

MEHTA'S MORNING BELL



Here is what You may be interested this morning!

Good Morning & Welcome to Thursday's trading action at Dalal Street dated 6th February 2020.

Early action at SGX Nifty is indicating another day of healthy gains for our stock markets.

That brings us to our **call of the day** which suggest Nifty/Sensex could climb as adeptly as a mountain goat to their all-time-highs at 12,431/42,273 milestone.

The positive catalyst helping optimism: Investors cheering reports that researchers have found drugs that can combat coronavirus.

Digging deeper, China's National Health Commission has confirmed 492 deaths linked to the coronavirus, as well as more than 24,000 cases nationwide. But the positive takeaway is that the spread of the virus outside China's boundaries has slowed from late last week.

Amidst this backdrop, conga-line of rising worldwide markets seen across the board — from Wall Street to European markets to Asian stock markets.

Now, for the day, the most watched out event for equities and bond markets would be the MPC meet outcome.

We suspect, RBI will maintain status quo on interest rates. That's on backdrop of the Union Budget which has estimated a higher fiscal deficit of 3.8% for this year and a glide path to 3.5%. Inflation is likely to trend at a level higher than RBI's 4-4.5% target this quarter. It is also believed that RBI is likely to continue an accommodative stance to support growth.

Meanwhile, helping sentiments at Dalal Street are other positive catalysts like:

- Optimism at bulls' camp as Nifty recoups all the Budget Day losses and most importantly, now sets sight on its all-time-high at 12431 mark.
- As per Tuesday's provisional Data, foreign institutional investors (FIIs) bought shares worth Rs 248.94 crore, and domestic institutional investors (DIIs) purchased shares of worth Rs 262.75 crore.
- Sentiments get a boost after India's Services PMI in January rose at quickest rates in seven years.
- Boosting sentiments are the steep fall in crude oil prices.
- There is optimism towards the prospect of a re-election of President Donald Trump. Meanwhile, Trump is likely to be cleared by the Senate on Wednesday in his impeachment hearing.

The technical landscape is quite positive amidst three long white candles (Three White Soldiers pattern) on the daily charts suggesting strength in the up-move. Technically, Nifty will face some hurdles at 12127 mark in today's trade. Above 12127, Nifty's next goal post will be at its all-time-high at 12431 mark. Downside for the day likely to be limited at 11877—11821 zone.

Option data suggests:

- Nifty's Max Call OI: 12500, 12200.
- Nifty's Max Put OI: 12000, 11500.

Our chart of the day suggests establishing long positions in stocks like CHOLAMANDALAM FINANCE, MCDOWELL and ADANI ENTERPRISES with inter-week perspective.

Q3 earnings to trickle in today are:

- Thursday: RITES, DALMIA BHARAT, UBL, AUROBINDO PHARM, BATA INDIA, SUN PHARMA, HERO MOTO CORP, ADANI POWER, NMDC, IDFC, EICHER MOTORS, LUPIN, IGL, METROPOLIS HEALTHCARE.

SGX Nifty: (-37, 12063)

All about Nifty & Bank Nifty:

Indices	CMP	Support	Resistance	21 DMA	200 DMA	Range	Preferred Trade
Nifty	12089	11947	12127	12137	11660	11979-12151	Buy between 11947-11961 zone. Targets at 12127/12431. Stop 11771.
Bank Nifty	31002	30451	31501	31151	30099	30851-31475	Buy at CMP. Targets at 31421/32621. Stop 30283.

All about stocks (F&O Trades):

Instruments	CMP	Support	Resistance	21 DMA	200 DMA	Bias	Preferred Trade
ADANI ENTERPRISES	236	231	251	224	167	Positive	Buy at CMP. Targets 251/269. Stop 219.
CHOLAFIN	342	333	352.50	324	290	Positive	Buy at CMP. Targets 352.50/375. Stop 327.
MC DOWELL	653	641	663	603	590	Positive	Buy at CMP. Targets 663/711. Stop 639.

All About Option Trades:

Option Trade: BUY NIFTY 13th FEBRUARY Call Strike Price 12100 at CMP 40.10. Profit: Unlimited. Maximum Loss: Rs. 3,007.50/-. Stop: Exit Call Option if Nifty moves below 11851 (Nifty February Futures CMP 11964.25)

All about stocks (Medium Term Trades):

Stocks	CMP	Support	Resistance	21 DMA	200 DMA	Bias	Preferred Trade
RITES	310	288	351	314	253	Positive	Buy at CMP. Targets 351/401. Stop 286.
NAUKRI	2987.30	2678	3201	2680	2285	Positive	Buy at CMP. Targets 3201/3501. Stop 2678.
-	-	-	-	-	-	-	-

Mehta Group

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