



Lighting a path forward  
in Equities & Commodities...

SENSEX

NIFTY

GOLD

SILVER

CRUDE OIL

USD / INR

## Price Forecast

INSTRUMENT	30th July 2021	1 Month	2 Month	3 Month	1 year
SENSEX	52586	53751	50501	49251	56751
NIFTY	15763	16100	15050	14751	17001
USD \$ / INR	74.41	74.05	73.5	73.01	75.5
GOLD	47846	49627	51251	52001	56191
SILVER	67847	71501	77949	74001	79501
CRUDE OIL	5517	5651	5875	4795	5000



**Dear Valued Reader,**

The bull market at Dalal Street that started in the Covid-19 dark days of March 2020 was aiming to pass a Hercules milestone in July — Nifty attempting to hit the psychological 16,000 mark.

The markets somehow managed to remain buoyant in the month gone by as Nifty posted fresh all-time highs at 15,963 mark before closing at 15,763 mark while Sensex posted high at 53,291 mark before it closed at 52,587. The positive takeaway was that the buoyancy was maintained seen despite heavy unloading of shares from FII's camp who sold Rs. 23,193.39 crores for the month!

The positive catalysts that worked in favor of the bulls:

- 1) Dovish Fed.
- 2) Record highs at Wall Street.
- 3) Upbeat Q1 earnings from India Inc.
- 4) Stellar outperformance from Metal stocks as steel prices in limelight on expectations to rise further in near future.

Honestly speaking, much of the rally that we have seen at Dalal Street is on the back of monetary policy support from global and domestic central banks — especially, the global liquidity, and hopes of economic activity coming back to normal post lockdown.

The Federal Reserve last month held its benchmark interest rate near zero and said the economy continues to progress despite concerns over the pandemic spread. As expected, the Federal Open



Market Committee concluded its two-day meeting by keeping interest rates in a target range between zero and 0.25%. Along with that, the committee said in an unanimously approved statement that the economy continues to "strengthen." Despite the optimism about the economy, Chairman Jerome Powell said the Fed is nowhere near considering a rate hike.

**Bottom-line: The Fed printing press is stronger than all economic reality.**

As a result, S&P 500 ended 2.3% higher, Dow Jones ended 1.25% higher and most importantly, moved above the 35,000 mark during the month and Nasdaq ended 1.17% higher.

Now, before we start a brand new-innings of trading this August 2021, let's review how the major indices listed at Dalal Street fared in July, June and May 2021 and also their performance in the year 2021.

Yes, we are ready with our August-September-October 2021 forecast but before that, we wish great health and good luck to all our clients and their families during these trying times.



## Market recap:

Instruments	Prices as on 30th July 2021	July 2021 % Change	June 2021 % Change	May 2021 % Change	2021 % Change
Sensex	52587	+0.20%	+1.05%	+6.5%	+9.96%
Nifty	15763	+0.26%	+0.89%	+6.5%	+12.31%
BSE Auto Index	22489	-5.39%	+0.98%	+8.64%	+8.53%
BSE Bankex Index	39190	-0.41%	-2.47%	+8.15%	+9.89%
BSE Capital Goods Index	23672	+3.15%	+2%	+11%	+24.52%
BSE Consumer Durables	36386	+2.28%	+6.55%	+1.72%	+17.02%
BSE FMCG	13481	-0.27%	+2.95%	+4.97%	+8.39%
BSE Healthcare	26156	+2.22%	+4.30%	+15.04%	+30.26%
BSE Metal	18665	+12.57%	-1.13%	+5.92%	+65.26%
BSE Mid-Cap	23087	+2.44%	+3.57%	+7.82%	+25.66%
BSE Small-Cap	26787	+6.16%	+6.93%	+8.89%	+41.03%
BSE Power	2617	-5%	-2.16%	+13.80%	+27.12%
BSE Realty	3183	+16%	+2.26%	+0.37%	+18.82%
BSE Oil/gas	15442	-4.54%	-1.80%	+9.84%	+5.16%
BSE IT	30847	+2.36%	+9.25%	+4.86%	+25.07%



## The Back Story: Nifty flickers, but Software, Reality & Metal outshines.

Dalal Street ended July on a jumbled note -- one that investors have become accustomed to over the past couple months -- but the positive take away is that Nifty has still capped a positive month and most importantly, it has inarguably been a fruitful first six months of 2021.

The gains came despite US-China tensions took the center stage yet again as Chinese technology stocks listed in the US are set for their worst month since the global financial crisis after investors dumped shares following a regulatory crackdown by Beijing.

The Nasdaq Golden Dragon China index, which tracks Chinese tech stocks listed in New York, fell 22% in July, putting it on course for its biggest monthly fall since 2008. Shares in Chinese internet groups Tencent and Alibaba have dropped about 16% and 10% respectively.

The sharp declines come as Beijing has launched a regulatory assault on companies that handle large amounts of data and education businesses, as well as an overhaul of how Chinese groups list on stock markets outside the country. A possible meeting between Biden and Chinese President Xi Jinping is expected to be on the agenda in the G-20 summit in Rome at the end of October to find a solution to all these problems.

### But there were some key positive catalysts which helped Dalal Street to stay afloat likes:

1. Dramatic fall in virus cases acted as the biggest positive catalyst.
2. The remarkable strength of the U.S. economic recovery and the global economy.
3. A retreat in U.S Treasury yields. The yield on the 10-year Treasury note fell 3 basis points Friday to 1.239%, down about 20 basis points for the month.
4. Vaccine rollouts are also expected to get faster.
5. Hopes of the lockdown being lifted sooner.
6. Good corporate results.
7. Short covering backed with fear of missing out (FOMO) ruling traders' mindset.
8. Strong global cues.
9. Normal monsoon.



However, bullish sentiments were dented after the Inflation risks were seen on the front pages. Long story short, rate hikes are coming – perhaps only in 2023, but that is ahead of the Federal Reserve's previous projections of hiking borrowing costs only in 2024.

**It will be interesting to see if investors' still can brush-off inflation rise.**

**Let's now have a look at other key catalysts from last month:**

- Most of the carmakers reported positive month-on-month as well year-on-year sales growth. Maruti Suzuki, India largest carmaker, sold 1,24,280 passenger vehicles last month as opposed to 51,274 units in June 2020, marking a growth of 142.38%. The company sold 17,439 units of Alto and S-Presso in June 2021 as compared to 10,458 units in June last year, noting a 66.75% growth. Mahindra reported a sales growth of 109% last month, from 8,075 units in June 2020 to 16,913 units last month while Tata Motors recorded 111% sales growth, 24,110 units last month as compared to 11,419 units in June 2020. Joining these is MG Motors that sold 3558 units in June this year as opposed to 2012 units in June 2020, marking 76.83% sales growth.
- NALCO posted a standalone profit of Rs 935.64 crore against Rs 102.76 crore and revenue was up at Rs 2,821.48 crore against Rs 1,935.86 crore, YoY.
- The country's leading steelmaker JSW Steel to pump over Rs 25,000 crore to ramp up capacity to 37 million tonne. JSW Steel is planning to invest another Rs 25,115 crore by 2024-25 to ramp up its capacity to 37.5 million tonne (MT) per annum, its Chairman and Managing Director Sajjan Jindal said in a message to its shareholders. The company, which sold nearly 15 MT of steel in FY21, claimed to have invested Rs 48,000 crore in the past three years for augmenting its production capacity to nearly 28 MT, company officials said. The fresh investment of Rs 25,115 crore would further boost the company's capacity to 37.5 MT. JSW Steel has an installed crude steel capacity of 18 MT in India, comprising 12.5 MTPA of flat products and 5.5 MTPA of long products. "We are now embarking on the next phase of growth with the newly approved capex plan of Rs 25,115 crore."
  - Standard Life to sell 3.46% stake in HDFC Life; price band at Rs 658- Rs 678 per share.
  - Fed's June minutes suggest that Fed Chair Jerome Powell has said that officials were looking for "substantial further progress" toward a labor-market recovery before taking steps toward tightening policy.



- Tata Consultancy Services (TCS) first quarter FY22 number missed streets' expectations as India business pulled down revenue growth. Domestic revenues were down 14% cent as the second wave of Covid-19 impacted business sentiment.
- Sanofi and GSK have received approval for their Phase 3 clinical study in India to assess the safety, efficacy and immunogenicity of their adjuvanted recombinant-protein COVID-19 vaccine candidate. The global, randomised, double-blind Phase 3 study will include more than 35,000 volunteers aged 18 and older across sites in the US, Asia, Africa, and Latin America.
- Despite the year-on-year recovery, retail automobile sales in June 2021 were well below a normal pre-Covid month. According to vehicle registration data released by dealer association body FADA, total retail vehicle sales in June 2021 grew by 23% to 12,17,151 units as against 9,92,610 units sold during lockdown-infused June 2020. However, sales in June 2021 were 28% lower than June 2019, the pre-Covid month, when the same stood at 16,98,005 units.
- In a major Union Cabinet reshuffle, Prime Minister Narendra Modi dropped about a dozen ministers, including Health Minister Harsh Vardhan, IT and Law Minister Ravi Shankar Prasad and I&B Minister Prakash Javadekar, and brought Sarbananda Sonowal, Narayan Rane, Jyotiraditya Scindia and 33 other new members to his government. Apart from 15 Cabinet ministers, 28 Ministers of State were sworn in at a ceremony held in the Darbar Hall of the Rashtrapati Bhavan.
- After two straight months of witnessing growth in its subscriber base, Vodafone Idea showed a decline of 1.8 million users in the month of April, 2021. Reliance Jio continued to maintain its lead with a net addition of 4.8 million wireless users in the month, while rival Bharti Airtel added 0.5 million, according to data released by the Telecom Regulatory Authority of India (Trai) on last Monday.
- Retail inflation eased slightly to 6.26% in June.
- May IIP at 29.3% against a massive 134% rise in April and a 22.4% rise in March. When compared with May 2019, however, the industrial output showed a contraction of 13.4%.
- Mindtree reported net profit at Rs 343.4 crore for the quarter ended June 30, 2021, an increase of 61.2% year-on-year, and sequentially profits grew 8.2%. The key positive takeaway was that order book exceeded \$500 million.





- Infosys missed street's net profit expectations for the quarter ended June 2021, but the positive takeaway is that INFY raised its revenue growth guidance for financial year 2021-22 (FY22), buoyed by a robust deal pipeline. The company now expects its revenue to grow by 14-16% in FY22, up from the earlier estimate of 12-14%. INFY has stated that its June-quarter revenue growth was the fastest over the last decade. During the quarter, its total contract value (TCV) of large deals was \$2.6 billion.
- China's exports grew much faster than expected in June. Exports in dollar terms rose 32.2% in June from a year earlier, compared with 27.9% growth in May.
- Adani Group takes management control of Mumbai International Airport, now controls 33% of India's air cargo traffic.
- Cadila Healthcare said its wholly-owned subsidiary Zydus Animal Health and Investment has completed sale of its animal healthcare established markets undertaking to Multiples Alternate Asset Management -led consortium for Rs 2,921 crore.
- Bandhan Bank said its loans and advances shrunk by 8% in June quarter to Rs 80,128 crore. Total deposits contracted by one percent on a QoQ basis to Rs 77,336 crore.
- NBCC secures total business of Rs206cr in June..
- NMDC board approved demerger of steel business.
- TCS to invest USD300mn by 2026 for expansion in Arizona.
- Jio trumps Airtel in April active user adds; Vi loses.
- Jubilant FoodWorks, reported a net profit of Rs 63 crore for the first quarter ended June (Q1FY22), as compared to a net loss of Rs 74 crore reported during the corresponding period in FY21. The results were above street expectations.
- Havells posted a 268.5 percent year-on-year (YoY) rise in its consolidated net profit at Rs 235.78 crore for the June quarter of the current fiscal year (Q1FY22).



- ICICI Bank reported a standalone net profit of Rs 4,616 crore, up 78% year-on-year for the quarter ending June 30, 2021 (Q1FY22). It was Rs 2,599 crore in the same quarter last year (Q1FY21).
- ITC Ltd reported 30% rise in consolidated net profit at Rs 3,343 crore for the first quarter of current financial year (Q1FY22). The same was Rs 2,567 crore in the June quarter of last year.
- Zomato had a blockbuster listing last month as its stock price was up 65% or Rs 50 from IPO price of Rs 76. Interestingly, immediately on opening, Zomato shares hit 20% upper circuit at Rs 138, nearly doubling IPO investors' money. The total market capitalisation of the online food ordering platform stood at Rs 98,211 crore on the closing bell, down from Rs 1 lakh crore earlier in the day.
- U.S GDP which grew by 6.5% in the second quarter, far lower than 8.6% projected.
- WTI Crude Oil Prices ended the month on a flattish note, up 0.50% at \$ 73.81 a barrel. Crude oil prices remained buoyant as vaccinations are expected to alleviate the impact of a resurgence in COVID-19 infections across the globe.
- Comex Gold rebounded around 3% for the month at \$1825 an ounce.
- Indian Rupee was almost unchanged against US Dollar at Rs. 74.36.



## Gainers over 1-Month

Stocks	LTP (30th July 2021)	Change %	52 Week H/L
TATASTEEL	1435	21.2%	1481/343
BAJAJ FINSERV	14275	15.3%	14925/5401
SUNPHARMA	773	14.4%	784/453
ULTRATECH	7650	11.4%	7719/3755
TECH MAHINDRA	1208	9.3%	1152/843

## Losers over 1-Month

Stocks	LTP (30th July 2021)	Change %	52 Week H/L
BAJAJ AUTO	3845	-8.1%	4361/2823
MARUTI	6998	-7.8%	8400/6120
AXISBANK	709	-7.0%	800/400
M&M	745	-6.1%	952/566
ONGC	115.15	-5.9%	128/64

## Stocks at 52 Week High

Stocks	LTP (30th July 2021)	52 Week High
ACC	2393	2414.85
AMBUJACEM	411.05	415.00
COFORGE	5087.30	5225.00
GODREJPROP	1602.20	1625.00
GSFC	122.25	124.80

## Stocks at 52 Week Low

Stocks	LTP (30th July 2021)	52 Week Low
APLLTD	787.65	774
KEMISTAR	37.40	33.70
SHASHANK	12.65	12.65
-	-	-

## FII / DII - monthly break up and compared to June 2021.

FII (July) Rs. In Cr.	FII (June) Rs. In Cr.	DII (July) Rs. in Cr.	DII (June) Rs. In Cr.
<b>-23193.39</b>	<b>-25.89</b>	<b>+18393.92</b>	<b>+7043.51</b>



## Looking Ahead: Nifty at a crossroads of reopening of economy and high inflation.

**Sensex: 52,587.**

**Nifty: 15,763.**

Commanding attention this month would be the outcome of Monetary Policy Committee (MPC) meeting, which is scheduled to meet for three days beginning August 4 and will announce its decision on August 6. The Reserve Bank of India is likely to leave repo rate unchanged in the upcoming policy review meeting and the Monetary Policy Committee may look for "unconventional policy measures" to ensure financial stability.

Honestly speaking, the Reserve Bank of India's Monetary Policy Committee have a few tricky questions to think upon...

CPI inflation, which is the central bank's monetary policy base, has printed above the upper band of RBI's comfort zone of 2-6% for two straight months now. CPI inflation climbed to a six-month high of 6.30% in May and then eased marginally to 6.26% in the following month.

At the same time, India's economy is not yet out of the woods after the second Covid wave. Renewed spread of Covid-19 in western and Asian economies has also queered the pitch on global growth, while China's purge of its technology sector is creating contagion risks in the foreign exchange markets.

With the spectre of a third wave and the possibility of fresh lockdowns posing risks to RBI's forecast of 9.5% GDP growth in FY22, the market's timelines for normalization have been revised.

The unanimous view is that growth must return on the pedestal and as such RBI is not seen tightening the liquidity spigot anytime before December. On August 6, Das is expected to keep rates on hold and reiterate accommodation.

RBI would also gain some confidence from the fact that at its recent meeting the US Federal Reserve reiterated that growth in the world's largest economy still needs policy support. The Fed did not specify any timelines for the reduction of its monthly \$120 bln asset purchase programme either.



### Other important economic events to trickle in this month:

- Monday, Aug 02, 2021: Nikkei Markit Manufacturing PMI (Jul), Trade Balance (Jul), Trade Balance, Exports (USD), Imports (USD)
- Wednesday, Aug 04, 2021: Nikkei Services PMI (Jul),
- Friday, Aug 06, 2021: Interest Rate Decision, Reverse REPO Rate, Cash Reserve Ratio, FX Reserves, USD
- Thursday, Aug 12, 2021: CPI (YoY) (Jul), Manufacturing Output (MoM) (Jun), Cumulative Industrial Production (Jun), Industrial Production (YoY) (Jun)
- Monday, Aug 16, 2021: WPI Manufacturing Inflation (YoY) (Jul), WPI Food (YoY) (Jul), WPI Inflation (YoY) (Jul), WPI Fuel (YoY) (Jul), Imports (USD) (Jul), Exports (USD) (Jul)

### The big question: Nifty 16000 still possible?

It's difficult to say if bulls can triumph in a month of known-unknowns and unknown-unknowns.

Well, the benchmarks are likely to carry the positive baton from last month's trade. We expect, the benchmark Nifty to aim the psychological 16000 mark.

The most probable worst scenario could be that the benchmarks continue to take a breather. This also sounds understandable as Nifty & Sensex are up around 108% from the March 2020 lows. **Honestly speaking, if the stock market takes a breather then it's most likely that investors are going to put more money to work — Buy-the-dip gyan mantra to prevail.**

Bullish looking stocks	Bearish looking stocks
<p>AARTI INDUSTRIES, ASHOK LEYLAND, PVR, BALKRISHNA INDUSTRIES, COROMANDEL, DABUR, DEEPAK NITRITE, DIVIS LAB, DLF, GODREJ PROPERTIES, JSW STEEL, SAIL, SHREE CEMENT, TORRENT PHARMA, VEDANTA, VOLTAS.</p>	<p>AXIS BANK, BANDHAN BANK, BHARAT FORGE, BHEL, BIOCON, COAL INDIA, CUB, EICHER MOTORS, IDEA, IDFC FIRST BANK, INDIAN HOTELS, INDIGO, INDUSIND BANK, LAL PATH LABS, METROPOLIS, RBL BANK.</p>



## Daily chart of Nifty:



Our **call of the month** says investors will continue to wrestle with the implications of expected 3rd wave of coronavirus as the highly contagious Delta strain seen ballooning while on the positive side are better-than-expected June quarter earnings from India Inc, a economy which is most likely to open as coronavirus cases subside, normal monsoon on cards and most importantly record high GST revenue.

**GST revenue for the month of July stood at over Rs 1.16 lakh crore**, 33 per cent higher than the collection in the same month of 2020, indicating that the economy is recovering at a fast pace. The ministry said in a statement that the robust GST revenues are likely to continue in the coming months too.

The ice likely to crack on this bull market only any move below Nifty 15449 mark with downside risk on Nifty at 15151 mark. Alternatively, Nifty poised for fresh uncharted territory and ready to shoot the moon as long as 15449 support is held.

**Preferred Trade on Nifty:**

**CMP 15763**

Technically speaking, from a chartist standpoint, extremely overbought technical conditions prevail. That said, the long term landscape remaining in a super-bullish mode with all investors' eye now at Nifty's next hurdles at 16000 mark. The near term price action for Nifty is suggesting that we are likely to see a 15001- 16200 range in near term with positive bias. Please note, Nifty's 200DMA at 14395 mark.

**Buy on dips between 15450-15500 zone. Targets at 15963 mark and then at 16200-16250 zone with strict stop at 14901.**



# The single-most conviction idea for August 2021.

**Theme: A metal stock with the mettle to outperform...**

**Buy STEEL AUTHORITY (SAIL) (CMP 142. Targets at 175):**



**Steel Authority of India Limited** - A Maharatna · One of the largest steel producers in India and operates in Metals - Ferrous sector. SAIL is owned and operated by the Ministry of Steel, Government of India. The Government of India owns about 65% of SAIL's equity and retains voting control of the Company.

Incorporated in the year 1973, SAIL has a market cap of Rs 58654 Crore. SAIL produces iron and steel at five integrated plants and three special steel plants, located principally in the eastern and central regions of India and situated close to domestic sources of raw materials. SAIL manufactures and sells a broad range of steel products

The key positive catalyst in favor of the stock is the firms' higher operating leverage due to high conversion cost, the strength in China HRC export price, tight demand supply scenario in the domestic market, backward integrated with captive iron ore, permission from government to sell 25% of Iron ore production of previous fiscal and iron ore fines accumulated as waste over past 5-6 decades, and also demand from Railways which should keep its average NSR higher.

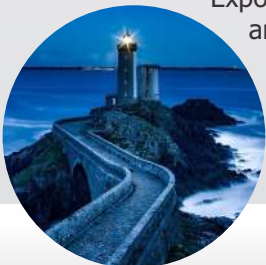
SAIL is seen delivering across all front and strong margins in steel business are likely to drive momentum in stock price on the upside. Robust operating performance seen aided by lower cost on backdrop of efficient working capital management coupled with sharp capital allocation

is likely to improve prospects further.

Technically, brace yourselves for a breakout play on the weekly and daily time frames. The recent sequence of higher high/low is intact on all time-frames. An impulse uptrend is seen forming on the monthly time scale too, with positive SAR series.

Add to that a bullish divergence and a rising stochastic signal (on daily charts) with recent increase in volumes signaling a larger rebound. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 83 zone. The level of 83-87.50 zone will act as a strong support zone and any sharp panic declines to these levels offer opportunities to initiate aggressive long positions.

**Establish buy positions at CMP, targeting 153/169 and then aggressive targets at psychological 200 mark. Stop 111.50. Holding period 3-5 months.**





## Mehta Equities Ltd

903, 9th Floor, Lodha Supremus, Dr. E. Moses Road,  
Adjacent to Konark Empress Building,  
Worli Naka, Worli, Mumbai - 400018

[info@mehtagroup.in](mailto:info@mehtagroup.in)

For Grievances

[grievance@mehtagroup.in](mailto:grievance@mehtagroup.in)

T : +91 22 61507101

F : +91 22 61507102

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