



**A person who keeps patience
is sure to win in share market.**



Daily Research Reports



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Good Morning & Welcome to Monday's trading action at Dalal Street dated 20th of September 2021.

SGX Nifty is indicating a rocky session for our stock markets.

The negative catalyst: Bears seen waking up across global stock markets.

That brings us to our **call of the day** which suggests negative global cues likely to hamstring the bullish sentiments of the mightily Nifty. Technically speaking, bears are likely to be in driver's seat only below 17251 mark. Focus from here on shifts to FOMC to trickle on 22nd September

The preferred trades:

- # **Nifty (17585): Sell at CMP.** Stop 17821. Targets 17457/17251. Aggressive targets at 16917 mark.
- # **Bank Nifty (37812): Buy** between 37400-37550 zone. Stop 36751. Targets 38101/38757. Aggressive targets at 40001.

TOP SECTORS:

- # **Bullish View:** PRIVATE BANKS, PSU BANKS.
- # **Bearish view:** MEDIA, REALITY, METALS.

STOCKS IN FOCUS:

- # **BULLISH VIEW:** #LARSEN #BOSCH #MPHASIS #PIDILITE #ITC #CANFINA HOMES #HDFC AMC #NAM INDIA.
- # **BEARISH VIEW:** #LUPIN #BHEL #INDIAN HOTELS #MUTHOOTH FINANCE #UPL #M&M #GRANULES #METROPOLIS
- # Our **chart of the day** is bearish on stocks like BHARAT FORGE, BHEL and UPL with an interweek perspective.
- # **Sell Something:** Momentum Call: Interweek Strategy: Sell between 770- 775 zone. Stop 801. Targets 751/733. Aggressive targets at 713. Breaking down.

Outlook for Monday: Bears finally have a chance...

Equity markets likely to remain nervous as keeping investors at the edge and bit nervous will be Fed's meeting slated on September 22nd. The September meeting would be the opportunity for the US central bank to outline the timeline for the reduction of its \$120bn a month bond buying program. All anxious eyes if the taper will be in December, or possibly later.

INDICES		
Nifty	17585	-0.25%
Bank Nifty	37812	0.38%
Nifty Auto Index	10351	0.00%
Nifty FMCG Index	40799	-0.51%
Nifty Infra Index	4931	-0.47%
Nifty IT Index	35647	-0.57%
Nifty Media Index	1928	0.98%
Nifty Midcap Index	8092	-1.19%
Nifty Metal Index	5684	-2.38%
Nifty Pharma Index	14355	-0.94%
Nifty Reality Index	414	-2.35%
Nifty Smallcap Index	10788	-0.73%
Sensex	59016	-0.21%
SGX Nifty	17450	-0.60%

Outlook for the Day	
	Consolidation day likely.

Nifty Outlook	
Intraday	Neutral (17457-17231)
Medium Term	Positive (16751-18001)
Long Term	Positive (14251-18501)

Key Levels to Watch	
Nifty Support	17457/17231
Nifty Resistance	17793/18001

Pivot Level	
Nifty	16701

The Fed interest rate decision, well the commentary, might provide some volatility.

Bears finally have a chance but with the wall of money from Central Banks and buybacks, it will not be easy so we remain bullish on any inter-week dips

Amidst this backdrop, Dalal Street is poised for a cautious trading session. The gyan mantra for perma-bulls is to trade highly selectively.

WHAT TECHNICAL TELLS US ON NIFTY/SENSEX:

Daily chart of Nifty:



Technically speaking, the price action for Nifty in near term is suggesting that we are likely to see a 17300 – 17800 range in near term. The recent sequence of higher high/low is intact on all-time frames. Nifty's 200 day EMA at 15151 mark.

The technical landscape of Nifty is suggesting extremely overbought conditions.

Bank Nifty: The technical are aggressively bullish as Bank Nifty is signaling a massive breakout on the upside on the monthly charts from a probable Flag Pattern. Immediate targets seen at 38100 and then aggressive inter-month targets placed at psychological 40000 mark.

DERIVATIVE & INSTITUTIONAL CUES:

The options data for September series suggests Nifty is likely to be in a trading range of 17300-17800 zone. Maximum Call OI is at 18000 followed by 17500 strike price. So, the 17800-18000 zone is Nifty's crucial

Technical Strategy

LARSEN	1716
Action	BUY
Target	2001
Support	1681/1621
Resistance	1801/2001
Holding Period	60-90 days

Larsen & Toubro Ltd. (LT) is an Indian multinational engineering & construction (E&C) conglomerate engaged in EPC Projects, Hi-Tech Manufacturing and Services. Larsen has presence in IT & financial services sectors and operates in over 50 countries. The firm is engaged in core, high impact sectors of the economy and our integrated capabilities span the entire spectrum of 'design to delivery'.

Larsen has strong, customer-focused approach and the constant quest for top-class quality has enabled the firm to attain and sustain leadership in its major lines of business for over eight decades.

Incorporated in 1946, Larsen now commands a market cap of Rs 234,218 Crore.

The positive catalysts:

- # Signs of pick-up in economic activity are visible amidst waning of the second wave of the pandemic and lockdown restrictions being eased. Also, with normal monsoon on cards, agriculture sector is likely to remain buoyant and most importantly, the economy is likely to witness robust rebound on backdrop of fiscal stimulus packages by central banks across globe. The vaccination efforts gathering momentum also acts as positive catalyst.
- # Q1FY22 revenue grew 38.0% YoY and net-profit jumped nearly four-fold to Rs 1,174 crores on backdrop of solid order book coupled with large project executions and robust E&C growth amidst pandemic.
- # International orders were 20% of the total order book of Rs 323721 crore as on June 30, 2021. Order inflow at Rs. 266bn (+13% YoY), bagged orders worth Rs. 26,557cr in Q1FY22.
- # EBITDA margin expanded 320bps YoY to 10.8% on operational efficiencies. EBITDA rose 95.7% YoY, while PAT increased 825.8% YoY.
- # Average execution cycle is 27 months. During the quarter, orders were received in various segments like Metros, Rural Water Supply, Minerals and Metal, Residential, Power Transmission and Distribution, Power and Hydrocarbon Offshore sectors.
- # The sustained high oil prices are expected to boost the investment momentum in GCC nations.
- # High liquidity, improved leverage, prospective pipeline with better utilization and production is expected to continue in the near-term.

Technically, brace yourselves for a major breakout play from a classic 'Flag pattern' breakout on the weekly charts. An impulse uptrend is seen forming on the daily time scale, with positive SAR series, with recent sequence of higher high/low intact on all time frames.

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 1451 zone. The level of Rs 1451-1475 zone will act as a strong support zone and any corrective declines to these levels should be used as an opportunity to initiate aggressive long positions.

A potential entrance exists at CMP, and on dips between 1660-1675 zone, targeting psychological 1800 mark and then aggressive targets at psychological 2000 mark. Stops below 1561. Holding Period: 3-5 Months.

resistance zone. Maximum Put open interest stands at 17000 levels followed by 17500 levels. Call writing was seen at 18100 and then at 17700 strike price, while there was meaningful Put writing at 17700 and then at 18000 strike prices.

- # The Put-Call Open Interest Ratio is at 1.50 for Nifty.
- # As per Friday's provisional data available on the NSE, FIIs bought shares worth Rs. 1552.59 crores while DIIs sold shares worth Rs. 1398.55 crores in the Indian Equity Market.
- # **Stock banned in F&O segment:** # ESCORTS # EXIDE # IBULHSGFIN # IRCTC # NATIONALUM # PNB # SAIL # SUNTV.

The POSITIVE CATALYSTS:

- The announcement of a four-year moratorium on payment of adjusted gross revenues (AGR) for the telecom sector.
- A production-linked incentive for the automotive segment.
- The government guarantees for security receipts worth Rs 30,600-crore to be issued by National Asset Reconstruction Company (NARCL), or the bad bank.
- FIIs bought on all five days of the week as they posted a net buy figure of Rs. 6476.22 crores.
- The Fed's tapering plans likely to be at bay for longer.
- Torrent of monetary and fiscal stimulus.
- Stocks are racing higher as companies have crushed earnings estimates, prompting the street to revise their estimates upward.
- The reopening and recovering of the economy.
- Decline in COVID cases and a pick-up in vaccination drive.
- Low interest rates environment.

THE NEGATIVE CATALYSTS:

- China's latest tech crackdown keeps Asia sluggish. Beijing demands big tech firms stop blocking links to rivals, while reports say Ant Group's Alipay app could be broken up.
- Oil prices extend gains as Gulf drillers continue to struggle with re-starts following the late August damage from Hurricane Ida.
- Concerns about the Delta variant.
- Growth concerns.

- Fed stimulus uncertainty.
- A hawkish Fed environment.
- India's GDP still below FY19 despite a 20% quarterly growth.
- Overbought technical conditions.

IPO Note & LISTING:

Paras Defence and Space Technologies will open its initial public offering (IPO) from September 21-23. The price band for the offer has been fixed at Rs 165-175 per equity share.

The offer comprises a fresh issue of Rs 140.6 crore and an offer for sale of up to 17,24,490 equity shares by Sharad Virji Shah, Munjal Sharad Shah, Ami Munjal Shah, Shilpa Amit Mahajan and Amit Navin Mahajan. The net proceeds from fresh issue will be utilised for purchase of machinery and equipment, funding incremental working capital requirements, repayment of borrowings, and general corporate purposes.

Meanwhile, Sansera Engineering will make its debut on the bourses on September 24.

The Rs 1,283-crore public issue was subscribed 11.47 times during September 14-16 period. The portion reserved for qualified institutional buyers was subscribed 26.47 times. The part set aside for non-institutional investors was subscribed 11.37 times, while retail investors put in bids 3.15 times their reserved portion and employees 1.37 times their limit.

ECONOMIC CUES:

- # Domestic airlines will now be able to operate at 85 per cent of their pre-Covid capacity and set their own fares for tickets beyond fifteen days of the booking date.

On Saturday, the Ministry of Civil Aviation increased the cap on airline capacity from 72.5 per cent to 85 per cent. Also, it tweaked the price cap formula letting airlines set fares for travel beyond fifteen days. Till now price caps were applicable on tickets up to 30 days from the booking date.

- # Fed tapering are talks back on the table. So, all anxious eyes will be on the 21-22nd September FOMC meeting.

GLOBAL STOCK MARKETS:

At Wall Street, the stock market rally saw modest losses in Friday's trade the Dow was down 0.5% at 34,584, the S&P 500 was off 0.9% at 4,432 and the Nasdaq had given back 0.9% to 15,043.

In the week gone by, the Dow Jones Industrial Average edged down 0.1%, at 34584.88 after already falling below its 50-day line. The S&P 500 index sank 0.6% at 4432.99. The Nasdaq Composite gave up 0.5% as it closed at 15044, thanks to Friday's 0.9% retreat. However, the small-cap Russell 2000 edged up 0.4%.

RECAP OF PREVIOUS DAY'S TRADING SESSION:

- # Nifty (-44, 17585)
- # Sensex (-125, 59016)

- # Adv-Dec 15 — 34
- # Nifty PCR 1.50

Well, the mega-rally triggered after dovish Powell at the Jackson Hole Economic Symposium speech did hit the pause button in Friday's trade.

Also blame the sluggishness to profit booking amidst overbought technical conditions.

Interestingly, Nifty did hit the pause button after scaling new record peak at 17792.95. Nifty also snapped its 4-day winning streak.

The key highlights of Friday's trade:

- # Nifty's early gains fizzled out. Mid-cap & Small-cap indices too lose shine.
- # Bank Nifty (+0.38%) outperforms as against Nifty's losses of 0.25%.
- # Nifty Metals and Reality indices were laggards, down over 2% each.
- # Top Index Gainers: KOTAK BANK (+5.43%) EICHER MOTORS (+1.56%) BHARTI (+1.42%).
- # Top Index Losers: COAL INDIA (-3.42%) TATA STEEL (-3.39%) HINDALCO (-2.19%).

TOP PICKS (F & O)

It's like having investment binoculars !

Bharat Forge: Weakening Momentum. Establish short positions.

STOCKS	LTP	S1	S2	R1	R2	BIAS	TRADING STRATEGY
AXIS BANK	807	777	751	823	857	Positive	Interweek Strategy: Buy between 790-797 zone. Stop 773. Targets 823/837. Aggressive targets at 857. Higher consolidation breakout.
LARSEN	1716	1683	1635	1751	1907	Positive	Intermonth Strategy: Buy at CMP. Stop 1683. Targets 1751/1803. Aggressive targets at 1907. Momentum Play.
BHARAT FORGE	762	751	713	777	797	Negative	Interweek Strategy: Sell between 770-775 zone. Stop 801. Targets 751/733. Aggressive targets at 713. Breaking down.
GODREJ PROPERTIES	1630	1597	1563	1657	1697	Negative	Interweek Strategy: Sell at CMP. Stop 1671. Targets 1509/1597. Aggressive targets at 1563. Overbought conditoions.
TATA MOTORS	309	298	287	316	325	Negative	Interweek Strategy: Sell between 312-315 zone. Stop 327. Targets 298/293. Aggressive targets at 287. Weakening momentum.

Derivatives Strategies

Future Call: BUY DABUR SEPTEMBER FUTURES at CMP 654.65. Targets at 666 and then at 678. Stop: 643. Holding Period: Intraday. Analyst's Remark: Breakout Play (DABUR SEPTEMBER Futures CMP 654.65)

Option Call: SELL NIFTY 23rd SEPTEMBER PE Strike Price 17600 at CMP 97.30. Maximum Profit: Rs. 4,865/-. Loss: Unlimited. Stop: Exit Put Option if NIFTY below 17427. (NIFTY SEPTEMBER Futures CMP 17605).

Market Summary:

- Nifty September Futures ended Friday's session at a premium of +20 vs discount of -18.
- The 23rd September expiry Put-Call Open Interest Ratio was at 0.79 for Nifty whereas it was 0.89 for Bank Nifty.
- The 23rd September expiry Put-Call Volume Ratio was at 0.90 for the Nifty and 0.93 for Bank Nifty.
- For Nifty, Maximum Call Open Interest (OI) stands at 18500 Strike Price, followed by 18000 Strike Price for 23rd September Series. Long buildup was seen at strike prices 18300-18700.
- Maximum Put Open Interest (OI) was seen at strike price 17000 followed by 17600 strike prices for 23rd September series. Long buildup was seen at strike prices 17800-18100.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 38000 Strike Price and Maximum Put Open Interest stands at 37000 Strike Price.
- As per Friday's provisional data available on the NSE, FIIs bought shares worth Rs. 1552.59 crores in the Indian Equity Market. DIIs on the other hand sold shares worth Rs. 1398.55 crores in the Indian Equity market.
- Long Buildup: INDIGO, DABUR, BAJFINANCE.
- Short Buildup: TATASTEEL, RELIANCE, ADANIEN, UPL.
- Short Covering: PFC, M&MFIN, APOLLOTYRE, HEROMOTOCORP.
- Long Unwinding: BANKBARODA, TATAPOWER, TATACHEM.
- Stocks banned in F&O segment:** ESCORTS, EXIDE, IBULHSGFIN, IRCTC, NATIONALUM, PNB, SAIL, SUNTV.
- New in Ban: IBULHSGFIN, IRCTC, PNB.
- Out of Ban: ZEEL.

Changes in Open Interest (OI) in yesterday's trade.

Nifty Spot	17585.15 (-0.25%)
Bank Nifty Spot	37811.95 (+0.38%)
VIX	15.2325 (+5.69%)
Premium	+20 vs -18
Nifty Future OI	1.44 crores (-4.98%)
Bank Nifty Future OI	17.58 lakhs (-4.18%)

Cash Volumes (INR in Cr.)	Yesterday	Day Before Yesterday
BSE Cash Vol. (Rs. in Cr)	6116.4	7604.62
NSE Cash Vol. (Rs. in Cr)	1,05,388.46	75,877.35
NSE Derivative Vol. (Rs. in Cr)	58,53,615	1,25,05,609

Derivatives Vol. (INR in Cr.)	No of contracts	Turnover (Rs. In cr.)
Index Future Volumes	4,59,588	41,922
Stock Future Volumes	11,56,985	1,01,409
Index Option Volumes	5,75,86,392	53,08,266
Stock Option Volumes	44,13,994	4,02,018
Total	6,36,16,959	58,53,615

Major Changes in Nifty Options (OI)

Calls	in lakhs (% Change)
17600	36.72 (+149%)
17700	32.66 (+177%)
17800	40.63 (+210%)
Puts	in lakhs (% Change)
17700	12 (+429%)
17800	5.15 (+284%)
17900	1.56 (+578%)

Dow: Bears seen roaming. Key support for Dow at 34551 mark.

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
GOLD \$	1755	1723	1701	1789	1813	Negative	Key support at 1723 mark. Interweek Strategy: Establish SELL positions between 1781-1789 zone. Targets 1741/1701 mark with stop at 1821.
SILVER (\$)	22.85	22.47	21.97	23.57	24.21	Negative	Key hurdles at 23.57. Interweek Strategy: Establish sell positions between 23.05-23.25 zone. Targets 22.47/21.97 with stop at 23.71.
WTI CRUDE OIL (\$)	71.96	70.5	68.05	75	77.5	Positive	Interweek Strategy: Establish buy positions at CMP. Targets 75/77.50. Stop at 69.15.
EUR/USD	1.1727	1.1697	1.4598	1.1873	1.1929	Neutral	Interweek Strategy: Establish sell positions between 1.1801-1.1811 zone. Targets 1.1697/1.1598 with stop at 1.1889.
US Dollar Index	93.25	92.25	91.10	94.00	95.75	Positive	Interweek Strategy: Establish buy positions at CMP. Targets 94/94.50 with stop at 92.05.
DOW JONES	34585	34551	32795	34981	36219	Neutral	Dow fell Friday, despite an unexpected gain in retail sales, as jobless claims rose and oil prices steadied. Major sell-off only below 34551 mark. Interweek Strategy: Establish buy positions only above 34981. Targets 35513/36219 mark with stop at 34411.

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