

# THE DAILY

Date: 10 August 2021



## DOMESTIC INDICES

	Close	Points	% Change
SENSEX	54403	125	0.23
NIFTY	16258	20	0.12
MIDCAP	22957	-248	-1.07
SMALL CAP	26612	-194	-0.72

## SECTORAL INDICES

	Close	Points	% Change
BANKEX	40994	262	0.64
IT	31801	123	0.39
TECK	13927	38	0.27
Finance	8067	15	0.19
Healthcare	26358	-12	-0.05
AUTO	22937	-41	-0.18
CD	36455	-124	-0.34
REALTY	3194	-25	-0.78
CG	23588	-194	-0.82
POWER	2650	-22	-0.82
OIL & GAS	15565	-198	-1.25
METAL	20825	-326	-1.54

## BSE 200 GAINERS/LOSERS

GAINERS		%	LOSERS		%
IRCTC	6.41		NATIONALUM	-11.69	
IPCALAB	5.69		FRETAIL	-9.99	
PEL	5.32		EDELWEISS	-6.66	
IDBI	2.53		SAIL	-4.89	
BAYERCROP	2.39		BALKRISIND	-4.31	

## ADVANCE/DECLINES

	BSE	%
ADVANCES	1291	37
DECLINES	2039	59
UNCHANGED	146	4

## INSTITUTIONAL ACTIVITY

Rs Cr	09/08/21	06/08/21	August Total
FII	212	-69	-919 (prov.)
DII	-716	-631	3138 (prov.)

**Indian markets could open flat to mildly lower, in line with largely flat Asian markets today and mixed US markets on Monday.....**

US stocks fell Monday, losing some steam after rising to all-time highs late last week. Commodity prices tumbled as concerns over the coronavirus's spread resurged, with crude oil prices moving sharply to the downside but rising U.S. Treasury yields lifted financial stocks, keeping Wall Street's benchmark index near record levels. The spread of the delta coronavirus variant, profit-taking and a downgrade of China growth by Goldman Sachs dinged bullish sentiment on Wall Street.

China reported more COVID-19 infections, while U.S. cases and hospitalizations were at a six-month high as the Delta variant spread.

Inflows into Indian equity funds climbed to at least a two-year high in July at Rs.22584 cr. Contributions to systematic investment plans rose for the fourth straight month to an all-time high in July at Rs.9609 cr. More than 23 lakh SIP accounts opened during the month, also a record.

Asian stocks started off on a weak footing on Tuesday after a largely soft performance on Wall Street and persistent concerns over the spread of the Delta variant of the coronavirus dented sentiment and triggered falls in metals and oil prices.

Nifty after opening mildly higher on Aug 09, soon gave up morning gains. It formed an intra day low at 1345 Hrs post which a decent recovery ensued. At close the Nifty was up 0.12% or 20 points at 16258. Volumes on the NSE were the lowest since July 14.

Stock specific moves are visible as the Q1 results announcement continues. BSE MidCap shed over 1% while the BSE SmallCap declined nearly 0.75%. Advance decline ratio continued to be deeply in the negative on Aug 09. This reflects profit taking across the board by traders/investors. The Nifty has made a lower low and lower high on a near term basis. However as long as 16146 is not breached, a larger correction may not begin.

**Life insurers see 11% drop in new premium collections in July:**

Life insurance companies saw an 11 percent year-on-year (YoY) drop in new premium collection for July 2021. This was on the back of a decrease in premium collections by Life Insurance Corporation of India (LIC). The industry collected new premiums of Rs 20,434.72 crore for July, seeing degrowth in segments like group single and individual single premium. Private insurers saw a 7.5 percent YoY rise in premium collection to Rs 8,403.79 crore in July 2021. LIC saw a 20.7 percent YoY degrowth in new premiums to Rs 12,090.93 crore. Among listed insurers, ICICI Prudential Life Insurance saw a 36.32 percent YoY growth in new premiums to Rs 1,157 crore in July while HDFC Life saw a 3.63 percent YoY growth in new premiums to Rs 2,047.49 crore.

## GLOBAL INDICES

	Close	Points	% Chg
DOW JONES	35102	-106.66	-0.30
S & P 500	4432	-4.17	-0.09
NASDAQ	14860	24.40	0.16
FTSE	7132	9.35	0.13
CAC	6813	-3.78	-0.06
DAX	15745	-16.04	-0.10
NIKKEI	28091	270.46	0.97
SHANGHAI	3494	-0.19	-0.01
HANG SENG	26283	104.00	0.40
BOVESPA	123019	209.00	0.17

## EXCHANGE RATES

	Value	% Change
USD/INR	74.4	0.20
EURO/USD	1.174	0.00
USD/GBP	1.385	0.04
USD/JPY	110.4	0.10

## COMMODITIES

	Value	%
Gold (\$ / Oz)	1732.2	0.33
Silver (\$ / Oz)	23.4	0.71
Crude Oil Futures	66.9	0.57
Brent Oil (\$ / Barrel)	69.3	0.16

## BOND YIELD

	Value %	Chg bps
IND10 Yr Bond Yield	6.221	-0.014

## ADR

	Value \$	%
Dr Reddys Labs	64.5	0.12
HDFC Bank	75.2	1.62
ICICI Bank	19.2	0.68
Tata Motors	19.9	-1.19
Wipro	8.49	0.12
Vedanta Ltd	16.57	-1.66
INFOSYS	22.88	0.31

### Reliance Industries, Reliance-BP Mobility get fuel retailing licence:

The government has granted auto fuel retailing licence to seven new entities including Reliance Industries Ltd and a joint venture of Reliance and BP. The licences were given under a new liberalised rule that allows any entity with a minimum net worth of Rs 250 crore to apply for authorisation to retail petrol and diesel.

### India sees addition of 16 million jobs in July mostly in agri, construction sectors:

India witnessed an addition of 16 million jobs in July mainly in the agriculture and construction sectors, however, the number of salaried jobs fell by 3.2 million in the same month, according to the Centre for Monitoring Indian Economy (CMIE). But, all the additional employment provided by India in July was of poor quality. 18.6 million additional people were employed as small traders and daily wage labourers.

### Passenger vehicles sales improve sequentially in July as restrictions ease:

Retail sales of vehicles across categories witnessed a sharp increase in July, on a sequential basis as dealerships reopened in most states across the country. Pent up demand for vehicles and inclination for personal mobility further boosted sales. Showroom sales of passenger vehicles jumped by 42.14% month-on-month to 261,744 units compared to 184,134 units in June, as per sales data released by the Federation of Automobile Dealers Associations (FADA) on Monday. Vinkesh Gulati, president, FADA, said that most states, except for the south, eased covid related restrictions from June and the auto industry witnessed improved sales due to the pent-up demand. The industry body cautioned that semiconductor shortage and possibility of third wave of the pandemic continue to remain a threat for the recovery of the sector. Price hikes due to a continued increase in commodity prices might also be a spoiler.

### After 5G equipment, Tata Group looking to enter semiconductor manufacturing:

Tata Group is looking to make a foray into semiconductor manufacturing. Pegging the market opportunity of high-tech manufacturing of electronics at USD 1 trillion, Tata Group has already set up a business to seize the opportunity. Earlier, the group announced entry into 5G equipment manufacturing and a string of acquisitions to create the Tata Digital business.



## **Tata to market Odisha's Koraput Coffee across India, overseas:**

The Odisha state government has roped in Tata Coffee to promote the indigenously grown beans, the bulk of it coming from tribal-dominated Koraput. Koraput coffee's flavour has its own uniqueness. The Koraput coffee is produced at 2500 to 4200 feet above the sea level. The 100 per cent arabica coffee is indigenous to Odisha as everything about the beans is sourced from the state itself. In 2020-21, around 28,790kg of coffee cherry was procured by the Tribal Development Cooperative Corporation of Odisha Limited (TDCCOL) with the help of 193 tribal farmers. "The Tata Coffee's aid to the Odisha government would certainly help in enhancing the socio-economic condition of the coffee cultivators in the state. During this Covid-crisis, it will help immensely in safeguarding the livelihood of tribals", said the Chief Minister Naveen Patnaik.

## **PM Modi announces palm oil initiative to make India self-sufficient in edible oils:**

Prime Minister Narendra Modi announced a National Edible Oil Mission-Oil Palm (NMEO-OP) to boost domestic oilseed production and make the country self-sufficient in cooking oils. The government will invest more than ₹11,000 crore via the National Mission on Oilseeds and Oil Palm to provide farmers everything possible, including better seeds and technology. PM Modi said while India has become self-sufficient or Aatamnirbhar in the production of rice, wheat and sugar, but it was not enough as the country is dependent on huge imports of edible oils. PM Modi stressed India must become self-reliant in edible oil too as he announced NMEO-OP. India is the world's biggest vegetable oil importer. India produces less than half of the roughly 2.4 crore tonnes of edible oil that it consumes annually. It imports the rest, buying palm oil from Indonesia and Malaysia, soyoil from Brazil and Argentina, and sunflower oil, mainly from Russia and Ukraine.

## **Shree Cement Q1FY22 result:**

Shree Cement has reported numbers above expectation in Q1FY22. Revenue for the quarter stood at Rs. 3635 cr, +46/-14% YoY/QoQ. EBITDA for the quarter stood at Rs. 1023 cr, +49/-18% YoY/QoQ. PAT for the quarter stood at Rs. 630 cr, +91/-21% YoY/QoQ. EBITDA Margin expanded by 48bps YoY and contracted by 149bps QoQ to 28.1%. PAT Margin expanded by 406bps YoY and contracted by 169bps QoQ to 17.3%.

## **Gujarat State Petronet Ltd (GSPL) Q1FY22 results key takeaway:**

GSPL reported above than expected numbers in Q1FY22, registering a rise in overall gas transmission volumes. Its standalone net revenue grew by 13.8% YoY to Rs 527 crore in Q1FY22. EBITDA was up by 7.7% YoY to Rs 374 crore. EBITDA margin was down at 71% in Q1FY22 vs. 75% in Q1FY21. Net Profit increased by 16% YoY to Rs 232 crore in Q1FY22. PAT margin increased to 44% in Q1FY22 vs. 43% in Q1FY21. Revenue from Gas Transportation increased by 13.8% YoY to Rs 517 crore and revenue from Electricity grew to Rs 10.6 crore vs Rs 9.25 crore in Q1FY21. The company's transmission volume increased sequentially from 36.84 mmscmd in Q4FY21 to 36.79 mmscmd in Q1FY22. Transmission volume was at 33.25 mmscmd in Q1FY21. In the month of July 2020, volume was at 39.43 mmscmd. On sector wise volume, 30% volume comes from CGD sector in Q1FY22, decreased from 40% of Q4FY21, 32% volume from refinery/petchem, increased from 22% of previous quarter. Volume increased from Power sector sequentially to 15% in Q1FY22 vs. 14% in Q4FY21, and rest fertilisers and others, as on 31 March 2021. The Earning Per Share stood at Rs 4.1 per share in Q1FY22 vs. Rs 3.7 per share in Q1FY21. At a CMP of Rs 325, stock is trading at 7.9x FY23E EPS

## **Laxmi Organic Industries Q1 FY22 result update**

Revenue grew 82% YoY and 42% QoQ at Rs 736cr. EBITDA margin expanded 940bps YoY and 750bps QoQ at 19.7%. Net profit surged 380% YoY at Rs 102.3cr on robust operating performance.

## **MRF Q1 FY22 result update**

Revenue grew 70% YoY however declined 13% QoQ at Rs 4184cr. EBITDA margin slipped 170bps YoY and 410bps QoQ at 11.8%. Net profit declined 50% QoQ at Rs 165.6cr. Company had posted net profit of Rs 13cr in Q1 FY21. Other Income surged 111% YoY at Rs 92.6cr.

## **Lupin Q1 FY22 result preview**

Revenue may grow 12.5% YoY and 5% QoQ at Rs 3973cr. EBITDA margin is expected to improve 480bps YoY at 18.7%. Net profit may increase 290% YoY at Rs 418cr.



## Important news/developments to influence markets

- Germany's exports grew at a faster pace in June, while the annual growth in imports weakened, data from Destatis showed. Exports grew 1.3 percent month-on-month in June, following May's revised 0.4 percent increase. Meanwhile, growth in imports eased to 0.6 percent from 3.4 percent. As a result, the trade surplus increased to EUR 13.6 billion from EUR 12.8 billion a month ago. The expected level was EUR 13.4 billion.
- The German current account of the balance of payments showed a surplus of EUR 22.5 billion versus EUR 20.3 billion surplus last year.
- The Conference Board Employment Trends Index™ (ETI) increased again in July, the fifth consecutive monthly increase. The index now stands at 109.80, up from 108.96 (a downward revision) in June.
- The number of job openings in the US rose by 590,000 from a month earlier to a series high of 10.073 million in June 2021, and well above market expectations of 9.281 million, adding to signs of labor supply constraints as the world's largest economy consolidates its recovery.

## Daily Technical View on Nifty

**Observation:** Markets ended with marginal gains on Monday after witnessing a roller coaster ride. The Nifty finally gained 20.05 points or 0.12% to close at 16,258.25.

Broad market indices like the BSE Mid Cap and Small Cap indices ended lower, thereby under performing the Sensex/Nifty. Market breadth was negative on the BSE/NSE.

Zooming into the 60 minute chart, we can see that the Nifty opened on a positive note but selling pressure soon emerged and pushed the index lower into negative territory. The index broke the 16210 supports in the process. But a recovery in the last one hour of trade helped the index to close with marginal gains.

Looking at the 60 min chart, it seems the index is now in consolidation mode after the breakout seen last week. The Nifty needs to cross the highs of 16321 for the bulls to come back in control. Else, it could drift lower towards the 16105 supports.

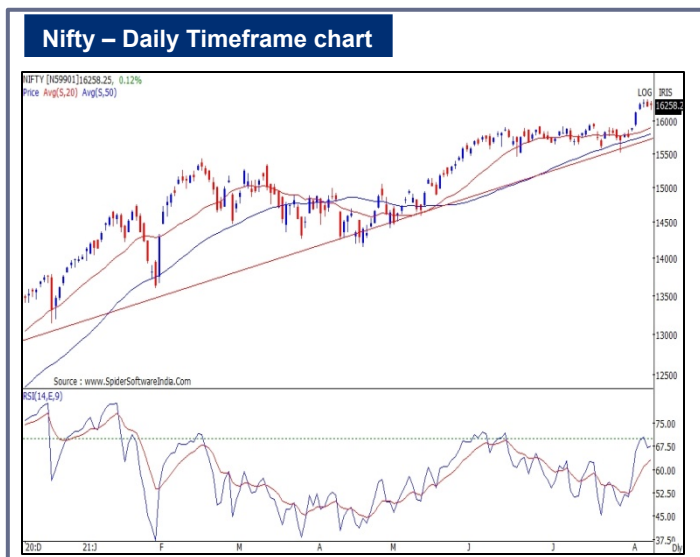
On the daily chart, the Nifty continues to hold above a rising trend line that has held the important lows of the last few months. This implies that the index remains in an intermediate uptrend. The index also continues to trade above the 20 and 50 day SMA, which gives further evidence of an uptrend.

And last week, Nifty has broken out of the 15451-15962 trading range, which is an encouraging signal for the uptrend to continue. Upside target implications are at 16500. Crucial supports to watch for a short term trend reversal are at 16105.

**Conclusion:** The 1-2 day trend of the Nifty is now down with the Nifty breaking its nearby supports and making lower tops over the last few sessions. Nifty could test the 16105 levels in the very near term.

On the larger daily timeframe, Nifty has broken out of the 15451-15962 trading range and also trades above the 20 and 50 day SMA, which gives further evidence of the uptrend to continue towards the 16500 levels. Short term trend reversal levels are at 16105.

Nifty	View for 1-2 days	Reversal	7-Day View	Reversal
16258.25	Bearish	16321	Bullish	16105
	Target 16105		Target 16500	



## SHORT TERM TRADING CALLS

NO.	RECO DT.	RECO	COMPANY NAME	ENTRY	CMP	SL	TARGET	UPSIDE %	VALID TILL
1	9-AUG-21	BUY	BANK NIFTY AUG FUT	36145.50-35945	36,135.0	35,845.0	36,550.0	1.1	12-AUG-21
2	9-AUG-21	BUY	NIFTY AUG FUT	16240-16258	16,264.0	16,210.0	16,330.0	0.4	16-AUG-21
3	4-AUG-21	BUY	HINDUSTAN UNILVER AUG FUT	2379-2325	2,387.3	2,319.0	2,470.0	3.5	11-AUG-21
4	6-AUG-21	BUY	HERO MOTORS AUG FUT	2847.80-2795	2,841.0	2,773.0	2,970.0	4.5	13-AUG-21
5	5-AUG-21	BUY	EICHER MOTORS	2725.05-2640	2,729.0	2,615.0	2,860.0	4.8	16-AUG-21
6	5-AUG-21	BUY	NCC	88.80-86	85.2	84.8	93.6	9.9	19-AUG-21
7	9-AUG-21	BUY	JM FINANCIAL	100-102.30	101.3	98.8	108.0	6.7	23-AUG-21
8	9-AUG-21	BUY	NTPC	118.35-114.75	116.7	113.3	124.3	6.5	18-AUG-21

## OPEN CASH POSITIONAL CALLS

NO.	RECO DT.	RECO	COMPANY NAME	ENTRY	CMP	SL	TARGET 1	TARGET 2	UPSIDE %	VALID TILL
1	2-JUL-21	BUY	MAITHAN ALLOYS*	1063.0	1181.4	1063.0	1199.0	1300.0	10	2-OCT-21
2	2-AUG-21	BUY	HEG LTD	2346.6	2330.6	2145.0	2605.0	-	12	2-NOV-21
3	3-AUG-21	BUY	ARVIND FASHION	218.5	213.7	194.0	243.0	270.0	26	3-NOV-21
4	4-AUG-21	BUY	BANK OF BARODA	83.1	81.2	78.0	89.0	100.0	23	4-NOV-21
5	9-AUG-21	BUY	TATA CHEMICALS	838.3	846.3	750.0	927.0	1000.0	18	9-NOV-21
6	9-AUG-21	BUY	JUBILANT INGREVIA	632.7	629.8	560.0	715.0	800.0	27	9-NOV-21

\*= 1st Target Achieved

## OPEN CASH POSITIONAL CALLS

NO.	RECO DT.	RECO	COMPANY NAME	ENTRY	CMP	SL	TARGET 1	TARGET 2	UPSIDE %	VALID TILL
1	6-AUG-21	BUY	BPCL AUG FUT	461.0	454.5	429.0	500.0	-	10	TILL 26TH AUG 21
2	6-AUG-21	BUY	IOC AUG FUT	105.5	104.5	100.0	113.0	-	8	TILL 26TH AUG 21
3	9-AUG-21	BUY	M&M AUG FUT	778.0	778.2	719.0	850.0	-	9	TILL 26TH AUG 21

## OPEN E-MARGIN POSITIONAL CALLS

NO.	RECO DT.	RECO	COMPANY NAME	ENTRY	CMP	SL	TARGET 1	TARGET 2	UPSIDE %	VALID TILL
1	7-JUN-21	BUY	BALMLAWRIE	141.0	135.7	124.0	154.0	170.0	25	7-SEP-21
2	21-JUN-21	BUY	FDC*	354.6	358.3	354.6	380.0	410.0	14	21-SEP-21
3	5-JUL-21	BUY	BLUE STAR	846.4	836.2	816.0	890.0	940.0	12	5-OCT-21
4	6-JUL-21	BUY	EIH	115.0	106.7	105.0	126.0	140.0	31	6-OCT-21
5	23-JUL-21	BUY	BAJAJ ELECTRICALS	1111.0	1128.2	1030.0	1195.0	1280.0	13	23-OCT-21
6	27-JUL-21	BUY	JYOTH LAB	174.3	170.6	162.0	187.0	200.0	17	27-OCT-21
7	30-JUL-21	BUY	PETRONET	219.5	213.3	209.0	235.0	245.0	15	30-OCT-21
8	3-AUG-21	BUY	GRADEN REACH SHIPBUILDER	200.8	198.5	183.0	222.0	-	12	3-NOV-21
9	4-AUG-21	BUY	AAVAS	2543.0	2565.1	2284.0	2799.0	-	9	4-NOV-21
10	4-AUG-21	BUY	CAN FIN HOMES	571.7	543.2	525.0	630.0	-	16	4-NOV-21
11	4-AUG-21	BUY	GODREJ INDUSTRIES	585.3	584.3	520.0	655.0	720.0	23	4-NOV-21
12	6-AUG-21	BUY	Adani Enterprise	1538.0	1493.4	1420.0	1660.0	1800.0	21	6-NOV-21

\*= 1st Target Achieved



### QUARTERLY RESULTS ANNOUNCED

COMPANY	Q4FY21		YoY (%)		QoQ (%)		Remarks
	Sales (Rs Cr)	NP (Rs Cr)	Sales	NP	Sales	NP	
Shree Cement	3635	630	46	91	-14	-21	Above Expectation
Gujarat State Petronet Ltd (GSPL)*	527.2	231.9	13.8	16.3	13.4	12.4	<b>Above Expectation</b>



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