

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 9th December 2019.

To start with, Wall Street jumped in Friday's trade on backdrop of strong jobs data — primarily easing worries about a trade induced recession.

The big question: Will positive global cues ignite bullish buying at Dalal Street??

Honestly speaking, this Monday morning — Dalal Street seems to be uninspired by Wall Street cues as is indicated by SGX Nifty which is up merely 21 points at 11976.

Well, the bulls' camp at Dalal Street will be keenly praying for a miracle on the U.S-China trade front that convinces investors and traders that a comeback is quite possible — especially after last week's drubbing.

But as the U.S-China negotiations bustles, investors could be grappled with recent negative rhetoric. The deal needs to be signed before December 15, which is a key deadline for the negotiations; else, U.S. due to impose tariffs on \$160bln of Chinese goods on Dec. 15.

And that brings us to our **call of the day** which suggests Dalal Street is likely to waver in today's trade as investors remain optimistic about prospects for a U.S.-China trade deal, but simultaneously a looming deadline for the imposition of fresh import tariffs by President Donald Trump will keep them anxious.

Technically speaking, the bias continues to be neutral/negative amidst a weak closing for Nifty & Bank Nifty in last week's trade with a 'Dark cloud cover' on weekly charts of Nifty. Immediate downside risk on Nifty seen at 11875 and then aggressive targets at 11801 mark. Hurdles for Nifty seen at its all-time-high at 12159 mark.

Here are other negative catalysts on the backdrop for our stock markets:

- FIIs were net sellers last week as they sold shares worth Rs. 3,858 crores. DIIs on the other hand were net buyers, buying Rs. 2,422 crores.
- Collapsing GDP data to 4.5% in the September quarter from 5% in the June quarter.
- Weak November Auto sales data.
- **The street was disappointed after RBI maintained status-quo and most importantly, will look to cut rates only after retail inflation softens.**
- RBI also lowered GDP growth for 2019-20 from 6.1% in the October policy to 5% to 4.9-5.5% in second half of FY2019-20.
- CPI inflation projection was revised upwards to 5.1-4.7% for second half of FY2019-20 and 4-3.8% for first half of FY2020-21, with risks broadly balanced.
- In last week's trade, Crude Oil prices ended on strong note, up 7.30% after the reports that OPEC and its allies have recommended cutting production by 500,000 barrels a day.

Bottom-line: We suspect it's too early to pop the Champagne. Makes sense to keep a low profile and closely monitor the WPI numbers to trickle in on Friday, 13th Dec 2019.

Outlook for Monday: Sell on any excessive strength at Dalal Street.

SGX Nifty: (+21,11976)

All about Nifty & Bank Nifty:

| Indices | CMP | Support | Resistance | 21 DMA | 200 DMA | Range | Preferred Trade |
|------------|-------|---------|------------|--------|---------|-------------|---|
| Nifty | 11922 | 11927 | 12159 | 11736 | 11462 | 11801-11989 | Sell between 11975-12001 zone. Targets at 11875/11801-11811 zone. Stop 12159. |
| Bank Nifty | 31341 | 30675 | 32127 | 31394 | 29456 | 30735-31501 | Sell between 31451-31501 zone. Targets at 31055/30401/30001. Stop 32126 |

All about stocks (F&O Trades):

| Instruments | CMP | Support | Resistance | 21 DMA | 200 DMA | Bias | Preferred Trade |
|------------------|------|---------|------------|--------|---------|----------|--|
| CENTURY TEXTILES | 488 | 471 | 497 | 448 | 812 | Positive | Buy between 471-475 zone. Targets 497/521. Stop 457.50. |
| BAJAJ FINANCE | 3951 | 3887 | 4115 | 4095 | 3400 | Negative | Sell between 3971-3991 zone. Targets 3887/3801. Stop 4115. |
| HDFC | 2265 | 2241 | 2306 | 2265 | 2091 | Negative | Sell between 2775-2781 zone. Targets 2241/2201. Stop 2311. |

All About Option Trades:

Option Trade: BUY NIFTY 12th DECEMBER PE Strike Price 11800 at CMP 21.10. Profit: Unlimited. Maximum Loss: Rs. 1,582.50/-. Stop: Exit Put Option if Nifty moves above 12132. (Nifty December Futures CMP 11955.70)

All about stocks (Medium Term Trades):

| Stocks | CMP | Support | Resistance | 21 DMA | 200 DMA | Bias | Preferred Trade |
|----------|------|---------|------------|--------|---------|----------|---|
| NILKAMAL | 1290 | 1071 | 1500 | 1299 | 1214 | Positive | Buy between 1250-1275 zone. Targets 1500/1725. Stop 1071. |
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