



Lighting a path forward
in Equities & Commodities...

SENSEX

NIFTY

GOLD

SILVER

CRUDE OIL

USD / INR

Price Forecast

INSTRUMENT	31st August 2020	1 Month	2 Month	3 Month	1 year
SENSEX	38628	36991	34751	33001	42275
NIFTY	11388	10881	10231	9751	12431
USD \$ / INR	73.61	72.67	75	77	75
GOLD	51717	54501	55501	56501	52000
SILVER	67050	71331	75551	77001	60501
CRUDE OIL	3159	3266	3333	2616	2507



Dear Valued Reader,

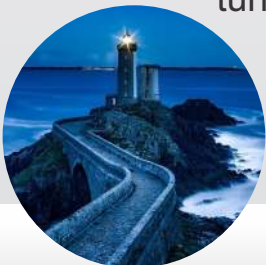
It was another nice up-month for the bulls.

The benchmark Nifty gained 2.84% in the month of August to end at 11388. These gains mark an impressive recovery from Nifty's & Sensex March lows' at 7511 & 25639 respectively. So, the benchmarks have rallied by more than 50% in a matter of 5 months from the lows – and interestingly, the recovery has been quickest if we compare with other major declines in history.

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 25 million global coronavirus cases and more than 852,000 deaths, along with spikes in a number of cases in India, have not deterred investors.

Well, much of the rally that we have seen at Dalal Street is on the back of monetary policy support from global and domestic central banks — especially, the US Federal Reserve's recent statement to prefer employment opportunities over inflation concerns, and hopes of economic activity coming back to normal post lockdown.

Driving sentiments at our stock markets were extreme positive global cues as the Dow Jones index has turned positive for the year while S&P 500 and the Nasdaq have notched fresh record highs.



The other key positive catalysts:

1. 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.
2. Hopes that treatments or vaccines for Covid-19 lie just over the horizon.
3. Liquidity is truly playing a big role as FII's have put in Rs 41,330 crore in Indian markets on net basis in August so far.
4. Fear of missing out + Short covering.

The big question: Can the street set its bullish eyes on September 2020 ?

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

Yes, we are ready with our September-October-November 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 31st August 2020	Aug 2020 % Change	July 2020 % Change	June 2020 % Change	2020 % Change
Sense	38628	+2.72%	+7.71%	+7.53%	-5.14%
Nifty	11388	+2.84%	+7.49%	+7.68%	+1.66%
BSE Auto Index	17685	+7.25%	+7.95%	+8.33%	-2.62%
BSE Bank Index	24599	+9.65%	+1.26%	+9.75%	-23.56%
BSE Capital Goods Index	12735	+7.91%	-0.96%	+4.26%	-16.93%
BSE Consumer Durables	22758	+5.62%	+5.61%	+7.23%	-8.5%
BSE FMCG	11348	-0.85%	+1.66%	+3.31%	-0.5%
BSE Healthcare	18388	+0.56%	+12.43%	+3.94%	+36.72%
BSE Metal	8834	+12.88%	+8.54%	+5.95%	-12.08%
BSE Mid-Cap	14661	+6.56%	+5.39%	+10.23%	-1.52%
BSE Small-Cap	13022	+10.09%	+5.16%	+13.66%	+5.13%
BSE Power	1670	+8.51%	-2.28%	+6.30%	-11.6%
BSE Reality	1758	+11.6%	-0.36%	+12.04%	-19.31%
BSE Oil/gas	13083	-0.69%	+4%	+7.03%	-11.34%
BSE IT	18055	-1.07%	+22.60	+5.83%	+19%



The Back Story: The bulls were rampant all-thru August.

Despite the drumbeat of bad news on Covid-19 front and also Indo-China border front, the benchmark Sensex ended August with 2.72% gains. Digging deeper, the BSE Mid-cap indices rose 6.56% while the BSE Small-cap flared up 10.09% in the month of August. Most importantly, BSE Smallcap index has turned positive for the year 2020, up 5.13% from January 2020 till date.

BSE Metal index and BSE Realty index took the crown of biggest winners amongst sectoral indices in the month of August, up around 12.88% and 11.6% respectively.

It also worth mentioning Bankex Index's strength as was seen as major outperformer after it was up 9.65% in the month of August. The up move came despite, 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 1 September. The moratorium is ended on 31 August.

Net-net, last months' fireworks at Dalal Street looked 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.

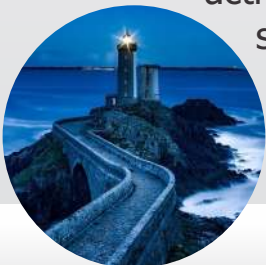
Let's now have a look at other key catalysts from last month:



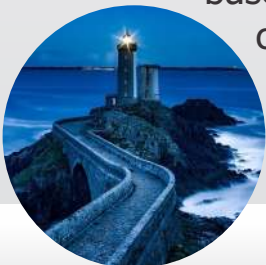
- The policy-setting Federal Open Market Committee (FOMC) kept interest rates on hold — rates at near-zero until the U.S economy is back on track. So, Fed aim to keep interest rates low until it is

confident that the economy has weathered the Covid-19 storm. The central bank's decision also said that economy and jobs have picked up somewhat since June. the central bank kept the pace of asset purchase steady at \$120 billion per month. The Fed is buying \$80 billion of Treasuries and \$40 billion of asset-backed mortgage securities to support the economy.

- The Federal Reserve Chairman Jerome Powell had reiterated that the central bank wasn't even "thinking about thinking about" lifting interest rates, given the weakness of the economy.
- Trump administration ordered a ban on transactions with a pair of China-based technology companies. It's a fact that many U.S. states remain in a battle with rising coronavirus infection rates, while millions of workers still rely on unemployment benefits to stay afloat in a crippled economy. Interestingly, the green on the screen was despite Washington's failure to produce a coronavirus aid package, leaving America's economic recovery hanging in the balance.
- The two biggest world economies — the U.S. and China are still at loggerheads on a number of issues creating an uncertain business environment and denting global growth.
- The Reserve Bank Of India approved the appointment of Mr. Sashi Jagdishan as managing director and CEO of the bank for 3-years for HDFC Bank.
- The IHS Markit India Manufacturing PMI declined to 46.0 in July 2020 from 47.2 in the previous month, below market consensus of 47.8. The latest reading pointed to a fourth straight monthly contraction in factory activity, as some business remained closed amid coronavirus lockdown extensions. Output shrank at a slightly faster rate amid weaker demand conditions.



- The India Services Business Activity Index, compiled by IHS Markit, stood at 34.2 in July compared with 33.7 in June, according to a media statement. A reading below 50, however, indicates contraction in business activity. The latest reading remains close to the lowest recorded in nearly 15 years of data collection, surpassed only by the unprecedented falls in the previous three months.
- The U.S jobs report was better than expected after the U.S added 1.76 million jobs in July — just one-third of the unexpected 4.8 million gain last month — with the unemployment rate falling to 10.2% from 11.1% in June.
- Keeping sentiments perked up were Trump’s statement that he was looking very seriously at a capital gains tax cut and also at an income tax cut for middle-income families. In a series of tweets last month, US President Donald Trump voiced his support for a second round of direct payments, more small business loans, rental assistance and additional direct aid to states and municipalities.
- India’s industrial production slumped by 16.6% from a year earlier in June 2020, following a 33.9% plunge in the previous month and compared to market expectations of a 20% contraction. Manufacturing production shrank by 17.1%, mining output was down 19.8% and electricity supply dropped 10%. From April to June, industrial production tumbled 35.9%.
- The country’s retail inflation spiked to 6.93% in the month of July mainly on account of higher food prices, the data released by the Ministry of Statistics Programme Implementation (MoSPI) showed. But, India’s wholesale price-based inflation (WPI) fell for the fourth straight month in July. The annual rate of inflation, based on monthly WPI, stood at (-0.58%) (Provisional) for the month of July, 2020 (over July 2019) as compared to (1.17%) in the corresponding period of the previous year.



- Pressure is mounting 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 1 September. The moratorium is ending on 31 August.
- Reliance Retail to buy Future group's retail business for Rs 24,713 cr.
- Japanese Prime Minister Shinzo Abe said on last Friday he would resign due to health problems, kicking off a search for a successor.
- As per the data released by the National Statistical Office (NSO), India's Gross Domestic Product (GDP) for the April-June quarter (Q1) slipped by a sharp 23.9 per cent. The data released by NSO, which comes under the Ministry of Statistics and Programme Implementation (MoSPI), is vital as it will provide the first benchmark on the state of India's economy after the pandemic. The June quarter GDP data is the worst contraction in the history of the Indian economy since Independence. According to the economists surveyed by Bloomberg, India's GDP is estimated to have declined 18 per cent in the quarter ended June.
- India's July infrastructure output contracted 9.6% in July from a year earlier, government data released on Monday showed, as government restrictions in response to COVID-19 weighed on economic activities. Infrastructure output, which comprises eight sectors including coal, crude oil and electricity and accounts for nearly 40% of industrial output, contracted 20.5% in the four months through July from a year earlier, the data showed.
- The U.K. economy suffered its worst ever fall in the second quarter. U.K. gross domestic product plunged 20.4% in the three months from April to June — the worst performance of any major European economy during the pandemic. However, there were signs of a recovery as the economy bounced back 8.7% in June.



- Fresh record highs were seen at Wall street as Dow Jones turned positive for the year 2020. Also Nasdaq and S&P 500 set record highs where the S&P 500 posted a new record close after its longest winning streak since the week ending December 27, 2019.
- Comex Gold prices corrected 0.43% last month at \$ 1978.25 an ounce.
- WTI Crude Oil prices soared around 7% last month at \$43 per barrel. Bias continues to be positive.
- Indian rupee gained by 2.22% last month against the US Dollar at 73.25.
- FIIs were net buyers in August month at INR 15749.86 crores but DIIs on the other hand were net sellers last month with a figure of INR 11046.78 crores.

Unlock 4.0 guidelines: What's allowed...

- Metro services will resume from September 7, 2020 in a graded manner.
- Social/ academic/ sports/ entertainment/ cultural/ religious/ political functions and other congregations will be permitted with a ceiling of 100 people.
- Open air theatres will be allowed to reopen from September 21, 2020
- No restrictions will be imposed on inter-state and intra-state movement of people and goods. No separate permission or e-permits will be needed for such movement.

Long story short: Bulls did put up a strong show but the street continues to be a worried place amidst possible depression. Also, central banks across globe seen in full panic borrowing mode as they flood the system with every more artificially cheap money.



Gainers over 1-Month

Stocks	LTP (31st August 2020)	Change %	52 Week H/L
INDUSIND BANK	526.90	19.8%	1596/236
TATASTEEL	410.70	14.6%	506/251
AXISBANK	493.15	12.8%	766/285
SBIN	212.05	11.9%	351/150
ICICIBANK	390.45	11.0%	552/269

Losers over 1-Month

Stocks	LTP (31st August 2020)	Change %	52 Week H/L
BHARTI AIRTEL	511	-9.5%	612/326
NESTLE	11341.05	-6.4%	18301/12350
HUL	2106.55	-6.1%	2614/1756
ULTRATECH	3907.95	-5.5%	4753/2913
BAJAJ AUTO	2954.30	-5.4%	3315/1793

Stocks at 52 Week High

Stocks	LTP (31st August 2020)	52 Week High	52 Week Low
MINDTREE	1155.90	1212	667
SBICARD	807.75	848.45	495
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

Stocks at 52 Week Low

Stocks	LTP (31st August 2020)	52 Week High	52 Week Low
IGCIL	64.65	68.25	61.45
SAPL	273.70	390	273.70
-	-	-	-
-	-	-	-
-	-	-	-

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

FII (August) Rs. In Cr.	FII (July) Rs. In Cr.	DII (August) Rs. in Cr.	DII (July) Rs. In Cr.
15749.86	2,490.19	-11,046.78	-10,007.88



Looking Ahead: Bumpy road ahead amidst geopolitical tensions and economic downturn.

Nifty 11,388.

Sensex 38,628.

To start with, the bulls' remarkable resilience at Dalal Street suggests that COVID is now a non-issue. Probably, that's because — this market is infected with a severe dose of optimism.

So, as we start a brand new September month, the big question vexing on every big investors mind would be:

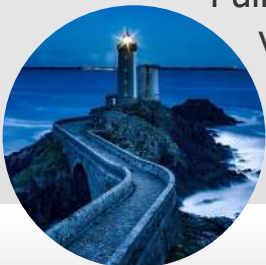
If the bullishness witnessed since March justifiable? or the said maniac be considered as deliberate blindness??

Honestly speaking, Nifty & Sensex are up around 52% from the March lows, suggesting this could be the most appropriate time for the benchmarks to at least take a breather.

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 as near term months are likely to be troublesome. 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.



The markets could also wake up to risks in deteriorating U.S. - China relationship and then the India-China rising tensions.

Amidst rising India-China tensions, the BSE benchmark Sensex had plummeted 839 points on Monday, 31st August as fresh India-China border tensions triggered a broad-based selloff in domestic equities

At the time of writing, India accused Chinese troops of taking "provocative" actions near a disputed border high in the Himalayas, violating previous deals between the two nuclear-armed rivals intended to ease tensions in the region.

The Indian allegations come two-and-a-half months after a bloody clash along the border left at least 20 Indian soldiers dead. China has never acknowledged any casualties from the hand-to-hand combat on June 15 in the Galwan Valley, north of where India says the latest tensions flared.

High-level meetings between Chinese and Indian military commanders since the Galwan Valley clash, in Eastern Ladakh, had helped to calm the situation along the de-facto border, known as the Line of Actual Control (LAC).

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.

It's time for caution in the stock market.

Bullish looking stocks	Bearish looking stocks
DIVIS LAB, SUN PHARMA, BALRAMPUR CHINNI, FDC, POLY MEDICURE, HERITAGE FOODS, AMRUTANJAN, RELIANCE INDUSTRIES (RIL). MEDICURE, HERITAGE FOODS, AMRUTANJAN, RELIANCE INDUSTRIES (RIL).	PVR, INDIGO, BANDHAN BANK, RBL BANK, APOLLO TYRE.



Daily chart of Nifty:



Charles Darwin once said, 'It is not the strongest of species that survives, nor the most intelligent, but the one most adaptable to change.'

Well, Charles Darwin may have referred the above to nature; but his adage appears most suitable to the current environment at Dalal Street. 'Be Flexible. Stay Nimble'.

Preferred Trade on Nifty:

CMP
11342

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 11111/10881 mark and then aggressive targets at 10151-10251 zone. Stop at 12251.



The single-most conviction idea for September 2020.

BUY SUN PHARMA (CMP 520. Targets at 577.50):



Sun Pharma is among the largest players in the domestic formulations market and is the fourth largest speciality generic pharmaceutical company in the world. It makes Specialty products, branded generics, complex generics, pure generics & APIs for chronic therapy areas such as cardiology, psychiatry, neurology, etc. The firm has capabilities across dosage forms like injectables, sprays, ointments, creams, liquids, tablets and capsules R&D and Manufacturing. Sun has forayed into regulated markets by acquiring majority stake in CaracoPharma and has strengthened its presence in US by recent acquisition of Taro.

The positive catalyst in favor of the stock price is the improving traction in the specialty portfolio, industry-level growth in domestic formulation (DF) and increasing pace of approvals in the US generics segment. Positive traction also seen in Ilumya (plaque psoriasis), Yonsa (prostate cancer) and Cequa (to treat dry eye). The stock price could also be in limelight as COVID-19 related rise in demand for chronic therapies to benefit Sun Pharma.

Technically, brace yourselves for an impulse uptrend on the weekly time scale with positive SAR series and most importantly, a "Bullish Diamond Pattern" on weekly charts. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 461 zone.

A potential entrance exists at CMP, and on dips between 465-475 zone, targeting 577.50 and then aggressive targets at psychological 600 mark. Stop 439. Holding period 1-2 months.





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POTENTIAL CONFLICT OF INTEREST DISCLOSURE (as on date of report)

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

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