

MEHTA'S MORNING BELL



Here is what You may
be interested this morning!

TODAY'S ECONOMIC CALENDAR

USA:	API Weekly Crude Oil Stock
Great Britain:	BRC Shop Price Index (YoY)
China:	Chinese Industrial profit (YoY) (Dec), Chinese Industrial profit YTD (Dec)
Japan:	Coincident Indicator (MoM) (Dec), Leading Index
Euro:	GfK German Consumer Climate (Feb), German 10-Year Bund Auction
USA:	MBA Mortgage Applications (WoW), MBA 30-Year Mortgage Rate, Mortgage Refinance Index, MBA Purchase Index, Mortgage Market Index, MBA Mortgage Applications (WoW), Core Durable Goods Orders (MoM) (Dec), Durable Goods Orders (MoM) (Dec), Goods Orders Non Defense Ex Air (MoM) (Dec), Durables Excluding Defense (MoM) (Dec), Foreign Exchange Flows, EIA Weekly Refinery Utilization Rates (WoW), Heating Oil Stockpiles, Gasoline Production, EIA Weekly Distillates Stocks, Distillate Fuel Production, Cushing Crude Oil Inventories, Crude Oil Imports, EIA Refinery Crude Runs (WoW), Crude Oil Inventories, Gasoline Inventories.

Good Morning & Welcome to Wednesday's trading action at Dalal Street dated 27th January 2021.

If Monday's negative trading and extremely weak closing at Dalal Street is any indication then the big question on every investor's mind would be:

- Is market correction the next big act?
- Is the market ripe for a correction??

Well, the benchmarks have witnessed declines for the three consecutive sessions after almost four months mostly on backdrop of profit taking amidst overbought technical conditions and high valuations.

You can blame Monday's sharp drop at Dalal Street partially to extremely weak global cues and then most of the panic was on backdrop of reports of clash between India-China troops in Sikkim.

The rest of the trading week should be approached with caution in the backdrop of FIIs selling as that raises questions about sustainability of the flow in the near term. In Friday's trade, FII's sold shares worth Rs. 635.69 crores in the Indian Equity Market. In Monday's trade, FII's sold shares worth Rs. 765.30 crores.

The street also suspects that all the positivity has been priced in with Biden becoming the 46th President of USA. Investors continue to track negotiations around President Joe Biden's push for \$1.9 trillion in additional COVID-19 aid spending, which faces tough talks in a narrowly divided Senate.

The gyan mantra is to stay nimble as in near term as volatility will reign supreme as stock markets across globe are fundamentally divorced from the real economy.

Bottom-line: Volatility likely to be the hallmark amidst Union Budget 2021, Fed Meet Outcome, Q3 and Vaccines...

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

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

- Auto stocks are likely to be in limelight as the government has approved scrappage policy, which will come into effect from April 2022. In this space, we like Maruti, HeroMoto Corp and Bajaj Auto.
- The other good news which is pushing SGX Nifty higher this morning is that the International Monetary Fund has raised its forecast for global economic growth in 2021. IMF projects impressive 11.5% growth rate for India in 2021. China is next with 8.1% growth in 2021. With the latest projections, India regains the tag of the fastest developing economies of the world.
- All anxious eyes will be on the Federal Open Market Committee meet to trickle in late in the evening.

Consensus is that the Fed will leave monetary policy unchanged 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 and if it will be quick to begin easing up on asset purchases.

- Q3 Earnings to trickle in today: Axis Bank, Hindustan Unilever, Bank of Baroda, Canara Bank, Marico, Emami, ICICI Prudential, India Cements, Nippon Life India Asset Management.

SGX Nifty: (+110, 14191)

All about Nifty & Bank Nifty:

Indices	CMP	Support	Resistance	21 DMA	200 DMA	Range	Preferred Trade
Nifty	14239	14171	14607	14288	11486	14157-14457	Sell on any early strength between 14450-14501 zone. Targets at 14171 and then aggressive targets at 14001-14031 zone with stop at 14571.
Bank Nifty	31198	30650	31751	31799	24099	30650-31751	Sell on any early strength between. Targets at 32851/33333 and then aggressive targets at 34251 zone with stop at 31297.

All about stocks (F&O Trades):

Instruments	CMP	Support	Resistance	21 DMA	200 DMA	Bias	Preferred Trade
INDUSIND BANK	849	813	889	921	619	Negative	Sell between 871-881 zone. Targets 813/789. Stop 911.
JINDALSTEL	280	257	297	286	191	Negative	Sell at CMP. Targets 253/244. Stop 311.15.
HEROMOTO CORP	3474	3349	3511	3182	2780	Positive	Buy between 3401-3425 zone. Targets 3511/3751. Stop 3241.

All About Option Trades:

Option Trade: BUY NIFTY 04th February PE Strike Price 13900 at CMP 92. Profit: Unlimited. Maximum Loss: Rs. 6,900/-. Stop: Exit Put Option if Nifty moves above 14491. (Nifty February Futures CMP 14303.75.

All about stocks (Medium Term Trades):

Stocks	CMP	Support	Resistance	21 DMA	200 DMA	Bias	Preferred Trade
LUPIN	1081.90	1001	1159	1044	936	Positive	Buy at CMP. Targets 1159/1201. Stop 1001

Mehta Group

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