

PCG Research  
THE DAILY

# VIEWPOINT

Date: 30 August, 2019





## DOMESTIC INDICES

	Close	Points	% Change
SENSEX	37069	-383	-1.02
NIFTY	10948	-98	-0.89
MIDCAP	13333	-22	-0.17
SMALL CAP	12431	-78	-0.62

## SECTORAL INDICES

	Close	Points	% Change
Healthcare	12662	187	1.50
METAL	8376	105	1.27
REALTY	2022	9	0.45
OIL & GAS	13195	47	0.36
POWER	1899	7	0.36
IT	16022	12	0.07
TECK	7790	5	0.07
CD	23248	-37	-0.16
CG	17020	-37	-0.22
AUTO	15688	-96	-0.61
Finance	5984	-103	-1.69
BANKEK	30778	-602	-1.92

## BSE 200 GAINERS/LOSERS

GAINERS	%	LOSERS	%
SUNPHARMA	5.31	IBVENTURES	-4.93
PEL	4.57	YESBANK	-3.61
INFRATEL	4.28	SBIN	-3.60
UBL	3.53	ADANIPOWER	-3.21
COLPAL	3.34	SHREECEM	-3.14

## ADVANCE/DECLINES

	BSE	%
ADVANCES	898	34
DECLINES	1583	60
UNCHANGED	158	6

## INSTITUTIONAL ACTIVITY

Rs Cr	29/08/19	28/08/19	Aug Total
FII	-987	-935	-9350
MF	489	359	17419(Provision)

## MARKETS TO RESUME THEIR LEG UP AS CHINA BLINKS

The Nifty fell 98 points Thursday to close at 10,948, ending the August series with a thud of 2.7%. As we usher in the new September series, the markets are understandably nervous, as the Nifty has fallen in all the past five September series.

We for one, however, would like to stick our neck out and look at September series with hope.

Our proprietary data suggests that September series should end higher.

Helping the markets to begin the series on a positive note will be the fact that China has finally blinked in this trade war with the U.S. The Chinese are now in a de-escalation mode and are returning to the negotiating table.

While IT and Pharma would continue to do well, the metals may get another leg up on increased demand as trade tempers cool.

We continue to believe that Life Insurance and Asset Management Companies are sweetly placed in the market with the FIIs increasing their shareholding in the sectors. This is for investors. ICI Prudential is well placed for traders.

The Nifty is likely to open higher with a modest dash of green, but could consolidate later.

Both our and the U.S. markets are closed Monday for Ganesh Chaturthi and Labour Day holidays.

## India's economy set for weakest quarter of growth in 5 years

The Indian economy likely expanded at its slowest pace in more than five years in the April-June quarter, driven by weak investment growth and sluggish demand.

That would reinforce concerns seen in the minutes from the central bank's August meeting, which showed policymakers were worried about weak growth and indicated further rate cuts in the next few months to boost the slowing economy.



## GLOBAL INDICES

	Close	Points	% Chg
DOW JONES	26362	326.15	1.25
S & P 500	2925	36.64	1.27
NASDAQ	7973	116.51	1.48
FTSE	7184	69.61	0.98
CAC	5450	81.17	1.51
DAX	5285	61.55	1.18

## EXCHANGE RATES

	Value	% Change
USD/INR	71.7	0.00
EURO/USD	1.105	-0.09
USD/GBP	1.218	-0.08
USD/JPY	106.5	0.01

## COMMODITIES

	Value	%
Gold (\$ / Oz)	1532.7	-0.28
Silver (\$ / Oz)	18.3	-0.06
Crude Oil Futures	56.6	-0.16
Brent Oil (\$ / Barrel)	60.5	0.03

## BOND YIELD

	Value %	Chg bps
IND10 Yr Bond Yield	6.54	-0.02

## ADR

	Value \$	%
Dr Reddys Labs	35.19	0.51
HDFC Bank	106.94	0.00
ICICI Bank	11.22	-0.62
Tata Motors	8.06	-2.18
Wipro	3.73	1.63
Vedanta Ltd	7.55	2.58
INFOSYS	11.39	1.70

The poll median showed the economy was expected to have grown at 5.6% yoy in the June quarter, a touch slower than 5.8% in the preceding three months. GVA is also expected at 5.6% vs. 5.7% in previous quarter.

A host of high frequency indicators - consumption and investment - have continued to weaken. The most prominent ones include auto sales, output of consumer durables, cement and steel production.

Eight core industries growth for the month of July is due today. Previous month it showed minor growth of 0.2%.

### RBI report: Economic situation grim, banking fraud amount rises by over 70%

Economic frauds continue to weaken the Indian economy. Despite the government's efforts towards speedy detection and accountability, the number of fraud cases reported in 2018-19 by banks increased by 15 per cent compared to last year.

The Reserve Bank of India (RBI), in its latest annual report, has indicated that the rate of growth of frauds maybe not substantial but the amount involved in frauds has gone up by a whopping 73.8 per cent.

However, the RBI adds that the amounts and frauds are related to earlier years.

RBI data shows that in FY19, banking sector reported 6,801 frauds involving a total Rs 71,542.93 crore as against 5,916 cases involving Rs 41,167.04 crore reported in 2017-18.

As compared to this, state-run banks reported 3,766 cases of frauds worth Rs 64,509.43 crore as against 2,885 cases involving Rs 38,260.8 crore.

### ICRA terminates services of MD&CEO Naresh Takkar with immediate effect

The board of rating agency ICRA, an affiliate of Moody's terminated the services of its Managing Director and CEO Naresh Takkar, following appearance of his name in the IL&FS case. The ICRA board will commence search for a replacement, it said.



Takkar was sent on forced leave in July following a review by the rating agency pending an enquiry into the "concerns" raised by the capital markets watchdog SEBI.

Vipul Agarwal, who was appointed Interim COO on July 1, 2019, remains responsible for the day-to-day operation of the Company until a CEO is appointed, ICRA said.

Takkar's forced leave in July was seen as an unprecedented step, a first in the industry, which occurred at a time when the rating agencies were under a cloud following the IL&FS debacle.

### **Yes Bank board to meet today for further fund raising**

The Board of Directors of Yes Bank will be meeting today to approve a proposal for further fund raising. The agenda is to consider and approve raising of funds by way of issuance of equity shares including but not limited through preferential issue and/ or Qualified Institutions Placement (QIP)/ Global Depository Receipts (GDRs)/ American Depository Receipts (ADRs)/ Foreign Currency Convertible Bonds (FCCBs)/ fully or partially convertible debentures/ convertible Preference shares/ any other financial instruments or securities convertible into Equity Shares or any other instrument on private placement basis.

The private sector lender raised ₹ 1,930 crore through QIP earlier this month.

### **HDFC to sell ~9% stake in Gruh Finance through block deal today**

HDFC is likely to sell 9.2% stake (6.7cr shares) in the range of Rs 243-249 per share via block deal today. In Apr-19, CCI gave approval for Bandhan-Gruh merger.

### **Adani Green to buy 205 MW Solar assets of Essel Group for Rs 1,300 crore**

Essel Group has made an agreement to sell 205 MW of operating solar assets of Essel Green Energy and Essel Infraprojects at an enterprise value of Rs 1,300 crore to Adani Group.

The solar assets located in Punjab, Karnataka and Uttar Pradesh, will be acquired by Adani Green Energy. The assets have long-term power purchase agreements (PPAs) with various state electricity distribution companies, Essel Group said. The average remaining PPA life for the portfolio is around 22 years.

Essel Group's solar energy portfolio consists of 685 MW of installed and under-construction projects. The company said it is also in talks to sell the remaining 480 MW assets.

The deal is part of the divestment process of the Essel Group promoters to reduce debt and repay its lenders by Sep 30. The company has a debt of over Rs 11,000 crore. Last month, it announced the sale of 11% in Zee Entertainment Enterprises to financial investor Invesco Oppenheimer Fund for Rs 4,224 crore.

For Adani Green, this will be the first brownfield acquisition of operating assets. "The acquisition strengthens position as one of India's premier renewable power producers, with a total portfolio of around 5.5 GW, of which approximately 2.5 GW is operational, and the remaining is to be operationalised over the next two years," Adani Green Energy chief executive Jayant Parimal said.



### **Premier Explosives received the license for manufacture of solid propellant**

Premier Explosives has received the license from Chief Controller of Explosives, Nagpur for manufacture of Solid Propellant at factory situated at Katepally, near Hyderabad. This new license will enable the company to manufacture solid propellants of larger size at greenfield project.

### **CG Power board sacks Gautam Thapar as chairman with immediate effect**

CG Power & Industrial Solutions on Thursday said its board has sacked Gautam Thapar as its chairman with immediate effect after an investigation unearthed a multi-crore financial scam in the firm.

"In cognizance of the current situation being faced by the company and the recent developments, including disclosures dated August 19, 2019, made by the company, the board of directors... passed by majority consent, have resolved to remove Gautam Thapar as the chairman of the board with immediate effect," CG Power said in a regulatory filing.

CG Power said the decision was taken in the interests of the company and its stakeholders in discharge of the fiduciary responsibilities of the board.

### **Key U.S. Indices**

Dow	26,362	326	1.25%
S&P 500	2,925	37	1.27%
Nasdaq	7,973	117	1.48%

### **Wall Street Rallies As China Blinks**

Key U.S. Indices rallied sharply Thursday as China said it does not want to retaliate to the latest Tariff move by the U.S. and instead focus on discussing how to roll them back.

The major averages enjoyed their biggest one-day gains in about two weeks as investors and the algorithms that run the buying and selling programs for many big investment houses hit their buy buttons.

The Dow Jones industrials climbed 1.25%, the S&P 500 rose 1.27 and the Nasdaq Composite added 1.48%.

Trading volume is likely to be light on Friday ahead of the Labour Day Weekend. U.S. markets will be closed on Monday.

### **What happened?**

China's commerce ministry said both sides are discussing the next round of talks scheduled in September and hoped U.S. officials could cancel the planned additional tariffs to avoid an escalation, boosting sentiment and driving global stocks higher.

U.S. President Donald Trump said in a TV interaction a Fox News radio interview that trade talks were scheduled for Thursday, at a different level.



### **Stocks & sectors**

Caterpillar, exposed to global trade currents, rose 2.5% to lead the Dow.

Chipmakers which draw a large part of their revenue from China also gained, with the Philadelphia chip index up 2.4%.

Gainers overwhelmingly outnumbered losers, with industrial, tech, financial and energy stocks enjoying the biggest gains.

### **Economic data**

Economic data released Thursday, especially a revised estimate of gross domestic product, proved benign. The Commerce Department put growth at an annualized 2% in the quarter, down slightly from the first estimate but in line with expectations.

Pending home sales fell by 2.5% in July, according to the National Association of Realtors, versus an expected decline of 0.3%. The July goods trade deficit shrunk to \$72.3 billion from \$74.2 billion a month earlier, lower than the \$75 billion consensus.

### **Other markets**

European markets were cheerful. The German Dax rose 2.28%, the Stoxx 600 gained 1.04% and the UK's FTSE 100 edged up 0.98%.

Interest rates were higher, with the 10-Year yield rising to 1.506% from Wednesday's 1.468%. The yield was still lower than the yield on the 2-Year note, but the 10-2 Year Treasury Yield Spread narrowed to 2.76 basis points from Wednesday's 3.22 basis points.

The value of the U.S. dollar, meanwhile, ticked 0.3% higher, according to the dollar index.

Gold prices ended the day 0.9% lower at \$1534.6 per ounce. West Texas Intermediate crude rose 1.67% to \$56.91 a barrel. Brent closed at \$60.49 a barrel. The Philadelphia Oil Service Sector Index rose nearly 2%.



## DATA &amp; EVENTS

## OPENING TRADING CALLS

No.	Reco Date	Company Name	Reco	Cost	SL	Target
1	29-08-2019	JSW STEEL SEP 220 CALL	BUY	8.4	5.5	13

**NOTE:** ALL TRADING RECOMMENDATIONS GIVEN BY PCG TEAM ARE ON REAL TIME BASIS. A TRADING RECOMMENDATION SHOULD BE CONSIDERED CLOSED OR SQUARED OFF AS AND WHEN A STOPLOSS OR TARGET IS TOUCHED IN INTRADAY TRADING. DO NOT WAIT FOR TARGET ACHIEVED OR STOPLOSS MESSAGE TO CLOSE THE POSITIONS. REFER JAMMOON FOR TIMELY ENTRY AND EXIT FROM RECOMMENDATIONS.



## LIST OF NIFTY STOCKS

COMPANY	CLOSE	R2	R1	PIVOT	S1	S2
<b>NIFTY 50</b>	<b>10948</b>	<b>11063</b>	<b>11005</b>	<b>10964</b>	<b>10907</b>	<b>10865</b>
ADANI PORTS	367	375	371	366	362	357
ASIAN PAINT	1616	1639	1628	1608	1597	1577
AXIS BANK	663	684	674	666	656	648
BAJAJ-AUTO	2760	2810	2785	2762	2737	2713
BAJAJ FINSV	6997	7118	7058	6994	6934	6871
BAJ FINANCE	3296	3355	3325	3301	3271	3247
BHARTIARTL	344	354	349	345	340	337
BPCL	353	363	358	352	347	341
BRITANNIA	2690	2778	2734	2693	2649	2607
CIPLA	464	474	469	463	458	451
COALINDIA	190	196	193	187	184	179
DRREDDY	2528	2560	2544	2519	2503	2478
EICHERMOT	16539	17021	16780	16459	16218	15896
GAIL	129	131	130	128	127	125
GRASIM	709	724	717	706	698	687
HCLTECH	1117	1133	1125	1118	1110	1102
HDFC	2130	2202	2166	2143	2107	2084
HDFC BANK	2226	2267	2246	2233	2213	2200
HEROMOTOCO	2550	2598	2574	2554	2530	2509
HINDALCO	179	184	182	178	176	172
HINDUNILVR	1836	1861	1848	1831	1819	1802
IBULHSGFIN	455	479	467	444	432	409
ICICIBANK	406	417	412	405	400	394
INDUSINDBK	1355	1401	1378	1358	1335	1315
INFRA TEL	257	275	266	256	247	237
INFY	808	819	814	805	799	790
IOC	125	131	128	125	121	118
ITC	242	248	245	242	239	237
JSWSTEEL	212	222	217	209	204	197
KOTAK BANK	1451	1492	1471	1459	1439	1426
LT	1344	1367	1355	1344	1333	1321
M&M	531	553	542	533	522	513
MARUTI	6150	6271	6210	6138	6077	6005
NTPC	123	128	125	122	119	115
ONGC	124	127	125	122	121	118
POWERGRID	206	209	207	205	204	202
RELIANCE	1242	1271	1256	1246	1231	1221
SBIN	276	289	282	278	271	267
SUNPHARMA	434	449	441	431	424	414
TATAMOTORS	114	121	118	115	112	109
TATASTEEL	337	350	344	336	330	322
TCS	2232	2260	2246	2234	2220	2208
TECHM	692	702	697	689	684	676
TITAN	1107	1125	1116	1106	1097	1088
ULTRACEMCO	4079	4193	4136	4091	4034	3988
UPL	558	570	564	557	552	545
VEDL	136	142	139	135	132	128
WIPRO	248	252	250	249	247	245
YES BANK	58	62	60	57	55	53
ZEEL	360	370	365	362	356	353



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