

Dated: 3 September 2019

Indices	CMP	%1D
Sensex	37333	0.71
Nifty	11023	0.68
BSE-Midcap	13467	1.01
BSE-Smallcap	12535	0.84
SGX Nifty	10941	-0.01

Market Outlook

Indian markets indicate for a possible flat negatively biased opening reacting on lower than expected GDP as well as Asian markets trading lackluster today in absence of any trigger after a prolonged weekend. Indian markets will attempt to digest the news related to Lower than expected GDP, lower GST collections and tapering of Auto sales figures. Technically market index has formed a Hammer Candle on daily scale while High Wave Candle on weekly scale as dips are being bought into while resistance are intact at higher zones. The key support level is placed at 10,917, followed by 10,812. If the index remains on the upward trajectory, key resistance levels to watch out for are 11,085 and 11,148.

Index	FY20	FY21E	FY22E
Sensex EPS	1439	1900	2305
P/E	25	19	16
Nifty EPS	472	593	708
P/E	23	18	15

Top Domestic News

- Mahindra and Mahindra auto sector sells 36,085 vehicles during August 2019
- Escorts Agri machinery segment sells 4035 tractors in August 2019 against 4812 tractors in August 2018
- Maruti Suzuki cuts production by 33.9% in August, produces 1.11 lakh cars in August 2019 versus 1.68 lakh cars in August 2018
- Maruti Suzuki's August 2019 sells fell 32.7% at 1,06,413 units against 1,58,189 units in August 2018
- Eicher Motors sells 52,904 units in August 2019 against 69,377 units in August 2018
- Hero MotoCorp sells 543,406 units of two-wheelers in August 2019
- Tata Motors total sales for August 2019 stood at 32,343 vehicles, compared to 62,688 units during August 2018
- Reliance Communications withdraws contempt plea against DoT Secretary
- USFDA issues complete response letter (CRL) to Biocon for insulin glargine
- PNB: Oriental Bank of Commerce and United Bank of India will be merged into Punjab National Bank, to become second largest public sector lender with Rs 17.95 lakh crore business.
- Canara Bank: Syndicate Bank to be merged into Canara Bank, to become fourth largest public sector lender with business of Rs 15.20 lakh crore.
- Union Bank of India: Corporation Bank and Andhra Bank to be merged into Union Bank, to become 5th largest PSB with Rs 14.59 lakh crore business.
- Indian Bank and Allahabad Bank: Both banks will be merged with total business size of Rs 8.08 lakh crore.
- BHEL has invested Rs 5 crore as equity in NEELANCHAL ISPAT NIGAM
- ICRA has reaffirmed long-term rating to AA and short term rating to A1+ for bank facilities, non-convertible debenture programme and commercial paper programme of JSW Steel
- Aurobindo Pharma's Netherlands subsidiary formed JV with 2 companies in China. Netherlands arm will hold 57% stake in China Joint Venture.
- Divis Labs: Ireland & Slovenia drug bodies clear Vishakhapatnam unit. The Unit Was Inspected By 5 Inspectors From August 26-30
- JK Tyre: Promoter releases pledge on 5.1 crore sShares (20.7% equity) on August 30, reported CNBC-TV18.
- IL&FS gets binding bids for 10 road assets
- L&T Construction awarded contract from Navi Mumbai international airport

Global Indices	Current Value	%1D
DowJones	26403	1.41
Nasdaq	7963	-0.13
DAX	11954	0.12
Nikkei 225	20645	0.12
FTSE 100	7282	1.04
Hang Seng	25546	-0.31
Shanghai	2924	1.31
Straits Times	3077	-0.20

Trading activity in cash Rs Cr			
Date 30 Aug	Net	MTD	FY20
FII	1163	-14828	-20974
DII	1502	20983	46125

Forex Rate

USD/INR	71.64	-0.45%
EUR/INR	79.22	-0.78%
GBP/INR	87.27	-0.68%
JPY/INR	67.44	-0.55%

Corporate Action

Stock Name	Purpose	Ex Date
INDIACEM	Dividend Rs 0.8	04-Sep
TVTODAY	Final Dividend Rs 2.25	04-Sep
CHAMBALFERT	Final Dividend Rs 2	06-Sep
DILIPBUILD	Final Dividend Rs 1	06-Sep
KEI IND	Dividend Rs 1.2	06-Sep

G-Sec Yield	Price	Change%
1yr Bond Yield	5.77	0.52%
10yr Bond Yield	6.56	0.31%

Global News

Wall Street ended the week with a lackluster session on Friday as investors were cautious ahead of a holiday weekend in which a fresh round of US tariffs on Chinese imports were due to be levied. While the S&P 500 registered its biggest weekly gain since June, August had its biggest monthly decline since May. Investors had fled risky assets in August due to escalations in the US-China trade war and the inversion of a key part of the US yield curve which is often a recessionary signal. The Dow Jones Industrial Average rose 41.03 points, or 0.16%, to 26,403.28, the S&P 500 gained 1.88 points, or 0.06%, to 2,926.46 and the Nasdaq Composite dropped 10.51 points, or 0.13%, to 7,962.88. Global stocks were hit by US-China trade frictions on Tuesday while the British pound flirted with 2 1/2-year lows as Prime Minister Boris Johnson indicated he could call an election to stymie lawmakers' efforts to avert a no-deal Brexit.

Results Calender

NIL

03-Sep-19

F&O Ban List

NIL

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Technical View



Trading for the week on Monday began with a decent upside gap which was mainly a reaction of the various announcements made by the FM Sitharaman on previous Friday evening. However, immediately index lost this early morning lead which was mainly caused by the escalated trade war between the US and China. Due to this, index not only erased all opening gains but also went on to sneak well inside the negative territory. Things looked extremely bleak at one point of time, but fortunately, we witnessed enormous buying interest at lower levels which kept on accelerating till the closing point of the day. During the remaining part, index had some volatile moves on both sides but fortunately due to late recovery on Friday, Nifty managed to reclaim the 11000 mark on a closing basis. The closing beyond 11000 was crucial not only because it's a psychological junction; but also in terms of technical, because with this we concluded the August Month with some important clues left behind for us. Let's see what we are exactly referring to. (i) Recent correction got arrested around the 61.8% retracement (10637) of the previous up move, (ii) we could see a formation of 'Bullish Piercing' pattern on daily chart on August 23, (iii) Friday's recovery happened from key retracement ratios and formed a 'Bullish Hammer' and most importantly, (iv) Monthly candle concluded above '20-EMA', which remained defended on a closing basis since March 2016 and depicts a bullish 'Dragonfly Doji' pattern. We were hopeful since last couple of days but now looking at these multiple observations, it has certainly fuelled our conviction level. Yes, index is struggling to surpass the sturdy wall around 11150 – 11200, but we will not be surprised to see it crossing in the coming week to extend this rally towards 11350 – 11475. Hence, we advise traders to refrain from creating shorts and should now adopt a buy on decline strategy for a while. On the downside, 10950 followed by 10874 would now be seen as immediate supports.



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MORNING NEWSLETTER

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