

PCG Research

THE WEEKLY

# VIEWPOINT

Date: 19 August 2019





## DOMESTIC INDICES

	02/08/09	16/08/09	% Chg
SENSEX	37582	37350	-0.62
NIFTY	11110	11048	-0.56
MIDCAP	13670	13491	-1.31
SMALL CAP	12700	12585	-0.90

## NIFTY EARNINGS

NIFTY	FY19	FY20E	FY21E
EPS	481	583	691
P/E	23.0	18.9	16.0

## SECTORAL INDICES

	02/08/09	16/08/09	% Chg
OIL & GAS	12873	13170	2.31
METAL	8899	8935	0.40
REALTY	2049	2045	-0.21
CD	22711	22593	-0.52
PSU	6585	6544	-0.62
BANKEKX	32115	31890	-0.70
FMCG	11080	10981	-0.89
POWER	1925	1906	-0.98
HC	12694	12476	-1.71
AUTO	16062	15745	-1.97
CG	17301	16930	-2.15
TECK	7776	7591	-2.38
IT	15907	15483	-2.67

## GLOBAL INDICES

	02/08/09	16/08/09	% Chg
DOW JONES	25898	25886	-0.05
S & P 500	2883	2889	0.20
NASDAQ	7863	7896	0.42
FTSE	7227	7117	-1.52
DAX	11680	11563	-1.00
NIKKEI	20435	20419	-0.08
HANG SENG	25516	25734	0.86

## INSTITUTIONAL ACTIVITY

Rs Cr	16/08/19	02/08/19	Aug Total
FII	-1339	-2888	-10976
MF	1058	2813	10786 (Provision)

## IT'S "RISK ON" TIME

Key U.S. indices rallied Friday, finishing near their highs for the day, as trade tensions appeared to ease and reports suggested that Germany might consider ideas to stimulate its faltering economy. Asian markets are chirpy this morning as news of resumption of trade talks between China and USA are trickling in.

Indian investors were eagerly awaiting a stimulus package from the government. The announcements that the markets were expecting at the weekend, have not materialized, though hopes are still alive.

14 companies that were listed only on BSE, starts trading on NSE from today and they are likely to attract lot of volumes and attention. Essar steel insolvency case will be heard in Supreme Court today. We are eagerly awaiting resolution of this case as it has power to lit fire under PSU bank's pot.

The Nifty managed to close Friday with a gain of 18 points at 11,047 despite a net 700 point fall in the Dow on Wednesday and Thursday. This is praise worthy.

The Nifty is likely to open higher today and the Rupee is expected to open flat against the U.S. dollar. The possibilities of an extension of the pull back in the Nifty to higher levels exist. Any close above 11,200 would lead to further short covering.

## Shares of 14 companies to be listed on NSE from today

The National Stock Exchange (NSE) has said that shares of following 14 companies will be listed on the exchange for trading from today.

SpiceJet, Force Motors Limited, Westlife Development Limited, B.C. Power Controls Limited, Jiya Eco-Products Limited, Vishal Fabrics Limited, Kennametal India Limited, Jump Networks Limited, Shree Digvijay Cement Co. Limited, Dolat Investments Limited, Waterbase Limited, VikasProppant & Granite Limited, VikasWsp Limited and Hindustan Foods Limited.



### **Ujjivan Bank files draft red herring prospectus with SEBI**

Ujjivan Small Finance Bank (USFB) filed its draft red herring prospectus (DRHP) with the Securities and Exchange Board of India (SEBI) for its proposed initial public offering (IPO).

According to the DRHP, the company seeks to raise Rs 1,200 crore, including reservation of equity shares of upto Rs 120 crore.

The shares being offered are at a face value of Rs 10 each. In consultation with the book running leading managers (BRLMs), USFB may consider a pre-issue placement of an aggregate amount not exceeding Rs 300 crore (pre-IPO placement), says the DRHP filed by USFB.

The pre-IPO placement, if undertaken, would be at a price to be decided by USFB in consultation with the BRLMs and the pre-IPO placement would be undertaken prior to filing of the red herring prospectus with the ROC.

If the pre-IPO placement is undertaken, the amount raised from the pre-IPO placement would be reduced from the issue, subject to the minimum issue size constituting at least 10 per cent of the post-issue paid-up equity share capital of USFB.

### **Titan increased its stake in Carat Lane to 72.3%**

Titan Company bought additional 2.8 percent stake in subsidiary Carat Lane at Rs 31cr. For FY19, Carat Lane's revenues grew strong ~44% yoy to Rs 421cr.

In Jul-2016, Titan had acquired 62% stake in Carat Lane for Rs 357.2cr. As on today, Titan holds 72.3% stake in the company.

### **Sun Pharma announces tie-up for China foray; to develop 8 generic products**

Sun Pharma and China Medical System Holdings (CMS) enter into a licensing agreement in China to develop & commercialise generic drugs in China. The initial term of the agreement shall be 20 years from the first commercial sale of the respective products in Mainland China and may be extended for three years as per mutual agreement of the two parties.

The tie-up will help the company make a foray into the generic drug market in China.

In Jun-19, Sun Pharma had announced collaboration with CMS on two speciality products - plaque psoriasis drug Tildrakizumab and Cyclosporine eye drops for the Greater China market.

The collaboration with CMS covers eight generic products. The total addressable market size for all these eight products is about US\$1billion (according to recent IQVIA data) in mainland China. The initial term of the agreement shall be 20 years from the first commercial sale of the respective products and may be extended for an additional three years.

### **TVS Motor's Singapore arm invests \$3.2 mn in analytics firm Predictronics**

TVS Motor (Singapore), a wholly-owned subsidiary of TVS Motor Company, India, has signed definitive agreement to invest \$3.2 million in US-based Predictronics Corporation.



Predictronics is an AI-driven predictive maintenance analytics solutions provider. The company's solutions combine expertise in Industrial Internet of Things, Industrial AI, Big Data, Machine Learning, and Predictive Analytics to remove uncertainty from industrial operations. Other objectives include improving the process uptime, production planning, and maintenance, by providing actionable information and accurate predictions that empower clients to have a transparent business, according to the company release.

### **INEOS Styrolution India to consider delisting of equity shares on Aug 23**

Board will meet on August 23 to consider the proposal for voluntarily delisting of the equity shares of the company from the stock exchanges.

### **Coffee Day says debt to fall to Rs 1,000 cr post sale of Bengaluru tech park**

Coffee Day Group issued a clarification on debt position, saying debt as on July-19, stood at Rs 4,970 crore while excluding Sical Logistics & Magnasoft, it is at Rs 3,472 crore.

Post sale of Global Village Tech Park, Group debt to reduce by Rs 2,400 crore. Group had approved the sale of Global Village Tech Park to Blackstone.

The company said its arm Sical Logistics has also been working on divestment of certain assets. The proceeds from the divestment are expected to significantly reduce the debt in Sical, Coffee Day Enterprises added. Total debt of Sical Logistics is Rs 1,488 crore, it added.

The company said it is confident that the ongoing divestments will significantly reduce the debt position of Coffee Day Group.

### **Spandana Sphoorty Financial to list on bourses today**

Spandana Sphoorty Financial will list its equity shares on bourses today after receiving a tepid response to the initial public offering. The final issue price is fixed at Rs 856 per share.

The Rs 1,200cr public issue was subscribed 1.05 times, majorly supported by qualified institutional buyers. The portion reserved for qualified institutional buyers was subscribed 3.1 times, while non-institutional investors received 55 percent of the subscription and retail at just 9 percent.

The company is a two-decade old geographically diversified and rural-focused NBFC microfinance institution, offers small-ticket unsecured loans to women in the low-income bracket in rural and urban areas. It provides income-generation loans, business loans and loans against gold jewellery.

The IPO comprised a fresh issue of Rs 400 crore and an offer for sale of 93,56,725 equity shares. The company will use the fresh issue proceeds towards augmenting its capital base.

### **Wall Street Rallies As Germany Mulls Stimulus**

Key U.S. indices rallied Friday, finishing near their highs for the day, as trade tensions appeared to ease and reports suggested that Germany might consider ideas to stimulate its faltering economy.

The Dow ended Friday up 307 points, or 1.2%. The S&P 500 rose 1.4%. The Nasdaq Composite index climbed nearly 1.7%.

The Dow ended the week down 1.53%. The S&P 500 was off 1.03 for the week, with the Nasdaq down 0.8%. But the declines were the third-straight for each index and their fourth losses in five weeks.



Bank stocks were among the leading gainers Friday as longer term bond yields held above short term debt yields, easing some recession fears. The SPDR S&P Bank ETF was up 2.5% for its best day since June.

### **German stimulus**

Global markets rose Friday on reports that Germany's Angela Merkel is looking for ways to run larger budget deficits than normally allowed when German manufacturing is falling back.

German publication Der Spiegel reported Germany would engage in deficit spending if necessary to combat a recession.

As if in tandem, China's state planning body also said it would introduce a plan to support disposable income this year and in 2020 in an effort to boost consumption.

Credit rating agency Fitch noted that more than a third of central banks have loosened monetary policy in the past six months.

### **Markets volatile**

Four of the Dow's past five sessions ended with daily gains or losses of more than 300 points, including that big 800-point loss.

By Friday the Dow had seen its 8th daily move of 1% in either direction for the month, the most 1% moves since December 2018 when it had 12 days that saw similar size moves. Similarly, the S&P 500 index saw its 7th one-day 1% move of the month, the most since December 2018 when it had 10 such moves.

### **Economic data**

In economic news though, U.S. housing starts fell 4% to an annual rate of 1.19 million, the Commerce Department said Friday. Building permits, however, rose 8.4% to an annual rate 1.34 million, surpassing the consensus estimate of 1.29 million starts.

The pop in single-family home building, which is really the largest component of the housing market, is a reason to be optimistic.

The University of Michigan's consumer sentiment survey fell to 92.1 in August from 98.4 in July, below expectations of 96.8, per a poll of economists.

### **Other markets**

Asian markets ended higher, with the Hang Seng rising the most 0.94%.

European indices finished with a flourish with the German Dax leading with a gain of 1.31%. The all European Stoxx 600 gained 1.24% while the UK's FTSE 100 rose 1.22%.

U.S. Treasury yields followed their German counterparts higher. The 10-year note yield was up 6 basis points to 1.58% after seeing a two year low earlier this week. The 2-year Treasury yield fell to 1.489%.

Gold fell back from a six year high to around \$1,523.80 but remained on track for a third weekly gain.

The ICE U.S. dollar index was little changed near two year highs seen earlier this month.



### **Crude oil edges higher**

Oil futures finished higher Friday, helping to contribute to a weekly gain for the commodity, as traders weighed weakening demand against supply uncertainties linked to the Middle East and OPEC production.

West Texas Intermediate crude for September delivery rose 40 cents, or 0.7%, to settle at \$54.87 a barrel after trading as high as \$55.67 during the session on the New York Mercantile Exchange.

October Brent crude added 41 cents, or 0.7%, to \$58.64 a barrel on ICE Futures Europe.

In its monthly report released Friday, the Organization of the Petroleum Exporting Countries slightly lowered its forecast for world oil-demand growth in 2019 by 40,000 barrels a day to 1.1 million barrels. It left its 2020 forecast unchanged at 1.14 million barrels a day. OPEC also cut its outlook for non-OPEC supply growth in 2019 and 2020.



## DATA &amp; EVENTS

## OPENING TRADING CALLS

No.	Reco Date	Company Name	Reco	Cost	SL	Target
1	16-08-2019	GODREJPROP	BUY	910.15-880	875	960
2	16-08-2019	JKCEMENT	BUY	1004-970	960	1060

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## OPEN TECHNICAL POSTIONAL REPORTS

No.	Reco Date	Company Name	Reco	Upper	Lower	SL	First Target	Second Target
1	14-Aug-19	MARICO (E-MARGIN)	BUY	393	377	364	424	450



## LIST OF NIFTY STOCKS

COMPANY	CLOSE	R2	R1	PIVOT	S1	S2
<b>NIFTY 50</b>	<b>11048</b>	<b>11158</b>	<b>11103</b>	<b>11014</b>	<b>10959</b>	<b>10869</b>
ADANI PORTS	357	364	360	355	352	346
ASIANPAINT	1593	1625	1609	1585	1569	1545
AXISBANK	675	691	683	670	662	649
BAJAJ-AUTO	2748	2822	2785	2723	2686	2625
BAJAJFINSV	7428	7720	7574	7429	7283	7137
BAJFINANCE	3336	3422	3379	3316	3273	3211
BHARTIARTL	363	371	367	361	357	351
BPCL	350	360	355	351	346	341
BRITANNIA	2500	2545	2522	2482	2459	2419
CIPLA	477	487	482	478	473	469
COALINDIA	202	205	203	202	200	198
DRREDDY	2491	2559	2525	2495	2461	2431
EICHERMOT	16580	17031	16806	16494	16269	15958
GAIL	130	136	133	128	125	121
GRASIM	753	781	767	743	729	705
HCLTECH	1062	1089	1076	1063	1049	1037
HDFC	2099	2187	2143	2118	2074	2048
HDFCBANK	2224	2249	2237	2220	2208	2191
HEROMOTOCO	2668	2765	2716	2632	2583	2499
HINDALCO	179	186	183	178	175	170
HINDUNILVR	1827	1862	1844	1830	1813	1799
IBULHSGFIN	562	605	583	541	519	476
ICICIBANK	419	425	422	417	414	409
INDUSINDBK	1435	1488	1462	1418	1392	1348
INFRATEL	249	255	252	248	245	240
INFY	775	790	783	773	765	755
IOC	126	128	127	126	125	124
ITC	253	257	255	251	249	245
JSWSTEEL	228	234	231	226	224	219
KOTAKBANK	1502	1524	1513	1495	1484	1466
LT	1335	1351	1343	1332	1324	1312
M&M	527	541	534	525	518	508
MARUTI	5970	6257	6113	5852	5708	5447
NTPC	118	121	119	118	117	115
ONGC	127	130	129	128	126	125
POWERGRID	211	221	216	209	204	197
RELIANCE	1279	1300	1289	1281	1270	1262
SBIN	290	298	294	289	285	281
SUNPHARMA	413	426	420	415	408	404
TATAMOTORS	121	125	123	120	118	115
TATASTEEL	362	373	367	361	356	350
TCS	2162	2280	2221	2182	2123	2084
TECHM	659	670	665	655	650	641
TITAN	1075	1090	1083	1076	1068	1062
ULTRACEMCO	4204	4262	4233	4215	4186	4169
UPL	551	573	562	542	531	511
VEDL	144	148	146	144	141	139
WIPRO	250	255	252	249	246	243
YESBANK	79	84	81	79	76	74
ZEEL	346	355	350	343	339	332





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