

MEHTA'S MORNING BELL



Here is what You may be interested this morning!

Good Morning & Welcome to Monday's trading action at Dalal Street dated 2nd March 2020.

Before we start, first things first...

- Today, SBI Card opens for IPO subscription. We believe that the SBI Cards IPO offers an investment opportunity in a unique business model with strong profitability.
- All eyes will be on February auto sales numbers: The street suspects, the wholesale numbers are expected to be under pressure in CVs, 2Ws and PVs due to inventory correction by dealers before the BS6 transition.

Now lets check how trading action will pan out this Monday:

Right now, Dalal Street is in full-panic mode.

The relentless sell-off witnessed at Dalal Street for past six-days has pushed the two benchmarks Sensex and Nifty into market-correction territory — defined as a drop of more than 10% from a recent peak.

Nifty is well below its 200-DMA (11687) — Please note, 200 DMA is seen as an important gauge of an asset's longer-term trend.

Overseas, the Dow Jones, the Nasdaq and the S&P 500 were all down around 10% in last week's trade. World over, stock markets are in total panic — both sentiment wise as well in terms of market breadth measures.

Blame it to fears over the rapid spread of coronavirus outside of China.

That brings us to the big question of the day:

- Whether, this panic is truly warranted?
- Do we have to prepare for more difficult times??

Honestly speaking, there is absolutely no accurate way to analyze on how much of an economic impact coronavirus will have. At the time of writing, the street fears that corporates will generate no earnings growth from next financial year amidst concerns of supply-chain disruption and decline in Chinese economic activity. The word on the street is that coronavirus may lead to a U.S. recession and global recession.

But, but but... please note, 8%-10% crash in Nifty and global stock market indices were also on backdrop of lofty stock valuations. Technically, sizeable market correction (or even a meltdown) was warranted. We suspect, COVID-19 was made a scapegoat and was used as a nice little excuse by Dalal Street bears to bring down prices.

We say so because, Influenza, for reference, killed 61,000 in the most recently recorded flu season, more than 21 times the amount COVID-19 has so far. And during this period markets were mostly trending up.

While latest Coronavirus update states: 86,898 cases, 2,978 deaths.

Agreed coronavirus is far from catastrophic, but the problematic area is that the virus is now indeed crossing borders and most importantly physicians still have no vaccine or cure for the novel coronavirus.

And that brings us to our call of the day which suggests volatility will continue to be the hallmark as long as traders struggle to find a floor to the selling in response to the mounting coronavirus crisis. Technically, the most watched support on Nifty is at 10901 mark. Below 10901, selling stampede could knock down Nifty further to its biggest support at 10301. Please note, confirmation of strength only above Nifty 11589 mark. If the mentioned support holds on Nifty then we suspect that the fears mongering around COVID-19 will most likely fade.

For perma-bull investors, the gyan mantra is that any fall to support levels indicates time to buy as there may be some specific buying opportunities emerging from all the panic.

The positive catalysts:

- Crude oil prices have dropped significantly, now at 45\$ levels. This should help India to reduce its trade deficit.
- The Chinese Central bank, the Federal Reserve, the ECB, the Bank of Japan are most likely to act together by pump-in liquidity and also could cut interest rates.

Bottom-line: Looks like that the fears surrounding COVID-19 and the consequent market sell-off are overblown and the Coronavirus is really not that bad economically for India. For the day, we will be in wait-and-see mode if Nifty holds the support at 10901 mark.

SGX Nifty: (+46, 11257)

All about Nifty & Bank Nifty:

Indices	CMP	Support	Resistance	21 DMA	200 DMA	Range	Preferred Trade
Nifty	11202	10909	11357	11937	11687	11901-11351	Sell between 11300-11351 zone. Targets at 11001/10901/10301. Stop 11601.
Bank Nifty	29147	28751	29651	30683	30185	29601-30585	Sell between 29500-29601 zone. Targets at 2901/27569/26560. Stop 30701.

All about stocks (F&O Trades):

Instruments	CMP	Support	Resistance	21 DMA	200 DMA	Bias	Preferred Trade
ASHOK LEYLAND	70	67.50	75	80	78	Negative	Sell between 73-75 zone. Targets 67.50/57. Stop 78.45.
BANKBARODA	76.30	71	82.50	85	103	Negative	Sell at CMP. Targets 71/63. Stop 86.45.
PAGE INDUSTRIES	22146	21609	22986	23482	21561	Negative	Sell at CMP. Targets 21069/20501. Stop 23101.

All About Option Trades:

Option Trade: BUY NIFTY 05th MARCH PE Strike Price 11000 at CMP 85.15. Profit: Unlimited. Maximum Loss: Rs. 6,386.25/-. Stop: Exit Put Option if Nifty moves above 11275 (Nifty March Futures CMP 11149.15)

All about stocks (Medium Term Trades):

Stocks	CMP	Support	Resistance	21 DMA	200 DMA	Bias	Preferred Trade
APOLLO HOSPITALS	1735	1457	2000	1717	1441	Positive	Buy at CMP. Targets 2000/2100. Stop 1457.
ALEMBIC PHARMA (APLL)	630	529	685	642	547	Positive	Buy at CMP. Targets 685/800. Stop 529.
-	-	-	-	-	-	-	-

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