

MEHTA'S MORNING BELL



Here is what You may be interested this morning!

TODAY'S ECONOMIC CALENDAR

Euro: German Current Assessment (Jan), German Ifo Business Climate Index (Jan), German Business Expectations (Jan), German 12-Month Bupill Auction

USA: Chicago Fed National Activity (Dec), Dallas Fed Mfg Business Index (Jan), 3-Month Bill Auction, 6-Month Bill Auction, 2-Year Note Auction

Good Morning & Welcome to Monday's trading action at Dalal Street dated 25th January 2021.

If Friday's negative trading at Dalal Street and Wall Streets' weak close is any indication then the big question on every investor's mind would be: Is market correction then next big act?

Now, before we get into detail, first thing first:

Dalal Street will first react to Reliance Industries' strong operational results Q3 with a robust revival in O2C and Retail segments, and a steady growth in Digital Services business. Also, Ultratech Cements' posted over two-fold jump in consolidated net profit to Rs 1,584.58 crore in the December quarter.

Amidst this backdrop, morning bounce quite likely.

We however recommend approaching the trading week with caution on backdrop of FIIs selling in Friday's trade as that raises questions about sustainability of the flow in the near term. Liquidity continues to be the driving force as FPIs have injected more than \$20 billion to purchase stocks in Indian markets since October 2020. In Friday's trade, FII's sold shares worth Rs. 635.69 crores in the Indian Equity Market. DIIs too sold shares worth Rs. 1290.35 crores in the Indian Equity market.

The street also suspects that all the positivity has been priced in with Biden becoming the 46th President of USA.

The gyan mantra is to stay nimble as in near term volatility will reign supreme as stock markets across globe are fundamentally divorced from the real economy. Naturally, this perilous backdrop makes investors suspicious amidst key disparity ever between growth and value strategies.

Our **chart of the day** is bearish on stocks like LIC HOUSING FINANCE, INDUSIND BANK and ZEE ENTERTAINMENT with an interweek perspective.

Now, here are other key things to know before today's market opens.

- Technically speaking, Nifty finds support only at its 21 DMA at 14265 mark. Nifty's major hurdles at 14751 mark. The price action for Nifty is suggesting that we are likely to see a 14221-14607 range in near term.
- The options data for January Series suggests Nifty is likely to be in a broader trading range of 14000-14600 as maximum Call OI is at 15000. Maximum Put open interest stands at 14000 levels. Call writing was seen at 14500 and then at 14600 strike price, while there was meaningful Put writing at 13800. Well, the said data indicates a wide trading range between 13800 and 14600 levels.
- All anxious eyes will be on the 27th January Federal Open Market Committee (FOMC) meet. This is the first time after the formation of new government under the Democratic party's Joe Biden who sworn in as the 46th US President last week.

Consensus is that the Fed will leave monetary policy unchanged on Wednesday with the Fed funds target rate range staying at 0-0.25% with the Quantitative Easing program maintained at \$80bn of Treasuries and \$40bn of Mortgage-Backed Securities. That said, it will be interesting to see how the Fed interprets the economic outlook.

- Q3 Earnings to trickle in today:** KOTAKBANK, CAN FIN HOMES, LARSEN.

SGX Nifty: (+129, 14486)

All about Nifty & Bank Nifty:

Indices	CMP	Support	Resistance	21 DMA	200 DMA	Range	Preferred Trade
Nifty	14372	14221	14607	14264	11460	14227-14607	Sell on any early strength between 14500-14601 zone. Targets at 14221 and then aggressive targets at 14001-14075 zone with stop at 14771.
Bank Nifty	31167	30650	31751	31761	24043	30650-31751	Sell on any early strength between 31651-31901 zone. Targets at 31119/30421 and then aggressive targets at 28976 zone with stop at 33297.

All about stocks (F&O Trades):

Instruments	CMP	Support	Resistance	21 DMA	200 DMA	Bias	Preferred Trade
INDUSIND BANK	893	877	925	921	617	Negative	Sell at CMP. Targets 877/813. Stop 969.
JINDALSTEL	282	257	297	285	190	Negative	Sell at CMP. Targets 253/244. Stop 311.15.
HEROMOTO CORP	3375	3257	3501	3163	2773	Positive	Buy between 3257-3275 zone. Targets 3501/3751. Stop 3191.

All About Option Trades:

Option Trade: BUY NIFTY 28th January PE Strike Price 14100 at CMP 73. Profit: Unlimited. Maximum Loss: Rs. 5,475/-. Stop: Exit Put Option if Nifty moves above 14491. (Nifty January Futures CMP 14375.10).

All about stocks (Medium Term Trades):

Stocks	CMP	Support	Resistance	21 DMA	200 DMA	Bias	Preferred Trade
LUPIN	1079.25	1001	1159	1039	935	Positive	Buy at CMP. Targets 1159/1201. Stop 1001
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

Mehta Group

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