

MEHTA'S MORNING BELL



Here is what You may
be interested this morning!

TODAY'S ECONOMIC CALENDAR

India: CPI (YoY) (Mar), Cumulative Industrial Production (Feb), Industrial Production (YoY) (Feb), Manufacturing Output (MoM) (Feb)

Singapore: GDP (QoQ) (Q1), GDP (YoY) (Q1)

Good Morning & Welcome to Monday's trading action at Dalal Street dated 13th April 2020.

Volatility will be hallmark as we start a fresh week of trading on reports that;

Lockdown likely to be extended: India is set for an extended lockdown — probably till the April 30th — nearly all chief ministers asked for extension of lockdown in a meeting with Prime Minister Narendra Modi on Saturday

So, on every investors' mind the big question would be: How bad the economy will get — and most importantly, how quickly the economy could revive?

Technically, Nifty enjoyed strong session in last week's trade, reclaiming 9100 mark and most importantly — made a higher high.

From a chartist standpoint, the technical landscape for swing traders has improved considerably — indicating the worst is behind us. In the near term, Nifty is most likely to move higher modestly with buy on declines as the preferred strategy. Downside on Nifty likely to be limited at 8845 and any corrective declines offers an opportunity to initiate long positions with immediate targets at 9389 mark.

That brings us to our call of the day which suggests the risks are going to be high in equities, but so are the rewards...

Our **chart of the day** suggests establishing long positions in stocks like VOLTAS, PIDILITE & BHARTI AIRTEL on buy side with interweek perspective.

Why we are bullish in near term:

- All sectoral indices participated in the upside momentum.
- FIIs were net buyers in last week's trade as they bought shares worth Rs. 4422.80 crores. Also, for the month of April, FIIs have come in buy mode with a net buy of Rs. 1325.04 crores.
- Oil prices near 18-years low. This should help India to reduce its trade deficit.
- Expectations of another round of fiscal stimulus from the government should continue to bolster sentiments.
- RBI's whopping 75 basis points cut in the repo rate, bringing it down to 4.4%, its lowest ever should boost optimism as credit flow likely to begin. We suspect, the rates drop further to 3.50% by June-August 2020.
- Lower global interest rates particularly in the U.S and most importantly, higher liquidity should bring more capital allocation to India.
- China's production activities to remain subdued and also long-term structural shift from China to India quite likely. Emerging markets like India may attract a large number of foreign businesses and investments.

Now having said that, please note that it is still not appropriate for long term investors who see this strength as light at the end of the tunnel especially after a brutal period — Probably it could be an oncoming train.

That negativity stems from the fact that COVID-19 comes without a certain end date. The need of the hour is a permanent cure of the virus outbreak.

Option data for 30th April suggests:

- Nifty's Max Call OI: 9000, 9500.
- Nifty's Max Put OI: 8500, 9000.

Outlook for Monday: Buy on dips should be the preferred strategy.

SGX Nifty: (-23, 9096)

All about Nifty & Bank Nifty:

Indices	CMP	Support	Resistance	21 DMA	200 DMA	Range	Preferred Trade
Nifty	9112	8701	9389	8809	11366	8861-9389	Buy between 8850-8901 zone. Targets at 9251/9389. Stop 8501.
Bank Nifty	19914	18001	21001	20558	29082	18001-20001	Buy between 18701-19001 zone. Targets at 20745/21827/22405. Stop 17001.

All about stocks (F&O Trades):

Instruments	CMP	Support	Resistance	21 DMA	200 DMA	Bias	Preferred Trade
ASIANPAINTS	1651	1583	1691	1661	1677	Positive	Buy between 1603-1621 zone. Targets 1691/1731. Stop 1571.
PIDILITE	1349	1307	1387	1401	1374	Positive	Buy at CMP. Targets 1387/1445. Stop 1237.
SBIN	187.75	169	195	203	302	Negative	Sell between 189-192 zone. Targets 169/145. Stop 203.

All About Option Trades:

Option Trade: BUY NIFTY 16th APRIL CE Strike Price 9300 at CMP 124.65. Profit: Unlimited. Maximum Loss: Rs. 9,348.75/-. Stop: Exit Call Option if Nifty moves below 8800. (Nifty April Futures CMP 9086.70)

All about stocks (Medium Term Trades):

Stocks	CMP	Support	Resistance	21 DMA	200 DMA	Bias	Preferred Trade
APOLLO HOSPITALS	1342	1081	1501	1294	1457	Positive	Buy at CMP. Targets 1501/1745. Stop 1081.
DIVISLABS	2310	1811	2501	1968	1787	Positive	Sell at CMP. Targets 2501/3001. Stop 1811.
-	-	-	-	-	-	-	-

Mehta Group

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