



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



Daily Research Reports



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Good Morning & Welcome to Thursday's trading action at Dalal Street dated 23rd of September 2021.

The numbers are in and the verdict is out.

First the numbers: The policy-setting Federal Open Market Committee (FOMC) signaled that it plans to keep a key U.S. short-term interest rate near record zero while projecting the U.S economy has made progress and the committee judges that a moderation in the pace of asset purchases may soon be warranted.

Fed was more hawkish than anticipated as the Fed said it could begin tapering its \$120 billion in monthly bond purchases if the economy continues to improve. The Fed mostly signaled tapering of bond buys as soon as November, and the conclusion of the process in mid-2022. The hawkish surprise means a rate hike could come sooner. Fed policymakers see first rate hike in 2022.

"The sectors most adversely affected by the pandemic have improved in recent months, but the rise in COVID-19 cases has slowed their recovery," the Fed said Wednesday. "Inflation is elevated, largely reflecting transitory factors.

Inflation is running at the hottest levels since 2008, although August CPI cooled somewhat, to 5.3% from last year. So-called core inflation, which strips-out volatile components such as food and energy prices, rose 4.3% the highest since the early 1990s.

"Growth is likely to continue at a strong pace for the rest of the year."

The Verdict: Wall Street was up despite a hawkish Federal Reserve.

Dow and S&P 500 rose as market participants believed that Powell & Co will refrain from announcing tapering before year-end.

Our **call of the day** suggests that bulls are seen positioning themselves to capture Nifty's all-time-high at 17973 mark also on backdrop of reports of a partial debt deal with China Evergrande soothe contagion fears.

The preferred trades:

- # **Nifty (17547):** Buy at CMP. Stop 17211. Targets 17627/17793. Aggressive targets at 18001 mark.
- # **Bank Nifty (36945):** Buy at CMP. Stop 36411. Targets 38113/39101. Aggressive targets at 40001.

TOP SECTORS:

- # **Bullish View:** IT, FMCG, METAL
- # **Bearish view:** PSU BANKS

| INDICES | | |
|----------------------|-------|--------|
| Nifty | 17547 | -0.09% |
| Bank Nifty | 36945 | -0.74% |
| Nifty Auto Index | 10285 | 1.27% |
| Nifty FMCG Index | 41507 | -0.27% |
| Nifty Infra Index | 4937 | 0.55% |
| Nifty IT Index | 36422 | 0.93% |
| Nifty Media Index | 2205 | 13.57% |
| Nifty Midcap Index | 8167 | 2.74% |
| Nifty Metal Index | 5525 | 1.47% |
| Nifty Pharma Index | 14334 | 0.39% |
| Nifty Reality Index | 455 | 8.45% |
| Nifty Smallcap Index | 10740 | 1.44% |
| Sensex | 58927 | -0.13% |
| SGX Nifty | 17638 | 0.44% |

| Outlook for the Day | |
|---------------------|-----------------------|
| | Nifty will aim 17793+ |

| Nifty Outlook | |
|---------------|------------------------|
| Intraday | Positive (17437-17837) |
| Medium Term | Positive (16751-18001) |
| Long Term | Positive (14251-18501) |

| Key Levels to Watch | |
|---------------------|-------------|
| Nifty Support | 17437/17237 |
| Nifty Resistance | 17793/18001 |

| Pivot Level | |
|-------------|-------|
| Nifty | 17101 |

STOCKS IN FOCUS:

BULLISH VIEW: #COAL INDIA #TATA STEEL #JINDAL STEEL & POWER #LARSEN #COFORGE #DIXON.

BEARISH VIEW: #AU BANK #BHEL #MARUTI #LUPIN #M&M # SUN TV.

Our **chart of the day** is bullish on stocks like COAL INDIA, TATA STEEL, COFORGE, MRF and CAN FIN HOMES with an interweek perspective.

The 1 Stock to Buy Right Now: Buy COAL INDIA September Futures for 0-5 days at CMP 162.85 for an objective of 179. Stop 155. Alert : Oversold Zone.

Outlook for Thursday: Bulls will put up a fight on any intraday declines.

Evergrande has said it struck a deal with creditors over a \$36 million payment due on a yuan-denominated bond Thursday. The group also owes a \$47.5 million payment on a separate note on the same day.

A \$90 billion liquidity injection from the People's Bank of China, amid the re-opening of stock markets following two days of Autumn holiday celebrations, also suggests Beijing remains vigilant ahead of tomorrow's debt payment deadlines.

Booster shots of COVID-19 vaccines for everyone appear to be off the table for now. On Friday, a Food and Drug Administration panel rejected boosters for the general public, but approved them for those age 65 and over, and for those who are in high-risk categories.

WHAT TECHNICAL TELLS US ON NIFTY/SENSEX:

Daily chart of Nifty:



Technical Strategy

| | |
|----------------------------|------------|
| NIPPION (NAM INDIA) | 435 |
| Action | BUY |
| Target | 501 |
| Support | 401/359 |
| Resistance | 457/521 |
| Holding Period | 60-90 days |

Incorporated in 1995, Nippon Life India Asset Management (NAM-INDIA) now commands a market cap of Rs 27185 Crore with a total AUM of Rs. 3,80,000 crore. NAM has strong SIP business, with annualised SIP book of around Rs. 8,000 crore. Retail participation robust; inflows should improve.

Post ownership change, NAM stands to benefit from increased credibility to raise HNI/institutional capital. The key positive catalyst in favor of the firm is the strong possibility of NAM- INDIA to leverage its parent's network to improve its AUM. The company is promoted by Nippon Life Insurance Company – one of the leading private life insurers in Japan, with assets around \$750 Bn.

FY21 was the first full year with promoter Nippon Life Japan. The company is also looking for strategic partnerships or acquisitions to complement its business strategy.

The company has a strong distribution network with its presence across 300+ locations and more than 75,400 distributors. In FY21, the fund added 9 lakhs new investors out of 20 lakhs new investors that entered in the industry. Going forward too, under-penetration plus paperless transactions which are gaining traction provides massive opportunities for the firm. India's mutual fund penetration (AUM to GDP) is still at 12.1% which is much lower than the world average of 63%. It is also lower than many developed economies such as the United States (120%), Canada (81%), France (80%) and UK (67%), and emerging economies such as Brazil (68%) and South Africa (48%). India's equity mutual fund AUM to GDP ratio is at 5%, vis-à-vis 75% in the US, 55% in Canada and 40% in the UK.

NAM-INDIA also has interest in managing accounts and international/offshore advisory services. A re-rating candidate once there is cure for the pandemic as recovery in earnings cycle quite likely with AUM growth and SIP flows normalizing.

As the revenue model of the firm ultimately depends on the value of the assets it manages, and the good thing is that this segment is seen rising recently on backdrop of favorable market conditions plus gradual recovery in earnings cycle. We suspect, the ongoing firm trend of flows into mutual funds is likely to impact positively on operations and profitability.

NAM's Q1FY2022 results were encouraging with ahead of expectations operational numbers, helped by cost control and stable AUMs. AUM growth of 33% YoY, 5% QoQ was led by 44% YoY and 5.2% QoQ rise in equity AUM while ETFs also increased 11.7% QoQ. NAM manages over Rs 1.2 Lc Cr from the government mandates (PLI and ESIC). Equity/Debt/Liquid mix stood at 41%/31%/12%.

Technically, brace yourselves for a major breakout play on the upside on the daily charts. An impulse uptrend quite likely to be formed on the monthly time scale, with positive SAR series, major confirmation above its Feb 2020-highs at 453 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 360 levels. The level of Rs 360-375 zone will act as a strong support zone and any sharp corrective declines to these levels will be a screaming buy, hence should be used as an opportunity to initiate aggressive long positions.

Establish long positions at CMP, targeting psychological 500 mark. Stop below 358. Holding Period: 2-3 Months.

- # **Technically speaking**, the biggest make-or-break interweek support for Nifty seen at 17251 mark. Intraday supports placed at 17501 and then at 17439 mark. The price action for Nifty in near term is suggesting that we are likely to see a 17300 – 18000 range in near term with buying on dips as the preferred strategy. Nifty's 200 day SMA at 15191 mark.
- # **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 its all-time-high 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 17400-18000 zone. Maximum Call OI is at 17500 followed by 18000 strike price. So, the 17800-18000 zone is Nifty's crucial resistance zone. Maximum Put open interest stands at 17000 levels followed by 17300 levels. Call writing was seen at 17500 and then at 18100 strike price, while there was meaningful Put writing at 17300 and then at 17500 strike prices.
- # The Put-Call Open Interest Ratio is at 1.38 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.
- # As per Monday's provisional data available on the NSE, FIIs bought shares worth Rs. 92.54 crores while DIIs sold shares worth Rs. 1626.58 crores in the Indian Equity Market.
- # As per Tuesday's provisional data available on the NSE, both FIIs and DIIs bought shares worth Rs. 1041.92 crores and Rs. 2167.62 crores in the Indian Equity Market.
- # As per Wednesday's provisional data available on the NSE, FIIs sold shares worth Rs. 1943 crores while DIIs bought shares worth Rs. 1850 crores in the Indian Equity Market.
- # **Stock banned in F&O segment:** # ESCORTS # VODAFONE IDEA # IBULHSGFIN # IRCTC # PNB # SUNTV.

The POSITIVE CATALYSTS:

- Evergrande reached a bond payment agreement.
- 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:

1. Investors on red alert over surging infections with the Delta variant of coronavirus. Concerns about the Delta variant.
2. Signs of weakness in the global recovery.
3. Spiking wholesale gas costs.
4. Overbought technical conditions.
5. A hawkish Fed environment.
6. Overbought technical conditions.

IPO Note & LISTING:

Paras Defence and Space Technologies will open its initial public offering (IPO) on September 21. 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.

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.

GLOBAL STOCK MARKETS:

Overnight at Wall Street, U.S stocks climbed after the Federal Reserve remained vague on when and how it will begin tapering its monthly bond purchases, easing concerns of a possible interest rate hike in the fall of next year.

Helping sentiments were reports of a partial debt deal with China Evergrande soothe contagion fears.

In the week gone by, the Dow Jones Industrial Average edged down 0.1%, at 34585 after already falling below its 50-day line. The S&P 500 index sank 0.6% at 4433. 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 (-15, 17547)
- # Sensex (-78, 58927)

- # Adv-Dec 27 — 22
- # Nifty PCR 1.38

- # Nifty MidCap (+2.74%, 8168)
- # NiftySmallC (+1.47%, 10744)
- # BANK Nifty (+0.93%, 36421)
- # Nifty IT (+1.94%, 36086)

- # USD/INR (+0.35%, 73.87)

Nifty Struggles — Caught between tensions around Evergrande and the Fed decision.

Meanwhile, the Asian Development Bank (ADB) has revised down India's economic growth forecast for the current fiscal year to 10% from 11% predicted earlier, citing the adverse impact of the second wave of the pandemic.

The growth forecast for India in fiscal year 2022 (ending in March 2022) was revised down, as the spike in COVID-19 cases during May dented the recovery, the ADB said in its latest economic outlook.

The key highlights of today's trade:

- # Nifty Struggles — Caught between tensions around Evergrande and the Fed decision.
- # Media and Realty indices shine 13% and 8% respectively.
- # Mid-cap & Small-cap indices too flare up, rising 2.67% & 1.47% respectively.
- # Bank Nifty (-0.78%) struggles in line with Nifty's losses of 0.09%.
- # VIX a tad lower at 16.49, down 0.028%.
- # Top Index Gainers: COAL INDIA (+3.61%) TECH MAHINDRA (+3.58%) HINDALCO (+2.73%).
- # Top Index Losers: NESTLE (-1.47%) HDFC (-1.35%) ICICI BANK (-1.17%).

TOP PICKS (F & O)

It's like having investment binoculars !

Coal India is still undervalued. We expect the stock to race higher. Targets at 189.

| STOCKS | LTP | S1 | S2 | R1 | R2 | BIAS | TRADING STRATEGY |
|--------------------|------|------|------|------|------|----------|--|
| COAL INDIA | 162 | 156 | 151 | 175 | 189 | Positive | Intermonth Strategy: Buy at CMP. Stop 154. Targets 175/189. Aggressive targets at 201. Momentum Play. |
| COFORGE | 5560 | 5437 | 5251 | 5651 | 5775 | Positive | Interweek Strategy: Buy at CMP. Stop 5411. Targets 5555/5651. Aggressive targets at 5775. Momentum Play. |
| DIXON TECHNOLOGIES | 4163 | 4001 | 3957 | 4421 | 4735 | Positive | Interweek Strategy: Buy at CMP. Stop 3997. Targets 4421/4505. Aggressive targets at 4735. Breakout Play. |
| LARSEN | 1711 | 1692 | 1667 | 1757 | 1807 | Positive | Intermonth Strategy: Buy at CMP. Stop 1663. Targets 1757/1807. Aggressive targets at 1871. Upside breakout. |
| TATA STEEL | 1306 | 1267 | 1201 | 1343 | 1411 | Positive | Interweek Strategy: Buy at CMP. Stop 1257. Targets 1343/1371. Aggressive targets at 1411. Oversold Conditions. |

Derivatives Strategies

Future Call: BUY ABFRL SEPTEMBER FUTURES at CMP 215.45. Targets at 220 and then at 223. Stop: 211. Holding Period: Intraday. Analyst's Remark: Rebound Play (ABFRL SEPTEMBER Futures CMP 215.45)

Option Call: SELL NIFTY 30th SEPTEMBER PE Strike Price 17600 at CMP 218.50. Maximum Profit: Rs. 10,925/-. Loss: Unlimited. Stop: Exit Put Option if NIFTY below 17421. (NIFTY SEPTEMBER Futures CMP 17567).

Market Summary:

- Nifty September Futures ended Wednesday's session at a premium of +20 vs premium of +0.
- The 23rd September expiry Put-Call Open Interest Ratio was at 0.84 for Nifty whereas it was 0.56 for Bank Nifty.
- The 23rd September expiry Put-Call Volume Ratio was at 0.88 for the Nifty and 0.99 for Bank Nifty.
- For Nifty, Maximum Call Open Interest (OI) stands at 18000 Strike Price, followed by 17700 Strike Price for 23rd September Series. Short covering was seen at strike prices 18200-18400.
- Maximum Put Open Interest (OI) was seen at strike price 17000 followed by 17500 strike prices for 23rd September series. Short buildup was seen at strike prices 17500-17800.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 38500 Strike Price and Maximum Put Open Interest stands at 37000 Strike Price.
- As per Tuesday's provisional data available on the NSE, FIIs sold shares worth Rs. 1943.26 crores in the Indian Equity Market. DIIs on the other hand bought shares worth Rs. 1850.02 crores in the Indian Equity market.
- Long Buildup: ABFRL, ESCORTS, MC-DOWELL, ITC.
- Short Buildup: INDIGO, PIIND, METROPOLIS.
- Short Covering: LICHSGFIN, MOTHERSUMI, INFY.
- Long Unwinding: ADANI PORTS, HDFC, PIDILITE.
- Stocks banned in F&O segment:** ESCORTS, IBULHSGFIN, IDEA, IRCTC, PNB, SUNTV.
- New in Ban: ESCORTS.
- Out of Ban: NIL.

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

| | |
|-----------------------------|----------------------|
| Nifty Spot | 17546.65 (-0.09%) |
| Bank Nifty Spot | 36944.65 (-0.78%) |
| VIX | 16.4925 (-0.17%) |
| Premium | +20 vs +00 |
| Nifty Future OI | 1.27 crores (-1.41%) |
| Bank Nifty Future OI | 20.18 lakhs (+3.51%) |

| Cash Volumes (INR in Cr.) | Yesterday | Day Before Yesterday |
|--|-----------|----------------------|
| BSE Cash Vol. (Rs. in Cr) | 6233.87 | 5012.16 |
| NSE Cash Vol. (Rs. in Cr) | 68,733.86 | 68,706.19 |
| NSE Derivative Vol. (Rs. in Cr) | 60,87,668 | 66,52,784 |

| Derivatives Vol. (INR in Cr.) | No of contracts | Turnover (Rs. In cr.) |
|-------------------------------|-----------------|-----------------------|
| Index Future Volumes | 2,61,558 | 23,662 |
| Stock Future Volumes | 10,42,168 | 93,221 |
| Index Option Volumes | 6,16,17,948 | 56,22,197 |
| Stock Option Volumes | 37,79,058 | 3,48,587 |
| Total | 6,67,00,732 | 60,87,668 |

Major Changes in Nifty Options (OI)

| Calls | in lakhs (% Change) |
|-------|---------------------|
| 17400 | 6.85 (-51%) |
| 17500 | 18.92 (-29%) |
| 17600 | 47.02 (+36%) |
| Puts | in lakhs (% Change) |
| 17400 | 27.06 (-27%) |
| 17500 | 35.32 (+19%) |
| 17600 | 20.43 (+83%) |

China Evergrande Group's troubles seen subsiding for the moment and investors look ahead to the Federal Reserve meeting.

| Instrument | LTP | S1 | S2 | R1 | R2 | Bias | TRADING STRATEGY |
|--------------------|--------|--------|--------|--------|--------|----------|---|
| GOLD \$ | 1771 | 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 (\$) | 22.80 | 21.97 | 21.05 | 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 (\$) | 71.99 | 69.25 | 65 | 72.05 | 75.05 | Positive | Interweek Strategy: Establish buy positions at CMP. Targets 72.50/75.05/77.50. Stop at 69.05. |
| EUR/USD | 1.1701 | 1.1697 | 1.4598 | 1.1873 | 1.1929 | Negative | Interweek Strategy: Establish sell positions between 1.1801-1.1811 zone. Targets 1.1697/1.1598 with stop at 1.1889. |
| US Dollar Index | 93.39 | 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 | 34365 | 32795 | 31015 | 35513 | 36219 | Positive | Dow and S&P 500 rose as market participants expect that Powell & Co will refrain from announcing tapering before year-end. Interweek Strategy: Establish buy positions at CMP. Targets 35513/36219 mark with stop at 33911. |

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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.