

# THE DAILY

Date: 18 Feb 2021



## DOMESTIC INDICES

	Close	Points	% Change
SENSEX	51704	-400	-0.77
NIFTY	15209	-105	-0.68
MIDCAP	20237	9	0.04
SMALL CAP	19883	105	0.53

## SECTORAL INDICES

	Close	Points	% Change
POWER	2371	30	1.26
CG	22205	143	0.65
METAL	12916	41	0.32
AUTO	24763	55	0.22
OIL & GAS	14977	-9	-0.06
TECK	11704	-62	-0.53
CD	32151	-182	-0.56
REALTY	2823	-19	-0.65
BANKEKX	41672	-293	-0.70
Finance	8017	-71	-0.88
IT	25341	-227	-0.89
Healthcare	21832	-201	-0.91

## BSE 200 GAINERS/LOSERS

GAINERS	%	LOSERS	%
BANKINDIA	19.99	NAUKRI	-3.63
UNIONBANK	10.26	PAGEIND	-3.63
IDBI	6.60	SUPREMEIND	-3.23
ABCAPITAL	6.50	LUPIN	-2.99
MOTHERSUMI	6.44	NESTLEIND	-2.80

## ADVANCE/DECLINES

	BSE	%
ADVANCES	1513	49
DECLINES	1448	47
UNCHANGED	146	5

## INSTITUTIONAL ACTIVITY

Rs Cr	17/02/21	16/02/21	Feb Total
FII	1008	1144	16923 (prov.)
DII	-1283	-1560	-11805 (prov.)

## Indian markets could open flat to mildly higher, following mixed Asian markets today and mixed US markets on Wednesday.....

U.S. stocks closed mostly lower Wednesday, but the Dow Jones Industrial Average booked its third straight record close, after minutes from the Federal Reserve's January meeting showed officials were skeptical about the economy improving enough to warrant removing monetary stimulus any time soon.

US retail sales surged 5.3% in January, blowing past a Dow Jones estimate of a 1.2% rise. The producer price index, a measure of the prices businesses receive for their goods and services, rose 1.3% in January, the biggest jump since the index began in December 2009. A separate report on industrial production from the Federal Reserve showed a rise of 0.9% in January, also trouncing economist forecasts of a 0.5% gain.

The US Fed Wednesday reaffirmed its concerns about the economy and its plans to stay on hold for the foreseeable future, in the minutes from its last meeting.

Shares of Verizon Communications Inc. rose 5.4%, and Chevron Corp. rallied 3% to pace the Dow after Warren Buffett's Berkshire Hathaway Inc. disclosed that it acquired large stakes in the companies during the fourth quarter.

Stocks in Asia-Pacific were mixed in Thursday trade, as investors watched movements in mainland Chinese stocks as they returned from the Lunar New Year holiday.

Indian benchmark equity indices ended in the negative for the second consecutive session on February 17 despite a rally in PSU bank stocks. Nifty fell after making an intra day high at 1240 Hrs. At close, the Nifty was down 104.60 points or 0.68% at 15,208.90.

Nifty formed lower top lower bottom formation on Feb 17 after the recent rise, raising concerns about the rally getting tired. However an equal advance decline ratio on a negative day means that some bottom fishing has happened in stocks that have corrected over the last few days. 15112-15170 could be the next support band for Nifty. On rise 15340 could act as a resistance.

## Reserve Bank of India issues directions for housing finance companies:

The Reserve Bank of India (RBI) on Wednesday came out with a slew of directions related to maintenance of liquidity coverage ratio, risk management, asset classification and loan-to-value ratio for housing finance companies (HFCs). The central bank said these directions, which shall come into force with an immediate effect are aimed at preventing the affairs of any HFCs from being conducted in a manner detrimental to the interest of investors and depositors.

## Centre considering United India, GIC Re for privatisation:

The government is considering the privatisation of United India Insurance and debating whether reinsurer General Insurance Corp. of India (GIC Re) should also be divested. The finance ministry and Niti Aayog will collectively finalise the overall insurer that shall be thought-about for privatisation.

## GLOBAL INDICES

	Close	Points	% Chg
DOW JONES	31613	90.27	0.29
S & P 500	3931	-1.26	-0.03
NASDAQ	13966	-82.00	-0.58
FTSE	6711	-37.96	-0.56
CAC	5766	-20.69	-0.36
DAX	13909	-155.33	-1.10
NIKKEI	30345	52.81	0.17
SHNAGAI	3696	40.43	1.11
HANG SENG	30769	-316.44	-1.02
BOVESPA	120356	927.07	0.78

## EXCHANGE RATES

	Value	% Change
USD/INR	72.8	0.20
EURO/USD	1.204	0.05
USD/GBP	1.386	0.01
USD/JPY	105.8	-0.03

## COMMODITIES

	Value	%
Gold (\$ / Oz)	1779.3	0.37
Silver (\$ / Oz)	27.4	0.25
Crude Oil Futures	61.9	1.21
Brent Oil (\$ / Barrel)	65.2	0.49

## BOND YIELD

	Value %	Chg bps
IND10 Yr Bond Yield	6.030	+0.008

## ADR

	Value \$	%
Dr Reddys Labs	62.8	-1.89
HDFC Bank	81.8	-1.55
ICICI Bank	18.0	-0.88
Tata Motors	22.4	0.72
Wipro	6.49	-1.37
Vedanta Ltd	10.62	-0.28
INFOSYS	17.60	-0.85

### Cargo traffic at 12 major ports falls for 10th month in January:

India's top-12 ports witnessed a considerable decline in cargo traffic for the tenth straight month in January to 542.13 million tonnes (MT), according to ports' apex body IPA. Cargo traffic at 12 major ports that are under the control of the Centre dropped by 7.44 per cent to 542.13 million tonnes (MT) during April-January this fiscal, compared with 585.73 MT in the year-ago period.

### Cabinet approves over Rs 12,000-crore PLI scheme for telecom sector:

Following the launch of a production-linked incentive (PLI) scheme for manufacturing, India on Wednesday launched the scheme for telecommunications (telecom) and networking products, with an outlay of Rs 12,195 crore over five years. The Cabinet approved PLI for manufacturing telecom equipment, including core transmission equipment, 4G/5G next-generation radio access network and wireless equipment, access and customer premises equipment, Internet of Things-access devices, other wireless equipment, and enterprise equipment like switches, routers, etc.

### Airtel to acquire 20% stake in Bharti Telemedia from Warburg Pincus:

Bharti Airtel Ltd will acquire a 20% stake in its direct-to-home (DTH) subsidiary Bharti Telemedia Ltd from a Warburg Pincus entity for Rs 3,126 crore. In December 2017, Bharti group had agreed to sell 20% of its DTH unit, Bharti Telemedia to Warburg Pincus for Rs 2,258 crore.

### Phillips Carbon Black commissioned two Specialty Black lines in Gujarat:

Company has commissioned two specialty black lines at Palej, in Gujarat for production of wide range of specialty black products totaling about 32,000 MTPA to service the growing needs of its customers.

### Sebi eases listing rules for large IPOs:

The Securities and Exchange Board of India (Sebi) on Wednesday eased the listing norms for large companies, apparently paving the way for the much-awaited mega float of Life Insurance Corporation (LIC). The regulator said large companies can now divest a minimum 5 per cent in the IPO, instead of 10 per cent. Further, they will get five years, instead of three, to raise the public float to 25 per cent. Experts said the move would encourage large firms to opt for listing.

### DoT likely to clear 5G trial applications in two weeks:

Applications for 5G trials submitted by Reliance Jio, Bharti Airtel, Vodafone Idea and state-run Bharat Sanchar Nigam Ltd (BSNL) are likely to be cleared in the coming two weeks with the Department of Telecommunications (DoT) swinging into action following adverse comments in a recent report by the parliamentary committee on IT.

## **ATF price hike may slowdown recovery for Indian airlines:**

Rising aviation turbine fuel (ATF) prices could offset the recovery process for Indian airlines amid muted demand from both domestic and international passengers following the covid outbreak. ATF costs, accounting for about a fourth of expenses for major domestic airlines, was raised by 3.6% on Tuesday compared to a fortnight ago as global crude oil prices firmed up on improved demand. ATF prices are revised every fortnight by state-run oil marketing companies, and have been on the rise since October.

## **Va Tech Wabag secures financial closure of NMCG project and ties up investment partner:**

Va Tech Wabag has completed the financial closure for its Hybrid Annuity Model ('HAM') project received from Kolkata Metropolitan Development Authority ('KMDA'). Company had earlier signed Rs 575cr HAM concession agreement under the Namami Gange programme administered by the National Mission for Clean Ganga (NMCG) which included the scope of engineering, supply and construction of new sewage treatment plants, renovation and up-gradation of existing sewage treatment plants, rehabilitation of pumping stations and other associated infrastructure in Kolkata. Wabag will execute Engineering, Procurement and Construction portion of this project over 24 months followed by O&M of 15 years. Once complete, the project with a cumulative wastewater treatment capacity of 187 MLD will contribute to reducing the discharge of untreated sewage into the Holy Ganga from West Bengal by around 15 per cent.

The EPC portion of the project is to be funded by a mix of NMCG Grant, Equity and Debt. 40 per cent of EPC cost will be funded by NMCG grant during the construction period and balance 60 per cent to be funded by a mix of debt and equity. The project debt requirement will be funded by a consortium of International Finance Corporation (AFC) and Tata Cleantech Capital Limited ('TCCL').

## **Important news/developments to influence markets**

- The Reuters Tankan poll found, lifted by improving overseas demand though caution about the ongoing fallout from the coronavirus persisted. The sentiment index for manufacturers rose to 3 from minus 1 in the previous month, led by chemicals and manufactured food, the first time it has turned positive since July 2019.
- Japan's core machinery orders rose 5.2% in December from the previous month, up for the third straight month.
- U.S. producer prices increased by the most since 2009 in January as the cost of goods and services surged, suggesting inflation at the factory gate was starting to creep up. The producer price index for final demand jumped 1.3% last month, the biggest gain since December 2009 when the government revamped the series.
- U.S. retail sales surged in January by the most in seven months, beating all estimates and suggesting fresh stimulus checks helped spur a rebound in household demand following a weak fourth quarter. The value of overall sales increased 5.3% from the prior month after a 1% decline in December.
- American industry expanded for the fourth consecutive month in January, but it has yet to return to the level of activity that preceded the pandemic. U.S. industrial production — which includes output factories, mines and utilities — rose 0.9% last month on top of increases of 1.3% in December, 0.9% in November and 1.1% in October.
- The average contract interest rate for 30-year fixed-rate mortgages increased to 2.98% from 2.96% last week. Total mortgage application volume fell 5.1% last week from the previous week.

## Daily Technical View on Nifty

**Observation:** Markets ended lower on Wednesday after a gap down opening. Though there was a sharp pullback rally, the index failed to cross its previous swing high and gradually slid lower. The Nifty finally lost 104.55 points or 0.68% to close at 15,208.9.

Broad market indices like the BSE Mid Cap and Small Cap indices gained more, thereby out performing the Sensex/Nifty. Market breadth was negative on the BSE/NSE.

Zooming into the Nifty 15 min charts, we observe that the Nifty opened with a down gap thereby indicating that the bears were having an upper hand. Also the pullback rally in the morning session failed to cross the previous intra day swing high of 15332 and the Nifty gradually slid lower for the rest of the session.

With the index closing below the 20 and 50 period moving average on the 15 min intra chart, the odds seem higher of the market drifting down further towards the trend line support at 15120 on the intra chart in the very near term.

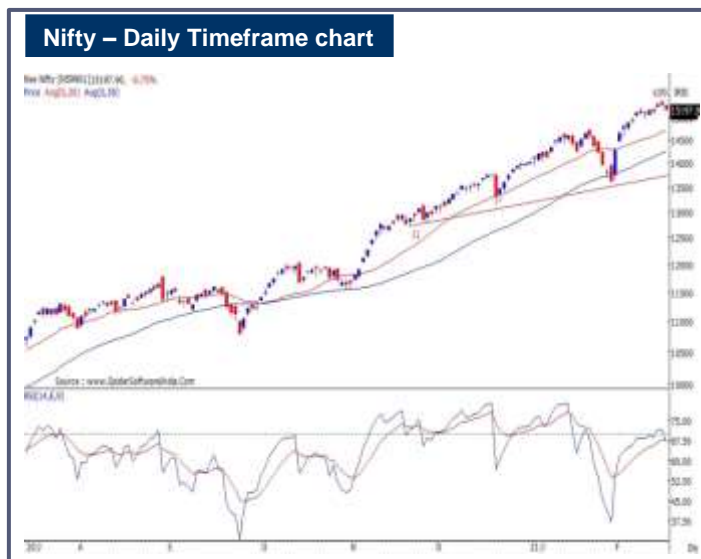
On the daily chart, we can observe that the Nifty remains in a comfortable uptrend and well above its 20 day and 50 day SMA. Short term momentum indicators like the 14-day RSI have however corrected which indicates a weakening of momentum.

While we remain open to corrections in the near term, we expect the index to make new life highs in the coming sessions.

It is important that the Nifty does not move below the support of 14977 on any corrections for the short term uptrend to remain intact.

**Conclusion:** The 1-2 day trend of the Nifty remains down with the Nifty closing below the 20 and 50 period MA on the intra chart. Nifty is likely to test the 15120 levels in the very near term. Our 7-day view on the market continues to remain bullish as the Nifty remains in a strong uptrend on the daily chart. Our bullish bets for the next 7 sessions would be off if the Nifty moves lower and closes below the 14977 levels.

Nifty	View for 1-2 days	Reversal	7-Day View	Reversal
15198	Bearish	15244	Bullish	14977
	Target 15120		Target 15500	



## SHORT TERM TRADING CALLS

NO.	RECO DT.	RECO	COMPANY NAME	ENTRY	CMP	SL	TARGET	UPSIDE %	VALID TILL
1	17-FEB-21	SELL	FIN NIFTY FEB FUT (25TH FEB EXPIRY)	17277-17400	17260.0	17440.0	17000	2	22-FEB-21
2	17-FEB-21	BUY	BANDHAN BANK FEB FUT	350.75-344	347.6	341.0	361.8	4	22-FEB-21
3	17-FEB-21	BUY	JINDAL STEEL FEB FUT	327.50-323	325.5	320.6	337	4	22-FEB-21
4	8-FEB-21	BUY	L&T	1557.60-1500	1548.4	1485.0	1660	7	22-FEB-21
5	11-FEB-21	BUY	GAIL	135.90-130.50	134.4	129.0	144	7	22-FEB-21
6	15-FEB-21	BUY	TATA MOTORS	331.25-321	330.2	316.0	351	6	24-FEB-21
7	16-FEB-21	BUY	HINDUSTAN ZINC	304.50-293	305.6	290.0	322	5	25-FEB-21
8	16-FEB-21	BUY	ULTRATECH	6511-6315	6419.2	6253.0	6836	6	25-FEB-21

## OPEN CASH POSITIONAL CALLS

NO.	RECO DT.	RECO	COMPANY NAME	ENTRY	CMP	SL	TARGET 1	TARGET 2	UPSIDE %	VALID TILL
1	7-JAN-21	BUY	NESCO*	563.0	607.1	516.0	610.0	675.0	11	7-APR-21
2	28-JAN-21	BUY	BIOCON*	384.3	418.7	352.0	415.0	450.0	7	28-APR-21
3	2-FEB-21	BUY	PVR	1569.7	1498.5	1400.0	1750.0	2000.0	33	1-AUG-21
5	5-FEB-21	BUY	SPICE JET	90.1	88.4	82.5	100.0	112.0	27	6-MAY-21
6	8-FEB-21	BUY	INDIAN HOTEL	122.5	125.5	113.0	134.0	150.0	20	9-MAY-21
7	11-FEB-21	BUY	INDIABULLS HOUSING FINANCE	232.3	221.5	210.0	255.0	299.0	35	10-AUG-21
8	11-FEB-21	BUY	SUN TV	522.0	525.3	390.0	640.0	735.0	40	10-AUG-21
9	11-FEB-21	BUY	SADBHAV ENGINEERING*	70.2	80.0	60.0	80.0	100.0	25	10-AUG-21
10	12-FEB-21	BUY	EDELWEISS	68.9	65.5	63.0	76.0	85.0	30	13-MAY-21
11	15-FEB-21	BUY	MUNJAL SHOWA	160.4	166.8	144.5	181.0	210.0	26	16-MAY-21
12	15-FEB-21	BUY	GRANULES	351.5	340.9	319.0	387.0	450.0	32	16-MAY-21
13	16-FEB-21	BUY	PNB HOUSING FINANCE	402.1	432.5	325.0	475.0	523.0	21	15-AUG-21

\*= 1st Target Achieved

## OPEN DERI POSITIONAL CALLS

NO.	RECO DT.	RECO	COMPANY NAME	ENTRY	CMP	SL	TARGET 1	TARGET 2	UPSIDE %	VALID TILL
1	2-FEB-21	BUY	UPL FEB FUT*	557.3	537.8	527.0	570.0	600.0	12	TILL 25TH FEB 21
2	4-FEB-21	BUY	MC DOWELL FEB FUT	592.0	566.0	560.0	620.0	660.0	17	TILL 25TH FEB 21
3	8-FEB-21	BUY	CIPLA FEB FUT	858.7	833.7	790.0	922.0	960.0	15	TILL 25TH FEB 21
4	9-FEB-21	BUY	SBI LIFE MARCH FUT*	884.8	880.8	855.0	921.0	954.0	8	TILL 25TH MAR 21
5	10-FEB-21	SELL	BPCL FEB FUT	397.0	414.5	431.0	355.0	-	14	TILL 25TH FEB 21

## OPEN E-MARGIN POSITIONAL CALLS

NO.	RECO DT.	RECO	COMPANY NAME	ENTRY	CMP	SL	TARGET 1	TARGET 2	UPSIDE %	VALID TILL
1	23-NOV-20	BUY	BATA INDIA*	1464.0	1509.4	1330.0	1630.0	1850.0	23	23-MAY-21
2	5-JAN-21	BUY	FINOLEX CABLE*	358.8	386.6	320.0	402.0	450.0	16	5-APR-21
3	8-FEB-21	BUY	EIH HOTEL	97.3	97.2	89.5	108.0	-	11	8-MAY-21
4	8-FEB-21	BUY	SAIL	67.7	64.6	60.0	76.0	84.0	30	8-MAY-21
5	15-FEB-21	BUY	CAN FIN HOMES	517.5	506.6	469.0	580.0	699.0	38	15-MAY-21
6	15-FEB-21	BUY	L&T FINANCE HOLDINGS	98.3	97.9	88.0	109.0	120.0	23	15-AUG-21
7	17-FEB-21	BUY	PNB	41.5	41.7	37.0	46.8	51.0	22	17-MAY-21

\*= 1st Target Achieved

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Registered Address: I Think Techno Campus, Building, B, Alpha, Office Floor 8, Near Kanjurmarg Station, Kanjurmarg (East), Mumbai - 400 042. Tel -022 30753400. Compliance Officer: Ms. Binkle R Oza. Ph: 022-3045 3600, Email: [complianceofficer@hdfcsec.com](mailto:complianceofficer@hdfcsec.com).

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