

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 17th February 2020.

To start with, Friday's session went in favor of the bears' camp.

And this morning, early action at SGX Nifty is indicating a nervous start for our stock markets. That's in line with our call of the day which say caution should continue to be the buzzword as shaking confidence are catalysts like:

- The Supreme Court (SC) rejected the telecom companies' plea seeking new schedule of adjusted gross revenue (AGR) payments and directed them to clear their dues to the government by March 17. The pleas filed by Vodafone Idea, Bharti Airtel, and Tata Teleservices had sought more time for payment of AGR related dues.
- The recent data released on the retail and wholesale inflation for January remained elevated, which should keep the bulls at the back foot, primarily as higher inflation means no rate cut from RBI.
- The contractions in monthly IIP figures also continue to portray a gloomy growth picture.
- Dismissal performance by Auto stocks in week gone by after Maruti Suzuki announced a 2.16% decline in total production in January 2020 to 179,103 units from 183,064 units reported in January 2019.
- Friday's trading action suggests that foreign institutional investors (FIIs) sold shares worth Rs 704.92 crores in the Indian Equity market.
- There is still uncertainty and the severity of the outbreak of coronavirus and most importantly, doubts about China's ability to contain it. At the time of writing, more than 1600 people have died from the new virus in China with the number of confirmed cases now at over 68000 worldwide.

The technical landscape after Friday's close has tilted in favor of bears. On the weekly charts, Nifty has formed a long leg doji candlestick pattern indicating indecisiveness while on daily charts a long bearish candle is formed indicating negative bias. Please note, the trend will reverse to bullish only on any close above 12247 mark.

Outlook for Monday: Sell on any intraday strength.

The other concern for our stock markets is that the market breadth is totally negative. Simply put, on any strength only the generals are marching ahead, but the troops are not following.

That brings us to our chart of the day which suggests establishing short positions in stocks like BANK OF BARODA, PNB & SBI with inter-week perspective.

Option data suggests:

- Nifty's Max Call OI: 12500, 12400.
- Nifty's Max Put OI: 12000, 11800.

Before we end, please note that the U.S bond and stock markets will be closed Monday in observance of Presidents Day.

SGX Nifty (-45, 12086)

All about Nifty & Bank Nifty:

Indices	CMP	Support	Resistance	21 DMA	200 DMA	Range	Preferred Trade
Nifty	12113	12007	12246	12073	11675	12007-12191	Sell between 12177-12201 zone. Targets at 12007/11821. Stop 12271.
Bank Nifty	30835	30271	31451	30899	30144	30475-31121	Sell between 31000-31101 zone. Targets at 30695/30283/29612. Stop 31771.

All about stocks (F&O Trades):

Instruments	CMP	Support	Resistance	21 DMA	200 DMA	Bias	Preferred Trade
APOLLO HOSP	1704	1655	1711	1671	1415	Positive	Buy between 1681-1689 zone. Targets 1751/1811. Stop 1649.
BANKBARODA	86.40	85	89	91	104	Negative	Sell at CMP. Targets 81/71. Stop 90.90.
JINDALSTEL	190.50	186	197	185	142	Negative	Sell between 192-195 zone. Targets 186/177. Stop 197.75.

All About Option Trades:

Option Trade: BUY NIFTY 20th FEBRUARY PE Strike Price 11900 at CMP 10.80. Profit: Unlimited. Maximum Loss: Rs. 810/-. Stop: Exit Put Option if Nifty moves above 12200. (Nifty February Futures CMP 12129.65)

All about stocks (Medium Term Trades):

Stocks	CMP	Support	Resistance	21 DMA	200 DMA	Bias	Preferred Trade
PAGE INDUSTRIES	22447	20000	25101	24595	21540	Negative	Sell at CMP. Targets 20000/17501. Stop 25101.
HCLTECH	622	587	651	600	552	Positive	Buy at CMP. Targets 651/701. Stop 583.
-	-	-	-	-	-	-	-

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