices. With rising Middle East tensions, there is a threat to the global energy exports if the Strait of Hormuz is anytime on the list. This strait is the largest and the crucial shipping route will always remain in focus when tensions like these flare up.

At present, the front month Brent-WTI spread opened at \$5.65/bbl, widest since November. Currently, the Dec 2020 future contract is trading at a backwardation of \$5.05/bbl as compared to \$4.66/bbl over previous week. It means current month prices are trading at a premium and indicates that the market is expected to remain tighter in future.

Taking above situation into consideration, if the Middle East tension rises we can see huge spike in oil prices in the months to come. With the balance demand supply and improving US-China trade relations we can expect further upside in oil prices is unavoidable. Therefore, we expect Nymex Crudeoil prices to remain supported at \$60/bbl and extend its higher move towards \$68-70/bbl in the first quarter of 2020.



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 5th Dec 2019 policy. This meeting will be deciding factor for the future direction of oil prices.

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