

MEHTA'S MORNING BELL



Here is what You may be interested this morning!

TODAY'S ECONOMIC CALENDAR

China: Industrial Profits (YTD) YoY FEB.

Singapore: Motorbike Sales YoY JAN, Motorbike Sales YoY FEB, Loan Growth YoY FEB

Good Morning & Welcome to Friday's trading action at Dalal Street dated 27th March 2020.

SGX Nifty seen rising...

That's because Wall Street roared in overnight trade as investors took some comfort from the overnight passage of a historic \$2 trillion economic stimulus bill by the U.S. Senate — primarily to mitigate the economic fallout from the coronavirus epidemic.

Amidst the economic fallout of the coronavirus, the message for central banks across globe is: "Either go big or simply get wiped out."

Yesterday, Federal Reserve Chairman Jerome Powell said that there are no limits to the amount of money the central bank can use to support the economy during coronavirus pandemic.

On this backdrop, the stock market pundits at Dalal Street too are pushing a narrative that the stock prices will all return to January 2020 levels as soon as the Covid-19 pandemic fades.

The denizen of Dalal Street are expecting a "V-shaped recovery". That brings us to our **call of the day** which suggests Nifty is not going back to January 2020 levels in a hurry. Instead, after a dead cat bounce a crash will eventually gather momentum.

Honestly speaking, the fear of being infected by COVID-19 has never been more real than it is now. Well, a month ago, the virus was barely on the minds of most Indians. And now, the theme revolves only around coronavirus pandemic and its effects on India's economic pandemics.

The street fears that the spike in Coronavirus cases will threaten the economic activity and shall lead to prolonged slowdown in India. The street suspects that India's April-June GDP may fall to negative 5% year-on-year or even more. There is apprehension that the scenario could deteriorate further — and if it does then the global economy could probably move from a recession and into a depression!!!

Most importantly, we suspect that the U.S-China relationship will deteriorate from here on...

Long story short: The recession like scenario does not auger well for bull markets.

Now, here are the things which traders need to know before markets open for trade this Friday morning.

- Overnight, Wall Street was seen flying high with the Dow up for a third straight day, despite a report from the Labor Department that showed unemployment claims soared to a record 3.28 million last week, as the coronavirus pandemic shut down businesses across the nation.
- Yesterday, Finance Minister Nirmala Sitharaman announced a ₹1.7 lakh crore Gareeb Kalyan Yojana to help the poor tide over the coronavirus lockdown. The 21-day lockdown is expected to cost the Indian economy ₹9 lakh crore.
- The street is now hoping for a 50 bps rate cut by the RBI.
- USD/INR retraces from its all-time high of 76.36; now at 75.15.
- FII's were net sellers in yesterday's trade to the tune of Rs. 485 Cr. DII's too were net sellers in yesterday's trade to the tune of Rs. 770 Cr. Please note, in this March month, FII's have withdrawn Rs. 58,279 crores from Indian equity markets.
- WTI Crude Oil prices continue to hover near \$ 23 per barrel.
- Technically, Nifty's biggest support now seen at 8,099. Intraday support on Nifty at 8501 mark. Please note, confirmation of strength only above Nifty 9,389 mark on closing basis.

Option data for 26th March suggests:

- Nifty's Max Call OI: 9000, 8700.
- Nifty's Max Put OI: 8600, 8500.

Our **chart of the day** suggests buying stocks like SRF, HDFC AMC, PIDILITE & BERGER PAINTS with inter-week perspective.

Bottom-line: In the short term Dalal Street could join the conga line of rising worldwide stock markets but the medium and long term the bias is bearish.

SGX Nifty: (+282, 8946)

All about Nifty & Bank Nifty:

| Indices | CMP | Support | Resistance | 21 DMA | 200 DMA | Range | Preferred Trade |
|------------|-------|---------|------------|--------|---------|-------------|--|
| Nifty | 8641 | 7951 | 8501 | 9854 | 11497 | 8511-8951 | Sell between 8851-8901 zone. Targets at 8511/8011/7511. Stop 9421. |
| Bank Nifty | 19614 | 17001 | 21001 | 24448 | 29558 | 18001-21001 | Sell between 20001-20501 zone. Targets at 18001/16116. Stop 22599. |

All about stocks (F&O Trades):

| Instruments | CMP | Support | Resistance | 21 DMA | 200 DMA | Bias | Preferred Trade |
|-------------|------|---------|------------|--------|---------|----------|---|
| APOLLOHOSP | 1215 | 1133 | 1351 | 1507 | 1465 | Positive | Buy at CMP. Targets 1351/1411. Stop 1129. |
| MUTHOOTFIN | 606 | 567 | 629 | 748 | 689 | Positive | Buy at CMP. Targets 629/709. Stop 561. |
| VOLTAS | 505 | 474 | 561 | 613 | 653 | Positive | Buy at CMP. Targets 561/625. Stop 474. |

All About Option Trades:

Option Trade: BUY NIFTY 01st APRIL CE Strike Price 9000 at CMP 173.30. Profit: Unlimited. Maximum Loss: Rs. 12,997.50/-. Stop: Exit Call Option if Nifty moves below 8500. (Nifty April Futures CMP 8630.30)

All about stocks (Medium Term Trades):

| Stocks | CMP | Support | Resistance | 21 DMA | 200 DMA | Bias | Preferred Trade |
|----------|------|---------|------------|--------|---------|----------|---|
| HDFC AMC | 2110 | 1789 | 2351 | 2669 | 2752 | Positive | Buy at CMP. Targets 2351/2809. Stop 1789. |
| SRF | 2835 | 2489 | 3001 | 3461 | 3156 | Positive | Buy at CMP. Targets 3001/3515. Stop 2489. |
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Mehta Group

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