

PCG Research
THE DAILY

VIEWPOINT



Date: 11 September, 2019





DOMESTIC INDICES

	Close	Points	% Change
SENSEX	37931	537	1.44
NIFTY	11407	150	1.33
MIDCAP	14308	153	1.08
SMALL CAP	13887	70	0.51

SECTORAL INDICES

	Close	Points	% Change
AUTO	18229	437	2.45
Finance	6263	138	2.25
BANKEK	32879	644	2.00
CG	17739	243	1.39
CD	23759	213	0.91
OIL & GAS	14662	83	0.57
REALTY	1956	0	0.02
POWER	1862	0	0.00
METAL	10460	-19	-0.18
TECK	7570	-35	-0.46
IT	15409	-130	-0.84
Healthcare	13201	-133	-0.99

BSE 200 GAINERS/LOSERS

GAINERS	%	LOSERS	%
HONAUT	9.18	SBILIFE	-3.25
RBLBANK	7.01	ABFRL	-2.50
PFIZER	5.86	ICICIGI	-2.33
NBCC	4.60	AJANTPHARM	-2.27
YESBANK	4.47	GLENMARK	-2.08

ADVANCE/DECLINES

	BSE	%
ADVANCES	1605	59
DECLINES	933	34
UNCHANGED	181	7

INSTITUTIONAL ACTIVITY

Rs Cr	09/09/19	05/09/19	Sep Total
FII	-188	-561	-6091
MF	686	699	3193

MAKE HAY WHILE THE SUN SHINES!

Though the U.S. markets have closed mixed, the fact they have clawed back from an abyss augurs well for the global markets. Techies were weak as aggressive pricing by Apple has raised concerns for Amazon, Netflix and Disney.

The ECB is likely to announce a stimulus package tomorrow, which has kept the EU markets chirping. Our markets are likely to begin on a weak note, they are likely to consolidate rather than fall much.

Nifty has been rising for last 4 consecutive sessions with higher highs and higher lows. Immediate resistance comes in at 11142. Stop for the all trading position can be now raised to 10890.

An interesting observation is that the midcaps and the small caps have begun to outsmart the Nifty. The breadth of the market is also getting stronger day by day. This augurs well for our markets as investors are likely to see some appreciation in their portfolios.

We expect small cap index to outperform and rise at least 5% in short span of time. Selected stocks can do much better. Make hay while the sun shines!

Essel group completes first tranche of ZEE stake sale to Invesco Oppenheimer

Subhash Chandra-promoted Essel Group has sold an around 8.7% stake in Zee Entertainment Enterprises to Invesco Oppenheimer, completing the first tranche of its deal to sell 11% of the Zee Entertainment.

The group is confident of completing the balance sale of 2.3% stake over the next few days, The group is working towards timely completion of operational formalities in order to conclude the entire transaction at the earliest.

The Essel Group promoters, who owe lenders, including mutual funds, more than Rs 11,000 crore, have time till September 30 to repay debt. The money from the stake sale will directly go to lenders. The promoters are also selling infrastructure and solar power assets to raise money to pay off debt.



GLOBAL INDICES

	Close	Points	% Chg
DOW JONES	26909	73.92	0.28
S & P 500	2979	0.96	0.03
NASDAQ	8084	-3.28	-0.04
FTSE	7268	32.14	0.44
CAC	5593	4.26	0.08
DAX	5475	19.06	0.35

EXCHANGE RATES

	Value	% Change
USD/INR	71.9	0.00
EURO/USD	1.105	0.07
USD/GBP	1.235	0.05
USD/JPY	107.7	0.15

COMMODITIES

	Value	%
Gold (\$ / Oz)	1498.8	-0.03
Silver (\$ / Oz)	18.2	0.03
Crude Oil Futures	57.9	0.82
Brent Oil (\$ / Barrel)	62.8	0.63

BOND YIELD

	Value %	Chg bps
IND10 Yr Bond Yield	6.58	+0.02

ADR

	Value \$	%
Dr Reddys Labs	38.68	0.60
HDFC Bank	103.73	-0.58
ICICI Bank	10.83	-1.10
Tata Motors	8.93	1.59
Wipro	3.78	-0.26
Vedanta Ltd	8.02	1.01
INFOSYS	11.62	-0.17

On July 31, Essel Group promoters signed an agreement with Invesco Oppenheimer to sell up to 11% stake in ZEE for Rs 4,224 crore. It completed the sale of the first tranche of shares to Invesco Oppenheimer Developing Markets Fund yesterday

Reliance Capital to sell 3.15% stake in Reliance Nippon to raise over Rs 505 cr

Reliance Capital will sell up to 1.93 crore shares, representing 3.15 per cent equity, in Reliance Nippon Life Asset Management (RNAM) for over Rs 505 crore on stock exchanges through 'Offer for Sale' route on Today and Tomorrow.

Reliance Capital, which is one of the promoters of the RNAM, has an option to sell an additional a little over 1.93 crore shares in case of over-subscription, RNAM said in regulatory filing. The floor price of the sale shall be Rs 262 per equity share of the company.

HCL Tech to acquire Sankalp Semiconductor for Rs 180 cr

HCL will acquire Sankalp Semiconductor, an advanced technology design services provider, for Rs 180 crore. This strategic acquisition would enable HCL to further expand into newer market-domains, especially in analog and mixed signal design. The all-cash deal is worth Rs 180 crore and is expected to close in the first week of October

L&T Construction bags contract from CIDCO

Larsen & Toubro (L&T) has bagged contract from the City and Industrial Development Corporation of Maharashtra Ltd (CIDCO) to construct 23,432 dwelling units at various locations in Navi Mumbai.

The company did not provide the value of the contract, but said the order falls under the 'major' category, which ranges between Rs 5,000 crore and Rs 7,000 crore according to the classification of contracts.

JLR sales dip 7% in August to 34,176 units

Jaguar Land Rover (JLR), a part of Tata Motors reported a 6.7 per cent decline in total sales at 34,176 units in August as compared with the year-ago period.

Sales of Jaguar brand were at 9,702 units during the month, down 17.8 per cent from the same month last year while, Land Rover sales were at 24,474 units, down 1.4 per cent from the same month last year.



Ashok Leyland announces non-working days at manufacturing facilities in September

Ashok Leyland announced non-working days at its various manufacturing facilities following weak demand. It has announced 16 days non-working days for its facility in Ennore, five days at Hosur (Tamil Nadu) unit, 10 days each in Alwar (Rajasthan) and Bhandara (Maharashtra) unit and 18 days in Pantnagar (Uttarakhand) facilities.

Sun Pharma arm acquires remaining 3.04% stake in PJSC Biosintez

Sun Pharmaceutical Industries through its Netherlands-based arm has fully acquired PJSC Biosintez, Russia by purchasing 3.04 per cent stake in the company under the mandatory tender offer.

The company's subsidiary -- Sun Pharma (Netherlands) BV -- already had 96.96 per cent stake in pharma firm PJSC Biosintez prior to the purchase of these shares. Cash consideration of Rubles 54,194,628.60 equivalent to USD 815,201.99 (about Rs 6 crore) was paid to shareholders who tendered their respective shares in the mandatory tender offer.

Glenmark gets USFDA nod for plaque psoriasis treatment drug

GlenmarkPharma has received final approval from the US health regulator for Clobetasol Propionate Foam, indicated for treatment of plaque psoriasis. The approved product is a generic version of Olux-E Foam, 0.05 percent, of Mylan Pharmaceuticals.

Quoting to IQVIA sales data for the 12 month period ending July 2019, Glenmark said the Olux-E Foam, 0.05 percent, market achieved annual sales of approximately USD 11.1 million. Glenmark said current portfolio consists of 161 products authorised for distribution in the US marketplace and 54 abbreviated new drug applications are pending approval with the USFDA.

Advent International to acquire 68% in DFM Foods; launches open offer for 26%

US-based private equity firm Advent International Corporation has entered into a pact with the promoters of DFM Foods, which sells snacks under the Crax and the Natkhat brands, to acquire 67.9 per cent stake in the Delhi-based firm for around Rs 851.6 crore in an all cash deal. AI Corp also launched an open offer for another 26 per cent stake or around 1.30 crore shares of DFM Foods Ltd at a price of Rs 249.50 per share. The filings showed that the US investment firm has entered into a share purchase agreement with promoters Mohit Jain and Rohan Jain to acquire around 38 per cent stake.

CCI gives nod to Amazon's 0.51% equity share acquisition of Qess Corp

Fair trade regulator Competition Commission of India (CCI) has cleared the acquisition of equity share capital of Qess Corp by Amazon.com NV Investment Holding LLC. Qess Corp in a regulatory filing on July 12 had said its board has approved the issuance of over 7.54 lakh equity shares to Amazon.com NV Investment Holdings LLC for an aggregate amount of around Rs 51 crore at an issue price of Rs 676 apiece by way of a preferential allotment.

Wall Street Recovers From Early Losses

Key U.S. Indices, which opened sharply lower, managed to recover from the early losses and closed in the green with the exception of the Nasdaq, which ended with a nominal loss of 3 points.

The Dow Jones Industrial Average, which was down by about 119 points in the morning, not only recovered all its losses but closed 74 points or 0.28% higher.



The S&P 500 too closed with a gain of a solitary point after being down 21 points at one stage.

The Nasdaq Composite, which was down 86 points clawed back 83 points to close with a loss of just 3 points.

Apple's pricing strategy weighs on Tech

There was a marked change in the pricing strategy by Apple at its launch event.

Apple surprised consumers and investors alike with the pricing of its new Apple TV+ streaming service at \$4.99 a month, as well as lower prices on its cheapest new iPhone and a lower-priced Apple smartwatch.

Apple usually positions itself as offering the most high-end, highly designed products, but its streaming service especially appears headed a different way, including an offer of one free year of Apple TV+ to buyers of new iPhones, iPads, Macs and Apple TVs.

Apple shares rose 1.2%.

The weakness in tech was essentially due to pricing by Apple for its new TV streaming and game services. Netflix and Amazon suffered. The Nasdaq 100 was down 0.23%.

Dow Inc, Boeing and Caterpillar were the biggest Dow gainers. Apple added 17 points to the Dow. Boeing rose 3%, adding 73 points by itself.

Defensive sectors, including real estate, utilities and consumer staples weighed on the major indexes Tuesday while small capitalization stocks, as measured by the Russell 2000 posted gains.

The advances outsmarted declines by a ratio of 3:2.

Rates go higher

Interest rates moved higher, with the 10-Year Treasury yield reaching 1.718%, up from Monday's 1.622%. The 2-Year yield ended at 1.682%, up from 1.575% on Monday. The gains for both weighed on markets for most of the day, although investors bid bank stocks higher.

Economic data

The U.S. National Federation of Independent Business on Tuesday said its small-business optimism index fell 1.6 points to a seasonally adjusted 103.1 in August, its worst showing since March.

The rate at which Americans quit their jobs hit an all-time high in July, the Labour Department estimated Tuesday, suggesting that workers are confident in the strength of the job market. Job openings fell slightly during the month, while layoffs remained at low levels.

Trade on the back burner

Concerns about the U.S.-China trade battle appear to have moved to the back burner.

China has reportedly offered to buy more American agricultural products in exchange for a delay in upcoming tariffs and the easing of a ban against doing business with Chinese telecommunications giant Huawei Technologies, according to the South China Morning Post.



The report comes on the heels of comments by U.S. Treasury Secretary Steven Mnuchin, who told Fox Business Network Monday that he views renewed discussions with Beijing as a sign of good faith.

ECB expected to announce a stimulus Thursday

The European Central Bank is expected to deliver additional monetary stimulus when its policy makers meet Thursday, though some officials have appeared to push back against expectations for an aggressive package of measures combining further interest-rate cuts with a new bond-buying program.

Other markets

Stocks traded mixed in Asia overnight Monday, with the China CSI falling 0.3%, Hong Kong's Hang Seng index nearly unchanged and Japan's Nikkei 225 rising 0.35%.

European indices were higher except the Italian MIB which fell 0.55%.

The gains were led by UK's FTSE 100 which surged 0.44% followed by the German Dax which rose 0.35%. The broader all Europe Stoxx 600 edged up 0.10%.

The price of gold fell 1% to about \$1,496.10 an ounce. The U.S. dollar meanwhile, rose 0.1% against a basket of its peers.

Crude oil slips

Oil prices dropped after President Donald Trump said he'd fired John Bolton as National Security Advisor. Investors sold oil on the assumption that Bolton's departure reduces the potential of new U.S. military action in the Middle East.

West Texas Intermediate crude was down 45 cents to \$57.40 a barrel after four-straight days of gains. Brent crude, the global benchmark, was off 21 cents to \$62.38.

However, from the time our markets downed their shutters Monday, the WTI crude futures are up 1.53%.



DATA & EVENTS

OPENING TRADING CALLS

No.	Reco Date	Company Name	Reco	Cost	SL	Target
1	03-09-2019	TORNTPHARM	BUY	1722.5-1680	1670	1790
2	05-09-2019	COROMANDEL	BUY	383.85-372	368	399
3	09-09-2019	SIEMENS SEP FUTURE	BUY	1216-1205	1200	1245
4	09-09-2019	GUJALKALI	BUY	429-418	412	460

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
NIFTY 50	11003	11113	11058	10974	10919	10835
ADANI PORTS	370	377	373	368	365	360
ASIAN PAINT	1540	1557	1548	1536	1528	1516
AXIS BANK	671	683	677	670	664	657
BAJAJ-AUTO	2810	2857	2833	2815	2792	2774
BAJAJ FINSV	7303	7486	7395	7266	7174	7046
BAJ FINANCE	3429	3508	3469	3410	3371	3313
BHARTIARTL	357	363	360	355	352	347
BPCL	383	390	386	381	377	371
BRITANNIA	2680	2720	2700	2675	2655	2630
CIPLA	475	482	478	475	472	469
COALINDIA	200	202	201	199	198	196
DRREDDY	2750	2783	2767	2748	2731	2712
EICHERMOT	16201	16676	16439	16233	15995	15789
GAIL	132	134	133	132	131	129
GRASIM	706	720	713	705	697	689
HCLTECH	1085	1110	1098	1089	1077	1068
HDFC	2067	2096	2081	2055	2040	2014
HDFC BANK	2245	2286	2265	2241	2221	2196
HEROMOTOCO	2686	2745	2716	2668	2639	2592
HINDALCO	189	193	191	188	186	183
HINDUNILVR	1835	1879	1857	1836	1814	1794
IBULHSGFIN	423	439	431	426	418	413
ICICIBANK	396	406	401	395	390	384
INDUSINDBK	1335	1361	1348	1328	1315	1295
INFRA TEL	253	258	255	251	249	245
INFY	830	845	838	833	825	820
IOC	127	129	128	127	126	124
ITC	246	248	247	245	244	242
JSWSTEEL	219	230	225	219	214	209
KOTAK BANK	1471	1507	1489	1456	1438	1406
LT	1361	1387	1374	1348	1335	1310
M&M	534	546	540	531	525	516
MARUTI	6355	6581	6468	6254	6141	5927
NTPC	126	129	128	126	125	124
ONGC	129	132	131	128	127	124
POWERGRID	203	206	205	203	202	200
RELIANCE	1222	1242	1232	1223	1212	1203
SBIN	278	284	281	276	273	268
SUNPHARMA	428	435	432	429	425	422
TATAMOTORS	122	126	124	121	119	115
TATASTEEL	352	366	359	354	347	341
TCS	2185	2212	2199	2189	2176	2166
TECHM	714	729	721	716	708	703
TITAN	1087	1113	1100	1079	1066	1045
ULTRACEMCO	3904	3989	3946	3918	3875	3846
UPL	590	608	599	582	573	555
VEDL	141	146	144	141	139	137
WIPRO	256	260	258	254	252	248
YES BANK	63	67	65	62	61	58
ZEEL	363	373	368	362	357	352



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