

WEALTH WEEKLY

Weekly Alerts You Can Use!

Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	20268	19951	20501	19580	18817	20075-20451	Buy at CMP. Targets at 20501/20751/21000. Stop at 19944.
BANK NIFTY	43769	42651	45001	43924	43414	42961-45001	Buy at CMP. Targets at 45001/45651/46201. Stop at 42651.

Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
UNION BANK OF INDIA	109	77	151	104	84	Positive	Union Bank of India is India's leading public sector bank with the Government of India holding at 76.99% in Bank's total share capital. UBI is our preferred bet in the PSU banks amidst its size and should benefit immensely from the pick-up in economic activity in the Indian economy, a favourable credit quality cycle, strong internal accruals, and excess liquidity with a sturdy PCR, healthy capitalization, a strong liability franchise, and an improved asset quality outlook. In Q2FY24, UBI's Net Profit increased by 90.00% on YoY basis. Net interest income of Bank grew by 9.89% on YoY basis during Q2FY24. The CASA deposits increased by 4.45% YoY. Bank now have a total deposits base of Rs.11,37,628 Crores as on September 30, 2023. Look to accumulate at CMP, and on dips between 85-90 zone, targeting 151/175 and then aggressive 15-18 months targets at 201 with stop below 77

CMP	109
Target Price	151
52 Week H/L	116/60
P/E	6.85
EPS	15.89
ROE	12.22%
Book Value	112.98
Market Cap (INR)	80647.44 crores

Daily Chart of UNION BANK OF INDIA :



BUY UNION BANK OF INDIA (CMP 109): Targets at 151.

Theme:

Incorporated in 1919, Union Bank of India is India's leading public sector bank with the Government of India holding at 76.99% in Bank's total share capital. On 1st April 2020, Andhra Bank and Corporation Bank were amalgamated into Union Bank of India. Today, it has a network of 8521+ domestic branches, 10,013+ ATMs, 75,300+ employees and 17,000+ BC Points. The Bank's total business as of 30th June 2023 stood at Rs. 19,46,509 crore, comprising Rs. 11,28,052 crore of deposits and Rs. 8,18,457 crore of advances.

The Bank also has 3 branches overseas at Hong Kong, Dubai International Financial Centre (UAE) & Sydney (Australia); 1 representative office in Abu Dhabi (UAE); 1 banking subsidiary at London (UK); 1 banking joint venture in Malaysia; 4 para-banking subsidiaries (domestic); 2 joint ventures and 1 associate - Chaitanya Godavari Gramin Bank. Union Bank of India is the first large public sector bank in the country to have implemented 100% core banking solution. The Bank has received several awards and recognition for its prowess in technology, digital banking, financial inclusion, MSME and development of human resources.

UBI is our preferred bet in the PSU banks amidst its size and should benefit immensely from the pick-up in economic activity in the Indian economy, a favourable credit quality cycle, strong internal accruals, and excess liquidity with a sturdy PCR, healthy capitalization, a strong liability franchise, and an improved asset quality outlook.

UBI continues to demonstrate a strong liability franchise.

In Q2FY24, UBI's Net Profit increased by 90.00% on YoY basis. Net interest income of Bank grew by 9.89% on YoY basis during Q2FY24.

The CASA deposits increased by 4.45% YoY. Bank now have a total deposits base of Rs.11,37,628 Crores as on September 30, 2023.

Total Business of the Bank increased by 9.24% YoY, wherein Gross Advances increased by 9.50% YoY & Total Deposit grew by 9.04% YoY. Bank have a total Business of 19,84,842 Crores as on September 30, 2023.

RAM Segment of the bank increased by 14.62% YoY, where 14.68% growth in Retail, 15.04% growth in Agriculture and 14.03% growth in MSME advances is achieved on YoY basis. RAM advances as a per cent of Domestic Advances stood at 56.92%.

Gross NPA (%) reduced by 207 bps on YoY basis to 6.38% and Net NPA (%) reduced by 134 bps on YoY basis to 1.30% as on 30.09.2023.

CRAR improved from 14.50% as on 30.09.2022 to 16.69% as on 30.09.2023. CET1 ratio improved to 13.05% as on 30.09.2023 from 10.67% as on 30.09.2022.

Bank's Return on Assets & Return on Equity improved to 1.07% and 17.97% respectively during Q2FY24.

Credit facility towards Green initiatives: - Renewable Energy Sector: -Sanctioned Rs. 22,998 crores and Union Green Miles: -Sanctioned amount Rs. 316 crores.

Technically, brace yourselves with the sequence of a higher high/low formation on the daily/weekly and monthly time frames + a classic Flag pattern breakout pattern which indicates the uptrend seems quite sustainable. The price is seen comfortably trading above its 21, 50 and 200-day moving average and most importantly is just signalling a massive breakout on the long-term charts. The general rule is if a stock is trading above its 200-DMA, the trend is largely upward. An impulse uptrend is seen forming on the daily/weekly time scale with positive SAR series.

Add to that a bullish divergence and a rising stochastic signal (on daily charts) with recent increase in volumes signalling a larger rebound. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 83-85 zone. The level of 83-85 zone will act as a strong support zone.

Look to accumulate at CMP, and on dips between 85-90 zone, targeting 151/175 and then aggressive 15-18 months targets at 201 with stop below 77.

Mehta Equities

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