

# MEHTA'S MORNING BELL



Here is what You may be interested this morning!

## TODAY'S ECONOMIC CALENDAR

Great Britain: Rightmove House Price Index (MoM)

China: PBoC Loan Prime Rate

USA: Chicago Fed National Activity (Aug), Fed Chair Powell Speaks, 3-Month Bill Auction, 6-Month Bill Auction

## Good Morning & Welcome to Monday's trading action at Dalal Street dated 21st September 2020.

Our **call of the day** suggests 'return of risk'

**We say so because** investors are seen acknowledging the fact of massive disconnect between the real economy and the Indian stock market.

Judging by the price move at Dalal Street in last week's trade, the street seen suspecting that re-opening of economies is shaky as hurting sentiments were also reports of concerns growing over a worsening second wave of coronavirus cases in the European region.

You could blame some part of the negativity to Wall Street where key benchmarks ended lower on Friday, notching a third straight weekly loss. This September month, Dow is down 2.72%, the S&P500 down 5.17% and Nasdaq Composite down 8.34%. The negative takeaway was that the S&P for the first time since April 23 has closed below its 50-day moving average at 3,343.

At the moment, the negative catalysts haunting sentiments are:

- Primarily concerns are the fact that the recent sell-off in the U.S. as a start of a bear market.
- Indecision about a fresh round of fiscal stimulus from Washington
- Rising concerns about tensions between the U.S. and China.
- Uncertainties about the sluggish pace of economic recovery.
- Overbought technical conditions.

Also please note, global stock markets primarily wobbled after it got its first chance to react to the Federal Reserve's decision and its cautious outlook on the world's top economy. The street suspects that the interest rates which is likely to stay at zero for at least the next three years is not a positive signal for the U.S economy.

Also hurting sentiments were Fed Chair Powell's statement that the economic downturn resulting from the pandemic is "the most severe in our lifetime."

**Bottom-line: The need of the hour is more fiscal stimulus.**

**Now, before we get into detail, here are other key things to know before today's market open:**

- Expect volatility to be the hallmark this week amidst F&O expiry.
- Also eyes will be on Fed Chairman Jerome Powell, who is slated to speak on Monday, 21st Sep and Tuesday 22nd Sep.
- Technically speaking, Nifty biggest support now seen at 11357 mark. Nifty's immediate hurdles seen at 11619 mark. Please note, Bull will get conviction of strength only above 11619 while Nifty is set to stumble only below 11357 mark.
- Meanwhile, options data suggests Nifty is likely to be in a trading range as maximum Call OI is at 12000. This is followed by 11800 Strike Price. Maximum Put open interest stands at 11,500 levels. Call writing was seen at 11500 followed by 11600 levels, while there was meaningful Put writing at 11,500.
- Our **chart of the day** says that Dalal Street could take a tumble. That said, pharma is still a place to hide. We like SUN PHARMA & AUROBINDO PHARMA on dips. Pharma stocks are likely to be market outperformers in the near-term, mid-term and long-term.

## SGX Nifty: (-9, 11519)

### All about Nifty & Bank Nifty:

| Indices    | CMP   | Support | Resistance | 21 DMA | 200 DMA | Range       | Preferred Trade  |
|------------|-------|---------|------------|--------|---------|-------------|--|
| Nifty      | 11505 | 11347   | 11617      | 11465  | 10779   | 11351-11587 | Sell between 11525-11550 zone. Targets at 11446/11347 /11181 with stop at 11691. |
| Bank Nifty | 22031 | 21711   | 22701      | 22959  | 24473   | 21711-22301 | Sell between 22101-22251 zone. Targets at 21711/19577. Stop at 23311.            |

### All about stocks (F&O Trades):

| Instruments      | CMP    | Support | Resistance | 21 DMA | 200 DMA | Bias     | Preferred Trade  |
|------------------|--------|---------|------------|--------|---------|----------|--|
| AUROBINDO PHARMA | 828    | 803     | 851        | 827    | 635     | Positive | Buy between 815-819 zone. Targets 851/895. Stop 789.     |
| SUNPHARMA        | 523.50 | 507     | 537        | 519    | 457     | Positive | Buy between 511-515 zone. Targets 537/565. Stop 501.     |
| HAVELLS          | 680    | 661     | 697        | 649    | 589     | Negative | Sell between 683-687 zone. Targets 661/642.50. Stop 701. |

### All About Option Trades:

**Option Trade:** BUY NIFTY 24th SEPTEMBER PE Strike Price 11400 at CMP 53. Profit: Unlimited. Maximum Loss: Rs. 3,975/-. Stop: Exit Put Option if Nifty moves above 11599. (Nifty September Futures CMP 11519.50)

### All about stocks (Medium Term Trades):

| Stocks   | CMP  | Support | Resistance | 21 DMA | 200 DMA | Bias     | Preferred Trade                           |
|----------|------|---------|------------|--------|---------|----------|---|
| NILKAMAL | 1309 | 1111    | 1529       | 1303   | 1218    | Positive | Buy at CMP. Targets 1529/1679. Stop 1111. |
| -        | -    | -       | -          | -      | -       | -        | -   |
| -        | -    | -       | -          | -      | -       | -        | -   |

## Mehta Group

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