

WEEKLY COMPASS

Weekly Alerts You Can Use!

Punjab National Bank (PNB) is a Banking and Financial service bank owned by Government of India and headquarter in New Delhi, India. The bank was founded in 1894. As of June 2019, the bank has over 115 million customers, 7,036 branches and 8,906 ATMs.

In a move towards consolidation in the Indian banking sector, Finance Minister NirmalaSitharaman has announced a big move with second course of amalgamation among PSU banks. According to the announcement, PNB is to merge OBC and Union Bank Of India. Technically, all the 3 banks are major underperformers on the bourses.

We suspect, the stock likely to underperform in near term primarily on backdrop of concerns on macros, and most importantly; amidst expected new NPA risk in the financial sector. The stock faces multiple growth challenges like, advance growth has been muted, asset quality deterioration continues, profitability is dragged by high provisioning and deterioration in asset quality; hence, we maintain 'SELL'.

Technically, PNB' stock price pattern appears ugly at current levels.

The momentum oscillators are in sell mode signaling further sharp down move. The stock price is signaling a break down from a "Descending triangle pattern" on the monthly charts with the sequence of lower highs / lows is intact in daily, weekly and monthly charts, indicating further weakness. Major weakness on cards below its intermediate October 2019 low at 55.70. The stock is moving below this level after consolidating between 55-69 zone for past 5-months. Immediate downside risk below 55 is at psychological 50 mark.

The stock is likely to continue its big underperformance going forward. The 200-DMA of the stock is placed at 69.

Establishing short positions at CMP should be the preferred trading strategy, targeting psychological 50 and then aggressive targets at 41-45 mark. Stop above 69.45. Holding Period: 2 Months.

Daily Chart of PNB:



CORPORATE ACTIONS

Stocks	Ex-Date	Purpose	Amount (Rs)	Record Date
DBCORP	03 Feb 2020	Interim Dividend	3.50	04 Feb 2020
KIRLPNU	03 Feb 2020	Interim Dividend	1.00	04 Feb 2020
NAM-INDIA	03 Feb 2020	Interim Dividend	3.00	04 Feb 2020
RBL	03 Feb 2020	Interim Dividend	6.00	04 Feb 2020
SIEMENS	03 Feb 2020	Dividend	7.00	-
TCIEXP	03 Feb 2020	Interim Dividend	1.50	04 Feb 2020
ACGL	04 Feb 2020	Interim Dividend	5.00	05 Feb 2020
CONTROLPR	04 Feb 2020	Interim Dividend	3.50	05 Feb 2020
ACCELYA	05 Feb 2020	Interim Dividend	10.00	06 Feb 2020
ALKALI	05 Feb 2020	Interim Dividend	1.00	06 Feb 2020
BAJAJELEC	05 Feb 2020	Right Issue of Equity Shares	-	06 Feb 2020
GODREJCP	05 Feb 2020	Interim Dividend	2.00	06 Feb 2020
VINATORGA	05 Feb 2020	Stock Split From Rs.2/- to Rs.1/-	-	06 Feb 2020
ARROWTEX	06 Feb 2020	Amalgamation	-	07 Feb 2020
CCL	06 Feb 2020	Interim Dividend	2.00	07 Feb 2020
DCMSHRIRAM	06 Feb 2020	Interim Dividend	4.20	07 Feb 2020
KKCL	06 Feb 2020	Interim Dividend	15.00	07 Feb 2020
MANAPPURAM	06 Feb 2020	Interim Dividend	0.55	07 Feb 2020
MARICO	06 Feb 2020	Interim Dividend	3.25	07 Feb 2020
ORIENTELEC	06 Feb 2020	Interim Dividend	0.65	07 Feb 2020
PERSISTENT	06 Feb 2020	Interim Dividend	9.00	07 Feb 2020
THINKINK	06 Feb 2020	Consolidation of Shares	-	07 Feb 2020
ZENSARTECH	06 Feb 2020	Interim Dividend	1.00	07 Feb 2020
AEGISLOG	07 Feb 2020	Interim Dividend	0.50	10 Feb 2020
BSOFT	07 Feb 2020	Interim Dividend	1.00	10 Feb 2020
CUMMINSIND	07 Feb 2020	Interim Dividend	7.00	10 Feb 2020
NIITTECH	07 Feb 2020	Interim Dividend	10.00	10 Feb 2020
VAIBHAVGBL	07 Feb 2020	Interim Dividend	7.00	10 Feb 2020

OFFER TO BUY

Company name	Start Date	Close Date	Offer Price (Rs.)	Proposed Acquisition (No. of shares)	CMP (Rs.)
GAURAV MERCANTILES LTD	27-Jan-20	07-Feb-20	42.50	48,10,000	97.75

BONUS

Co-Name	Ex Bonus Date	Ratio
FERMENTA	06-Feb-20	2:1
MEERA	06-Feb-20	7:5

Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	11662	11201	12001	12127	11655	11201-11971	Sell between 11721-11751 zone. Targets 11351/11201. Stop 12065.
BANK NIFTY	29821	29201	31201	31655	30088	29001-31451	Sell between 30101-30201 zone. Targets 29201/28751. Stop 31201.

Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
PNB	59	50	69.45	63	70	Negative	PNB was seen consolidating in last 16-months after falling one way down since October 2017. The daily charts for the stock is again looking ugly as the stock is on verge of breaking down below a lower consolidation zone. A break below Sept 2018 low at 58.45 will confirm further weakness. Establishing short positions at CMP should be the preferred trading strategy, targeting psychological 50 and then aggressive targets at 41-45 mark. Stop above 69.45. Holding Period: 2 Months.