



Lighting a path forward
in Equities & Commodities...

SENSEX

NIFTY

GOLD

SILVER

CRUDE OIL

USD / INR

Price Forecast

INSTRUMENT	30th Sept. 2020	1 Month	2 Month	3 Month	1 year
SENSEX	38068	39359	34751	33001	42275
NIFTY	11247	10795	10231	9751	12431
USD \$ / INR	73.76	72.95	75	77	75
GOLD	50467	49100	54901	56501	53001
SILVER	60924	71331	75551	77001	62501
CRUDE OIL	2937	3266	3333	2616	2507



Dear Valued Reader,

Honestly speaking, September lived up to its reputation as one of the most treacherous months at Dalal Street.

The benchmark Nifty came under heavy selling pressure as it tanked near to its 200 DMA at 10790 mark and then short covering at those panic levels took it upto to 11248 mark — down 1.23% in the month of September.

Well, the volatile backdrop was natural given Nifty's & Sensex's impressive recovery from March lows' at 7511 & 25639 respectively. The benchmarks had rallied by more than 50% in a matter of 6 months from the lows – and interestingly, the recovery had been quickest if we compare with other major declines in history—hence the treacherous month of September.

Wall Street too had an awful September as the blue-chip Dow Jones finished the month down 1.7%, while the S&P 500 tanked 3.3% and the Nasdaq Composite dropped 4.4%.

The positive takeaway is that the bulls' performance continues to be commendable as is despite the uncertainties on backdrop of relentless rise in the Covid-19 cases. The grim milestones of more than 33 million global coronavirus cases and more than 1 million deaths, along with spikes in a number of cases in India, have not deterred investors.



The big question: With U.S election season looming and coronavirus infections across globe ticking higher — the question is whether the stock market gains can be sustained as October begins?

Well, our **call of the month** suggests we are now into the most dreadful time of the year – especially with stock markets perspective. We would like to quote Mark Twain’s famous one-liner:

"October. This is one of the peculiarly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August, and February.

Now, before we get into detail and start a brand new-innings of trading this October 2020, let’s review how the major indices listed at Dalal Street fared in September, August and July 2020 and also their performance in the year 2020.

Yes, we are ready with our October-November-December 2020 forecast but before that, we wish great health and good luck to all our clients and their families during these trying times.



Market recap:

Instruments	Prices as on 30th Sept. 2020	Sept. 2020 % Change	August 2020 % Change	July 2020 % Change	2020 % Change
Sensex	38068	-1.5%	+2.7%	+7.7%	-6.52%
Nifty	11248	-1.2%	+2.84%	+7.49%	+0.46%
BSE Auto Index	17876	+1.1%	+7.30%	+8.00%	-1.52%
BSE Bank Index	24355	-9.7%	+9.65%	+1.26%	-33.26%
BSE Capital Goods Index	13834	+0.7%	+7.91%	-0.96%	-16.23%
BSE Consumer Durables	24278	+6.7%	+5.62%	+5.61%	-1.8%
BSE FMCG	11051	-2.6%	-0.85%	+1.66%	-3.1%
BSE Healthcare	19799	+7.7%	+7.7%	+0.56%	+44.42%
BSE Metal	8304	-6%	+12.88%	+8.54%	-18.08%
BSE Mid-Cap	14705	+0.30%	+6.56%	+5.39%	+5.36%
BSE Small-Cap	14867	+3.7%	+10.09%	+5.16%	+8.8s3%
BSE Power	1653	-1%	+8.51%	-2.28%	-12.6%
BSE Reality	1671	-4.9%	+11.6%	-0.36%	-24.21%
BSE Oil/gas	12242	-6.4%	-0.69%	+4%	-17.74%
BSE IT	19980	+10.7%	-1.07%	+22.60	+29%



The Back Story: Miserable September.

Amidst the drumbeat of bad news on Covid-19 front and as doubts grew about Washington's ability to provide the U.S. economy with another round of fiscal stimulus ahead of the November elections — Nifty ended September with a loss of 1.5%. Digging deeper, the BSE Mid-cap indices ended a tad higher, up 0.064% while the BSE Small-cap flared up 4.19% in the month of September. Most importantly, BSE Smallcap index is attempting to turn positive for the year 2020, up 5.13% from January 2020 till date.

BSE ITI index and BSE Pharma index took the crown of biggest winners amongst sectoral indices in the month of September, up around 10.7% and 7.7% respectively.

It also worth mentioning Bankex Index's remained depressed as was seen as major underperformer as it tanked 9.7% in the month of September. There is a mounting pressure on the Centre and the Reserve Bank of India (RBI) to extend loan moratorium for a few more months. The Supreme Court is scheduled to hear the matter on 5th October. The moratorium is ended on 31 August.

Net-net, a bounce from panic lows at 10790 appeared quite promising as the perma-bulls camp were seen quite convinced by the fact that that central banks across the globe will use all their available policy options to limit the economic fallout. These actions from central banks are welcome support to jump start the diving growth. Actually, the unprecedented budgetary support measures are need of the hour and all coordinated action with more expansionary fiscal policies is vital to avoid a global depression.

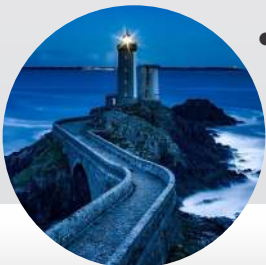


Let's now have a look at other key catalysts from last month:

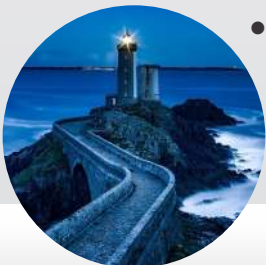
- The Q1FY21 GDP numbers trickled in last week and the data reveals that the worst contraction on record. The Q1FY21 GDP is at -23.9%. The numbers are the worst amongst the G20 economies.
- India's fiscal deficit in the April-July stood at Rs 8.21 lakh crore as against Rs 5.47 lakh crore year-on-year, as per data released on August 31. This, against the Rs 7.96 lakh crore budgeted target.
- For the fifth consecutive month in July, the output of eight core infrastructure industries tumbled by 9.6%.
- Hundreds of borrowers who were facing default tag for missing payments even before Covid-19 struck will receive reprieve after the Supreme Court on last Thursday ordered that all those accounts that weren't non-performing assets as on August 31, will not be declared bad till further orders. Accounts not declared NPA as on August 31 shall not be declared NPA till further orders," the apex court bench led by Justice Ashok Bhushan declared in its interim order. The apex court will resume hearing on September 10.
- The Reserve Bank of India (RBI) announced that the bi-monthly Monetary Policy Committee (MPC) meeting which was scheduled to take place from September 29 to October 1 will be rescheduled. The new dates of the meeting will be announced shortly. The street widely expects the MPC to hold the repo rate at the upcoming meet. It kept its benchmark repo rate at 4 % during its August meeting, aiming to ensure inflation remains within target going forward following a recent climb in prices due to the coronavirus pandemic.



- Auto sales rose for the third straight month in August 2020, with segment leaders Maruti Suzuki India Ltd., Hero MotoCorp Ltd. and Mahindra Tractors setting the benchmarks for the wider industry. Sales of Maruti Suzuki rose 17.1% year-on-year and 15.3% sequentially to 124,624 units last month. That includes 115,325 domestic shipments and 1,379 units sold to other original equipment manufacturers. Exports, however, fell 15.3% year-on-year. Domestic sales of Hero MotoCorp rose 7.55% year-on-year to 584,456 units. That compares with the 543,406 units that India's largest two-wheeler maker sold in the year-ago period and 514,509 in the previous month. Mahindra Tractors recorded its best-ever August sales, as shipments rose 69% over the year ago to 25,503 units. The company had sold 13,871 units in August 2019 and 25,402 units in July 2020. 955 tractors were exported.
- China's manufacturing activity soared to a near-decade high in August.
- A report on American manufacturers for August showed a 4th straight monthly rise.
- The central government on last Tuesday informed Supreme Court that loan moratorium period can be extended by two years as per the RBI's circular.
- GST collection in August at ₹86,449 crore, down 12%.
- In economic reports, data showed U.S. personal income rose 0.4% in July, while consumer spending was up 1.9%.
- Japanese Prime Minister Shinzo Abe said he would resign due to health problems, kicking off a search for a successor.



- Silver Lake to invest Rs 7,500 crore in Reliance Retail for 1.75% stake. Reliance Industries Ltd. became the first Indian company to hit a market cap of \$200 billion, as its share price also surged on reports that a Reliance-Amazon deal maybe in the works.
- Pharma major Dr Reddy's Laboratories has announced the rollout of Covid-19 treatment generic drug Remdesivir, under the Redyx brand name in India. Reddy's has announced the launch of Redyx at Rs 5,400 per 100 mg vial.
- The world's third-largest economy, Japan shrank by an annualized 28.1 percent in April-June, more than a preliminary reading of a 27.8 percent contraction, revised gross domestic product data showed on last Tuesday, suffering its worst postwar contraction.
- Weighing on the sentiments were continuous tensions between the U.S. and China, after President Trump said that he was considering "decoupling" from the country.
- Several European countries including France, Spain and the U.K. are grappling with rising coronavirus numbers.
- As per Jerome Powell's statement, Fed is embarking a new era of easier monetary policy amidst the worst economic downturn since the Great Depression. The Fed will also prioritize employment over price rises. Powell says U.S. economy will continue to recover 'with stops and starts.'
- The Bengaluru-based IT speciality company Happiest Minds Technologies' ₹702 crore IPO, which concluded two weeks ago, ended the month at 348.85.



- Comex Gold prices corrected 4.31% last month at \$ 1893.15 an ounce.
- WTI Crude Oil prices soared around 0.15% last month at \$40.06 per barrel.
- Indian rupee gained by 0.43% last month against the US Dollar at 73.25.
- FIIs were net sellers in September month at INR 11410.69 crores but DIIs on the other hand were net buyers last month with a figure of INR 110.30 crores.
- Unlock 5 guidelines out: Cinema halls, swimming pools used for training of sportspersons, entertainment parks to re-open from 15th October. States may decide on opening schools, colleges after Oct 15.

Long story short: It was a treacherous month for bulls as doubts grew about Washington's ability to provide the U.S. economy with another round of fiscal stimulus ahead of the November elections. The street continues to be a worried place amidst possible depression.



Gainers over 1-Month

Stocks	LTP (30th Sept. 2020)	Change %	52 Week H/L
HCLTECH	693.3	17.1%	850/376
TCS	2491.50	10.40%	2554/1504
TITAN	2491.50	9.2%	1390/720
INFY	1008	8.6%	1037/511
RELIANCE	2233.75	7.5%	2369/867

Losers over 1-Month

Stocks	LTP (30th Sept. 2020)	Change %	52 Week H/L
BHARTI AIRTEL	420.90	-18.1%	612/326
INDUSIND BANK	526.75	-16.4%	1596/236
ONGC	69.30	-15.5%	150/52
AXISBANK	424.50	-14.6%	766/285
TATASTEEL	359.75	-12.9%	506/251

Stocks at 52 Week High

Stocks	LTP (30th Sept. 2020)	52 Week High	52 Week Low
APOLLOHOSP	2149.50	2167.45	1047.05
BALKRISIND	1475.95	1514.70	679
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

Stocks at 52 Week Low

Stocks	LTP (30th Sept. 2020)	52 Week High	52 Week Low
PHOSPHATE	46.15	86.50	46.15
RADIXIND	54.60	97.10	53.50
-	-	-	-
-	-	-	-
-	-	-	-

FII / DII - monthly break up and compare to August 2020.

FII (Sept.) Rs. In Cr.	FII (August) Rs. In Cr.	DII (Sept.) Rs. in Cr.	DII (August) Rs. In Cr.
-11410.69	15749.86	110.30	-11,046.78



Looking Ahead: One foot in and one foot out.

Nifty 11,248.
Sensex 38,068.

To start with, U.S politics is likely to give agita to all global investors.

The first presidential debate between Republican President Donald Trump and Democratic challenger, former Vice President Joe Biden was combative.

Global stock market performance from here to the end of the year will be heavily influenced by the US elections in November. Stock markets hate uncertainty, which is why the historical tendency has been that an incumbent party win is the most positive for stock markets in an election year, while an incumbent party loss the most negative.

That said, we suspect, for stocks markets to move up, the need of the hour is more fiscal stimulus. Also hopefully: Biden win = roaring stock market and economy.

So, it is more likely that the bullishness or maniac deliberate blindness witnessed since March is justifiable — at least in the month of October 2020 and ahead of November 3 U.S Presidential poll outcome — probably, that's because of the fact that this market is infected with a severe dose of optimism.



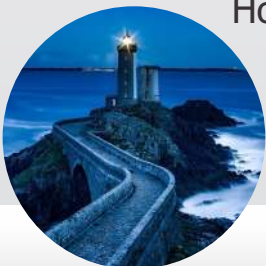
The other key positive catalysts:

1. **Hopes for \$2.2 trillion U.S stimulus package are seen as key positive catalyst.** U.S Treasury Secretary Steven Mnuchin indicated he expects to reach agreement on a stimulus package with House Speaker Nancy Pelosi. It is quite apparent that **central banks across globe seen in full panic borrowing mode as they flood the system with every more artificially cheap money.**
2. Fed chairman says interest rates to stay low. The Fed is supporting the economy — the Fed’s focus is purely on employment and is seen ignoring inflation. Well, we believe this is quite positive for stock markets.
3. Hopes that treatments or vaccines for Covid-19 lie just over the horizon.
4. Fear of missing out + Short covering.
5. The Narendra Modi government is likely to announce another round of stimulus measures ahead of the festive season. The package might include an urban jobs scheme and infrastructure initiatives.

We also say prefer to be in the bullish camp for the month of October because the bulls’ have shown remarkable resilience at Dalal Street that suggests that COVID 19 is now a non-issue.

Alternatively, the most probable bearish scenario could be that the benchmarks take a breather. This also sounds obvious as Nifty & Sensex are up around 50% from the March lows.

Honestly speaking, the road to recovery for the Indian and global economy is likely to be a long and uneven one. The potential pitfall that commands attention is if the government begins to open the valve



of economic activity then that would result in a significant uptick in new coronavirus cases, the expectations of a quick return to normality from here may prove to be too optimistic. The market will not appreciate that a bit.

So, if our stock markets attempt a steep, logic-confounding rally from here on then we recommend investors' should not overstay on any excessive bounce from here on.

Pullbacks quite likely on any excessive strength as near term months are likely to be troublesome and treacherous. Investors' will need to brace for volatility, volatility and volatility. The benchmark Nifty is likely witness waves of flare-ups, and then consolidation, followed by flare-ups and equally sharp down moves.

Bottom-line: Financial markets never go up in a straight line. Ride the bullish wave until the music stops! Conventional wisdom suggests that dismal economic period is still far from over.

Bullish looking stocks	Bearish looking stocks
HCL TECH, SANOFI, PFIZER, BALRAMPUR CHINNI, FDC, POLY MEDICURE, MRF, RELIANCE INDUSTRIES (RIL), AVANTI FEEDS, DIVIS LAB, BALAJI AMINES.	PVR, INDIGO, BANDHAN BANK, RBL BANK, ICICI BANK, APOLLO TYRE.



Daily chart of Nifty:



September proved to be a bruising month for Nifty, resulting in the first losing month for Dalal Street since a recovery rally began in late March.

Going forward, we suspect a terrible September could be followed by the Nifty & Sensex bouncing back despite the fact that October usually ranking as the second-worst month of the year.

Preferred Trade on Nifty:

CMP
11247

Technically, from a chartist standpoint, extremely overbought technical conditions prevail despite the long term landscape remaining in a super-bullish mode with all investors' eye now at Sensex/Nifty's next hurdles at 40501/12001 respectively.

However, in the near term, if the benchmarks move up then risk will return; hence selling on any excessive strength should be preferred strategy.

Sell on any excessive strength between 11701-11751 zone, targeting 10751-10791 zone and then aggressive targets at 10151-10251 zone. Stop at 12351.



The single-most conviction idea for October 2020.

BUY HCL TECH (CMP 811. Targets at 921):



HCL Technologies is a next-generation global technology company with a worldwide network of R&D, innovation labs and delivery centers, and 143,000+ 'Ideapreneurs' working in 44 countries, HCL serves leading enterprises across key industries, including 250 of the Fortune 500 and 650 of the Global 2000. A global technology company that helps enterprises re imagines their businesses for the digital age.

The company focuses on emerging technologies like digital & analytics, cloud, IoT, Automation integrated portfolio of products, solutions, services, and IP through Mode 1-2-3 strategy and IP creation from traditional infrastructure management. As the demand for these services are seen increasing, HCL Technologies is accelerating its evolution into a next-generation technology company, driven by a unique business model. Industries verticals they service includes Financial Services, Manufacturing, Aerospace and Defense, Telecom, Retail and CPG, Life Sciences and Healthcare, Media and Entertainment, Travel, Transportation and Logistics, Automotive, Government, Energy and Utilities.

HCL Technologies is among India's top four largest software company.

The positive takeaway for the stock price is that the firm indicated a surprising bold positive mid-quarter update, guiding for above-expected revenue growth of at least 3.5% QoQ CC and operating margin in the range of 20.5-21% for Q2FY21. The said announcement indicates positive momentum to continue for the

stock price on backdrop of operational efficiency and impressive pipeline conversion across life sciences, telecom and BFSI. The management guidance have been strong in the past on organic revenue front as the firm expects large deal wins and strong pipeline build up. This gives the confidence of the strong momentum to continue going forward.

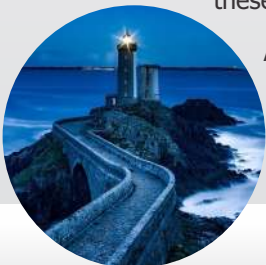
Interestingly, HCL Tech has been growing better than its peers, especially INFY & TCS in last six years in terms of profit and revenue.

Technically, brace yourselves for a major breakout play on daily charts. An impulse uptrend is seen forming on the daily time scale, with positive SAR series, major confirmation above its all-time-highs at 850 mark.

Add to that a bullish divergence and a rising stochastic signal (on weekly charts) with recent increase in volumes signaling a larger rebound. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 605 levels. The level of Rs 605-611 zone will act as a strong support zone and any corrective declines to these levels will be a screaming buy, hence should be used as an opportunity to initiate aggressive long positions.

A potential entrance exists at CMP, and on dips between 730-765 zone, with immediate targets at 901 mark. Above 901 mark, major momentum buying likely which will take the stock towards its next goalpost at psychological 1000 mark. Holding Period: 3 Months+. Place stop below its key support at 653.

Aggressive long term targets with 1-year perspective is at 1101 mark.





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Disclosure of interest statement – • Analyst interest of the stock /Instrument(s) : - No. • Firm interest of the stock / Instrument (s) : - No.

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