KARVY
STOCK BROKING

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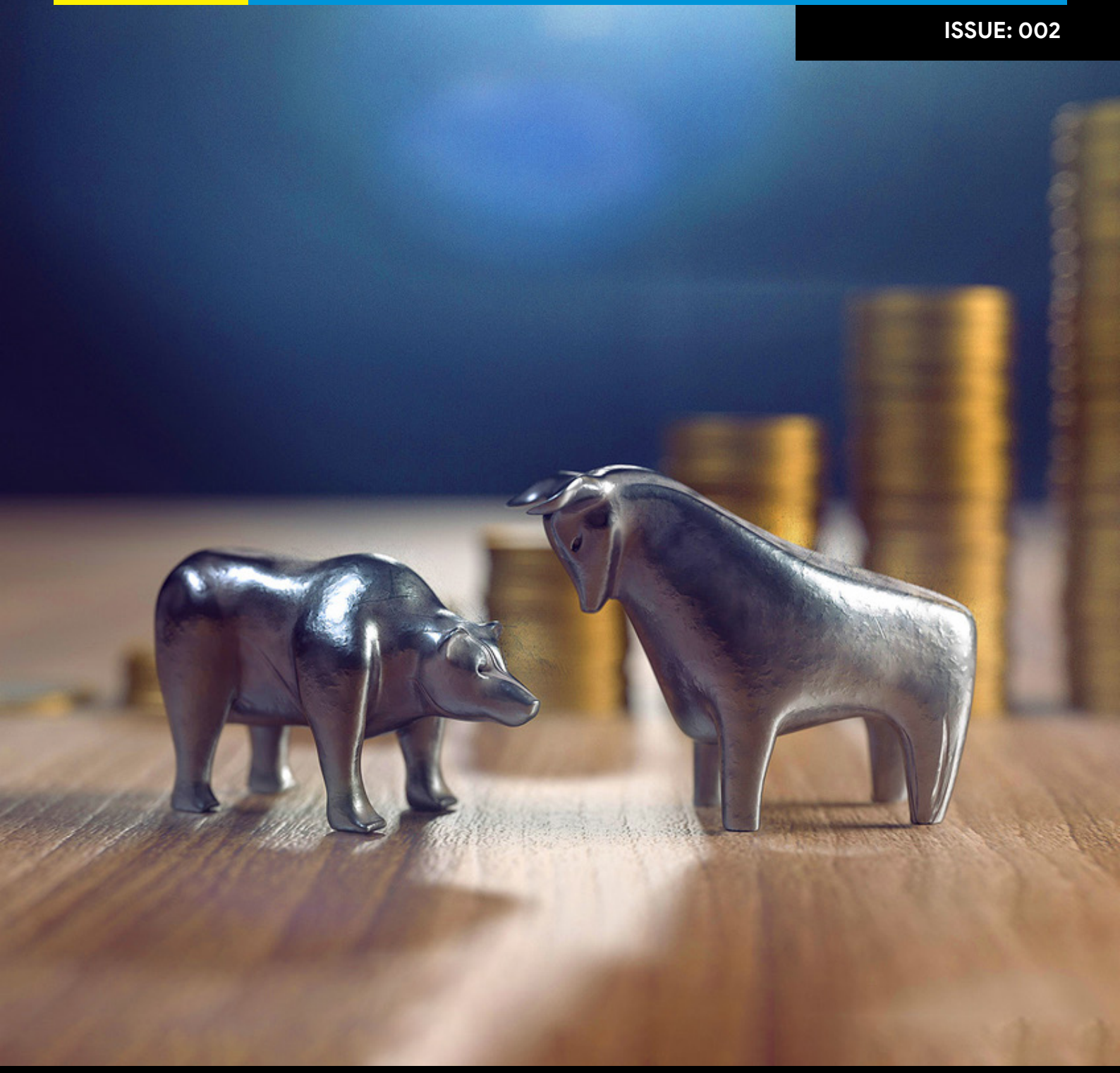
K STREET

RULE THE MARKET

ISSUE: 002



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From The Desk Of CEO

The decade-old events of September 2008 continue to remain afresh in our memories. It was nothing less than the doomsday.

The Indian export to GDP ratio, as compared to the other major Asian markets, is low at 19%. This fact has led us to believe that India is a "domestically oriented" economy and safe from a global crisis. However, the Lehman Crisis proved otherwise.

India runs a current account deficit (CAD), representing the gap between savings and investment, which needs to be funded by foreign capital flows. This makes India vulnerable to any change in the direction of global flows. The CAD in April-June quarter of 2018 was 2.4% of GDP.

Post the Lehman Crisis, the Sensex declined by 42%. This came as a rude shock to many investors who unfortunately witnessed a sharp decline in wealth. This was a difficult lesson that Indian investors need to watch the developments in the global economy as much as the domestic ones. And in the current situation, emerging economies, especially China, are highly influential and we should pay close attention to these.

Though a decade has passed and economies have recovered some of its impacts are still evident. The crisis has resulted in a stagnation in incomes of the advanced economies, which has given rise to populism, trade wars being a consequence, threatening future growth and prosperity.

Some progress has been made on a global basis to make the financial system safer, for instance, upcoming Basel III norms recommend a common equity tier 1 (CET1) ratio to be 7% of risk-weighted assets, including a capital conservation buffer. Regulatory oversight has improved and banks are subject to routine stress tests.

A major reason detected for the crisis was excessive leverage. However, some risks remain. According to IMF, leverage of G-20 economies (barring financial sector) in 2016 stood at 235% of GDP, exceeding the pre-crisis level of 210%. As central bankers withdraw monetary accommodation provided during the days of the financial crisis, the global economy could face headwinds. The financial system is dominated by a few "too big to fail" banks.

In 2008, the shock led to fear. Many bright individuals in the financial sector who chose to pursue a career elsewhere fearing instability. Also, many investors fled the market out of fear. However, bear markets don't last forever and it is important for those in the financial world to handhold investors during such periods. It is said that bull markets are "born in pessimism" money invested in the Sensex would have multiplied by 5.4 times including reinvested dividends.

Despite all the gloom, there are reasons to feel optimistic. As of now, we believe the Indian economy is accelerating, IMF forecasts growth of 7.3% for FY 19e and 7.5% for FY 20e. IMF also forecasts the world economy to grow at 3.9% for both CY 18e and CY 19e. This represents a good opportunity for investors. There has been a trend of increase in financial savings of households which has been finding its way in equities both directly and indirectly, i.e. via mutual funds, insurance.

- RAJIV SINGH
CEO-Broking Business

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NEWS

Domestic Economy

- The prime minister will hold a meeting on Saturday to review the economy, including the depreciation of the Rupee on Saturday.
- CPI for August 2018 came in at 3.69% vs. the consensus of 3.8% which is within the RBI guidance. Core CPI stood at ~5.9% in August 2018 lower than 6.2% of the previous month.
- WPI inflation eases to a four-month low of 4.53% in August on softening food prices, compared to 5.09% in July and 3.24% in August last year.

Telecom

- Reliance Jio to use Hughes satellite to provide 4G services in rural areas.
- TRAI decides to reduce the scope of regulation for WhatsApp, Skype.

Automobile

- Hinduja Group flagship Ashok Leyland has bagged an order for 200 buses in Bangladesh. The order is for single-decker AC buses which include intercity AC buses as well as city AC buses, Ashok Leyland said in a statement.
- U.S. to probe India's Mahindra over Fiat Chrysler Jeep complaint.

FMCG

- ITC enters hand sanitizer category, plans to turn Savlon into Rs 500 crore brand.
- Patanjali Ayurved Ltd, the consumer products upstart founded by yoga guru-turned-businessman Baba Ramdev, announced plans to sell packaged cow milk and milk-based products such as curd, chach, paneer and cheese, expanding in the ₹90,000 crore dairy market that has long been dominated by co-operatives.
- The government's decision to hike the procurement price for ethanol by nearly 25 percent may provide much-needed relief for sugar mills grappling with record output of the commodity this year.

Banking

SBI denies any laxity on its part in dealing with fugitive Vijay Mallya case.

Oil & Gas

Indian refiners to cut Iran oil purchases ahead of US sanctions, Top refiner Indian Oil Corp wants to lift 6 million barrels each in September and October, while Mangalore Refinery and Petrochemicals would load 3 million barrels each for those two months.

IT

India's five largest software services companies added 24,047 people in the first quarter of this fiscal year, compared with the 13,772 net additions in FY18. Hiring numbers are taken as an early indicator of a pickup in revenue growth; so it isn't surprising that there is some excitement about the increase in hiring.

Pharma

- Sun Pharma gets USFDA nod for specialty eye drug Xelpros. Sun Pharma management earlier indicated that the peak sales guidance of Xelpros is expected to be in the range of $50-$75 million over two to three years.
- Health ministry bans Saridon, Corex and 326 other combination drugs.

INTERNATIONAL NEWS

- Turkey's central bank raises benchmark rate to 24%, lira rallies.
- ISA selects EESL to implement 5 lakh solar water pumping systems.
- Prepared to take the strongest action for not complying with Iranian sanctions: US.
- Sushma Swaraj, Russia's Deputy PM review progress in bilateral cooperation.
- Nasdaq to buy Swedish trading solution provider Cinnober.
- China's property investment weakens in August, sharp fall seen unlikely.
- Japan government more bullish on capex, eyes on US-China trade row.

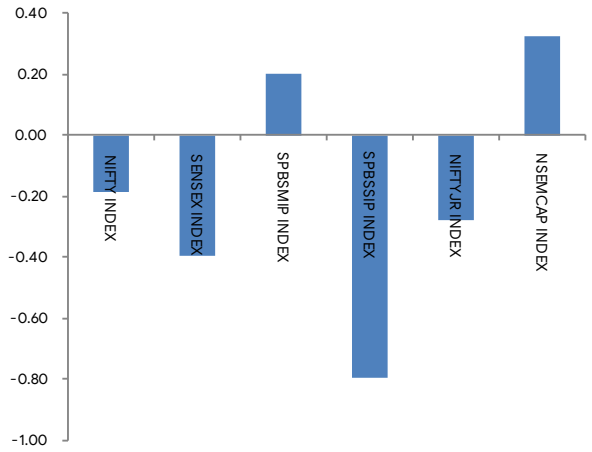
TREND SHEET

Symbol	CMP	S2	S1	R1	R2	TREND
SENSEX	38090.64	36917	37504	38516	38942	Down
NIFTY	11515.2	11123	11319	11642	11769	Down
NIFTYBANK	27163.85	26192	26678	27527	27891	Down
AXISBANK	636.40	600	618	666	696	Down
YESBANK	323.10	303	313	331	339	Down
RELIANCE	1,253.15	1205	1229	1277	1301	Up
SBIN	290.65	275	283	296	301	Down
HDFCBANK	2,029.60	1959	1994	2060	2090	Down
BAJFINANCE	2,672.20	2420	2546	2768	2864	Down
SUNPHARMA	665.25	601	633	684	703	Up
HDFC	1,925.45	1831	1878	1951	1976	Down
TCS	2,065.40	1984	2025	2100	2134	Up
MARUTI	8,626.70	8244	8435	8784	8942	Down

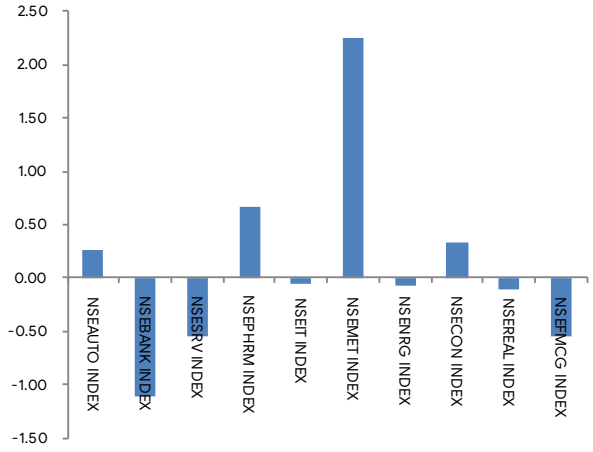
FORTHCOMING EVENTS

Company Name	Ex Date	Purpose
7NR Retail Ltd	17-Sep-18	Bonus issue 1:2
BHARAT SEATS LTD	17-Sep-18	Dividend - Rs. - 1.0
LT FOODS LTD.	17-Sep-18	Final Dividend - Rs. - 0.15
DEEP INDUSTRIES LTD.	17-Sep-18	Final Dividend - Rs. - 1.50
FORBES & COMPANY LTD.	17-Sep-18	Dividend - Rs. - 2.50
GODFREY PHILLIPS INDIA LTD.	17-Sep-18	Dividend - Rs. - 8.00
GTPL Hathway Ltd	17-Sep-18	Dividend - Rs. - 1.00
JAI CORP LTD.	17-Sep-18	Dividend - Rs. - 0.50
JINDAL DRILLING & INDUSTRIES LTD.	17-Sep-18	Dividend - Rs. - 0.50
MIRZA INTERNATIONAL LTD.	17-Sep-18	Dividend - Rs. - 0.90
RURAL ELECTRIFICATION CORPORATION LTD.	17-Sep-18	Final Dividend - Rs. - 1.75
SIMPLEX INFRASTRUCTURES LTD.	17-Sep-18	Dividend - Rs. - 0.50
SUN PHARMACEUTICAL INDUSTRIES LTD.	17-Sep-18	Dividend - Rs. - 2.00
CARE Ratings Ltd	18-Sep-18	Final Dividend - Rs. - 12.00
CARE Ratings Ltd	18-Sep-18	Special Dividend - Rs. - 25.00

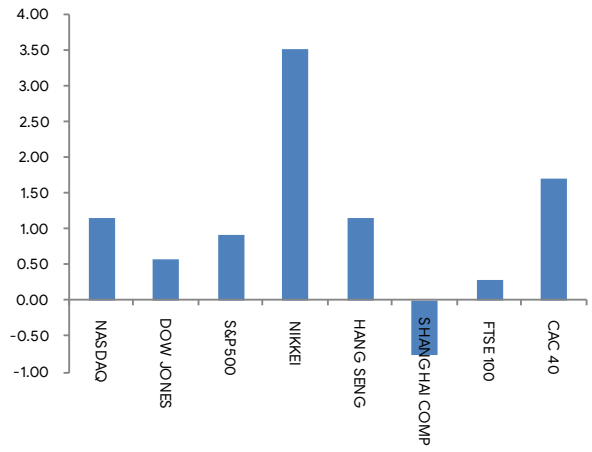
INDIAN INDICES (% CHANGE)



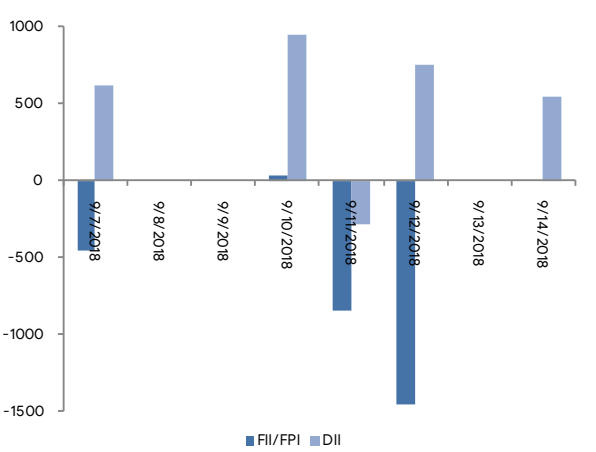
SECTORAL INDICES (% CHANGE)



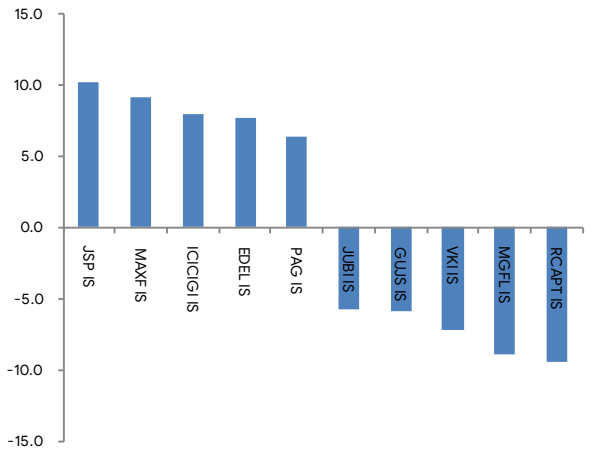
GLOBAL INDICES (% CHANGE)



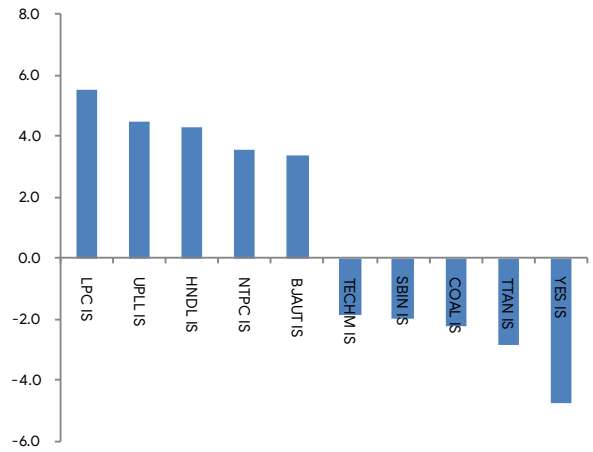
FII/FPI & DII TRADING (IN RS. CRORES)



NIFTY MIDCAP100 TOP GAINERS & LOSERS (1W)



NSE NIFTY TOP GAINERS & LOSERS (1W)



BEAT THE STREET - FUNDAMENTAL ANALYSIS

ICICI Bank

CMP	Rs.328
Target Price	Rs.450
Upside	37%

Investment Rationale

- Going forward from FY20E, we continue to see easy levers to ROE improvement—further build up in operating & financial leverage, lower credit cost, and full impact of lower NPA ratios on NIMs.
- Asset quality stable & assessed to offer no negative surprise: The headline asset quality numbers in Q1FY19 improved with GNPA/NNPA/Coverage ratio at 9.7%/4.7%/54.8% Vs 10.0%/5.4%/48% in Q4FY18. The slippages were at Rs. 40.4 bn (3.1% annualized) vs Rs. 157 bn (12.4% annualized) in Q4FY18.
- Loan growth healthier than the headline numbers: While the headline loan growth stood a bit muted in Q1FY19 at 0.8%/11.3% QoQ/YoY, we assess the underlying current to be much healthier.
- The strong loan growth in the retail book stands testimony to the bank's strong distribution network. While the material impact of resolutions is estimated to impact headline corporate loan growth in FY19E too, we estimate the same to improve materially in FY20E. Our loan growth estimate is ~11%/17% in FY19E/FY20E.
- Sequential pressure on NIMs on expected lines, outlook positive: The overall NIMs were at 3.19% vs 3.24% in Q4FY18.
- The domestic NIMs were at 3.54% vs 3.67%. We ascribe the pressure to shifting of the base rate book to MCLR, continuing shift to quality and sequentially lower growth in CASA.
- We estimate reduction in NPA ratios in FY19E to be a major contributor to the spreads (30/40 bps over FY19E-FY20E) and ROE recovery going ahead. FY19E would also see full year impact of 50 bps savings account rate cut and the bank also has a competitive advantage in the rising rate environment with the best in class CASA ratio.

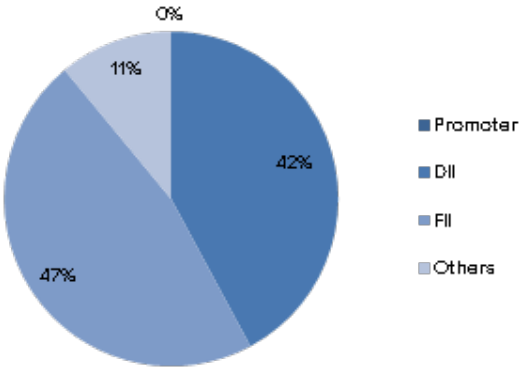
Valuation

We maintain strong BUY on the stock with target price of Rs. 450 valuing subsidiaries at Rs. 100 per share and core banking book at 2.0x FY20 P/B.

VALUE PARAMETERS

Face Value (Rs.)	2.0
52 Week High/Low (Rs.)	365/256
M.Cap (Rs. Bn/US $mn)	2112/299401
EPS (Rs.)	11.0
P/E Ratio (times) (FY20E)	14.1
Dividend Yield (%)	0.5
Stock Exchange	BSE

% OF SHARE HOLDING



in Rs.Mn	ACTUAL	ESTIMATE	
YE Mar	FY 18	FY 19	FY 20
NII	230,258	269,753	319,875
OP	247,415	229,461	283,563
PAT	67,774	25,344	148,042
BV (Rs)	164	167	186
P/BV (x)	1.5	1.5	1.3
ROE (%)	6.6	2.4	13.1
PE (x)			

P/E CHART

BEAT THE STREET - FUNDAMENTAL ANALYSIS

Apar Industries

CMP	Rs.619
Target Price	Rs.727
Upside	17%

Investment Rationale

- Apar is the third largest manufacturer of conductors with a 23% market share and 4th largest manufacturer of transformer oils with a 45% market share. Apar is also the market leader in manufacturing domestic cables in Renewable sector.
- Order book for conductors as on June 2018 is at Rs. 24360 mn at historical high and up 110% YoY for a volume of 128000 MT. The volumes are expected to increase in the coming quarters due to strong order book due to spill over dispatches and delay in customer projects.
- The initiatives on conductor's side like agreement for Molten Metal sourcing, Logistics benefit from shifting plants to Jharsiguda (Odisha) and HEC sales growth is expected to improve the margins and rationalizing at 7-8% level.
- Oil segment is facing headwinds due to inflationary pressure across major inputs, intense competition and aggressive pricing. Apar has started passing on higher input prices in phased manner which shall bring back the margins to normal level 8-9% by FY19.
- Apar's cable segment has continued to deliver a very strong growth of 29% CAGR over FY16-18. The cables segment has seen a significant growth in power cables and telecom cables (OFC). The margins are also on the growth spree and have improved from 6% in FY16 to 9.6% in FY18.
- Apar's bottom line declined due to higher interest cost affected by high LIBOR rates, blockage of working capital on account of GST and increase in commodity prices. The margins are expected to improve with various initiatives taken up by management.
- Apar's new business like copper conductors for railways, harnessing business for railways and transformer oil for major HVDC projects would derive the top-line and initiatives like Molten Metal agreement, logistics benefits, passing on the higher prices and HEC sales growth to drive the bottom line.

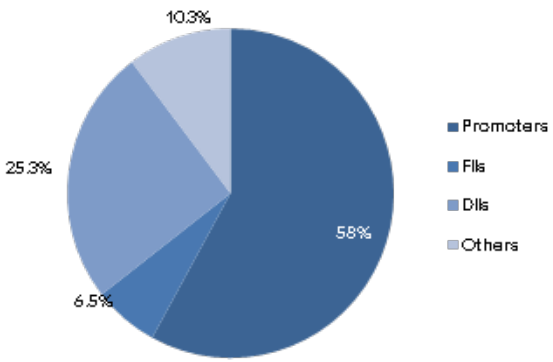
Valuation

At CMP Rs. 619, the stock is currently quoting at PE of 12xFY20E earnings. We reiterate our BUY rating on the stock with price target of Rs. 727 (PER of 14xFY20E).

VALUE PARAMETERS

Face Value (Rs.)	1.0
52 Week High/Low (Rs.)	307/131
M.Cap (Rs. Bn/US $mn)	29.27/0.41
EPS (Rs.)	12.2
P/E Ratio (times) (FY20E)	11.1
Dividend Yield (%)	0.81
Stock Exchange	BSE

% OF SHARE HOLDING



in Rs.Mn	ACTUAL	ESTIMATE	
YE Mar	FY 18	FY 19	FY 20
REVENUE	58185	60692	65930
EBITDA	4045	4248	4879
EBITDA(%)	7.0%	7.0%	7.4%
PAT	1447	1519	1976
EPS (Rs.)	38	40	52
RoE (%)	13.1%	12.4%	14.5%
PE (x)	19	16	12

P/E CHART

BEAT THE STREET - TECHNICAL ANALYSIS

Biocon Limited

Stock	BIOCON
CMP	662.95
Action	BUY
Entry	655
Average	625
Stop loss	595
Target	800
Target 2	820
Time Frame	3-4 months

BIOCON has been trading in the broad range of 540- 680 levels in the current calendar year with a bullish bias. The counter has built good support around 560 levels which is acting as a good base in the medium term. On the other hand, the stock has hurdle around 665- 670 levels surpassing which it may see a rally towards 800 levels and above in near term. On the oscillator front, the 14 periods RSI is trading above 50 levels indicating underlying strength and bullish bias in the counter. On the monthly chart, the stock seems to be consolidating and is attracting buyers on every dip after a strong uptrend from 300 levels indicating large scale accumulation in the stock. From the technical perspective, the stock is still trading in the bullish zone as it is trading above the major moving averages and the Bollinger band (20,2) is tilted in the northward direction on the monthly charts while on the lower side any break below 540 levels may trigger fresh leg of fall towards 510 levels. Analyzing the recent volume price action at near its immediate consolidation of 600- 630 levels, the volumes have been encouraging in the recent consolidation indicating strong hands have started accumulating the stock at lower levels. Hence, we are suggesting buy in the stock for the upside target of 800- 820 levels with stop loss placed below 595 levels for the time frame of 3- 4 months.

Jindal Steel and Power Limited

Stock	JINDALSTEL
CMP	233.45
Action	BUY
Entry	230
Average	200
Stop loss	189
Target	286
Target 2	294
Time Frame	6-9 months

JINDALSTEL rallied from 48.10 levels in February 2016 to 294.3 levels in January 2018 and corrected from there to 177.25 levels, which is around 50% of the said rally and bounced back, indicating the end of the correction. The stock has given a falling trend line breakout during the phase, indicating a fresh leg of the rally from these levels. Adding to it, the Parabolic SAR and Heiken candlesticks is signaling positive trend on the weekly charts, reflecting the stock is well placed to move higher in the coming days. The 14 periods RSI is trading above the 9 period averages in daily as well as weekly chart, indicating a positive momentum. The stock is trading well above all of its major moving averages on the daily as well as weekly charts, indicating a strong positive momentum in the counter for all major time frames. On Bollinger bands, the weekly chart has tested the upper bands and is expanding indicating positive momentum. At the current levels, the stock has given an excellent opportunity for medium to long-term investors to accumulate the stock around 230 levels for the potential upside targets of 286-294 levels over the next 6-9 months, keeping a stop loss below 189 levels.

SECTORAL SNIPPETS

NIFTY BANK (27,163.85) after consolidation in the prior week, Index succumbed to selling pressure and traded lower, while in the last session of the week witnessed a minor recovery, although week ended on a negative note with cuts of nearly 1.23% on a weekly closing basis. On the stock specific front all index constituent stocks ended in red; SBIN -0.34%, YESBANK -0.42%, KOTAKBANK -0.43%, FEDERALBANK -0.45%, CANBK -0.54%, INDUSINDBNK -0.81%, AXISBANK -1.38%, HDFCBANK -1.54%, PNB -1.78%, ICICIBANK -1.88%, IDFCBANK -1.97% & BANKBARODA -9.29%. Bank Nifty after placing a swing low near 26,555 on last Wednesday, witnessed a recovery in Friday's session. Technically, Index is holding below its 21 & 50-DEMA which is currently placed near 27,525 & 27,383 respectively and holding above its major 200-DEMA (26,107). On the momentum setup 14-period weekly RSI has given bearish crossover its signal line and gradually drifting lower from overbought areas, whereas on daily time frame chart it moved below equilibrium levels and consolidating. Going forward Index on sustaining above 26,800 is likely to consolidate in the range of 26,800 to 27,550 where it is likely to find resistance. On the downside below 26,550. Index will find next major support near 26,100 levels.

NIFTY FMCG (32,987.60) is in a strong up move and making higher highs on the weekly chart. The up move in the Index has made lifetime high of 33,067.90 levels with supportive volume formation on daily charts. The major stock from the sector has performed well and closed the week in green with a decent return. The stock like DABUR, EMAMILTED and TATAGLOBAL has closed the week with the positive return of around 0.05%, 0.67%, and 4.87%, respectively. Whereas, the stock like MARICO, BRITANIA, COLPAL, ITC, JUBLFOOD and HINDUNILVR has closed the week with the negative return of around 3.20%, 1.69%, 1.80%, 1.11% and 0.53% respectively. Going ahead, the FMCG stocks are expected to bounce from the low of 29,988.85 levels and likely to witness buying as defensives are likely to remain in focus. Technically, the NIFTY FMCG index is likely to witness good immediate support around 29,980 levels and below that is 29,550 levels will act as next meaningful supports. Whereas, on the upside, if the index manages to cross and sustain above the immediate resistance around 31,440 levels and above that is 32,050 levels. The recent development in the Index suggests that the up move in the stock will remain intact in near term.

NIFTY IT (16,072.50) traded with sideways to a positive bias in the week passed by. Index closed on a flat note with meagre change on a weekly closing basis. On the stock specific front INFIBEAM 2.89%, WIPRO 2.43%, OFSS 2.25% & INFY 0.29% ended on a positive note, whereas HCLTECH -0.34%, TCS -0.67%, MINDTREE -1.19%, TATAELXSI -1.4%, KPIT -1.46% & TECHM -1.71% ended week on a negative note. NIFTYIT Index after a steady rise in earlier sessions, taking a breather from last couple of sessions. Technically, Index is poised with bullish bias, however a risk of profit booking can't be overruled. On the momentum setup 14-period RSI on the weekly as well daily time frame chart has entered into overbought territory, exhibiting cautious approach. Also, prices after testing its upper Bollinger Band (20,2) turned sideways from last couple of sessions. On the downside Index has an immediate support near 15,800 levels followed by 15,650 levels while on the higher side 16,230 will work as an immediate resistance followed by 16,400. Going forward Index on sustaining above 15,600 is likely to trade with positive bias and continue to scale in an uncharted territory, therefore buy on dips strategy will suit the existing setup.

NIFTY PHARMA (10,652.85) traded volatile during the week passed by and closed marginally down by 0.08% whereas the broader index i.e. Nifty 50 has ended the week with a negative return of 0.64%. On the stock specific front, DIVISLAB gained 1.10% during the week while CADILAHC (-3.32%) and DRREDDY (-1.92%) have lost on the weekly basis. Technically, Nifty Pharma found support near 10,150 levels and is testing the same during the last two weeks. As of now, the index is holding above its 13-DEMA which is currently placed near 10,320 levels. On the momentum setup, 14-period daily RSI is plotting above its signal line indicating bullish momentum in the index. Similarly, 60 periods CCI on daily charts are plotting above +100 levels indicating bullish momentum still persists in the index and hints that there is more upside ahead in the sector in the short term. Going forward, the index on crossing above 10,670 levels may rally towards 10,780 levels followed by 11,230 levels. On the lower side, 10,150 and 9990 will work as immediate supports.

BUY EICHERMOT (SEP FUTURE) | CMP: 29521.50

SECTOR: AUTO

EICHERMOT is in the cycle of higher highs and higher lows from the lows on the daily charts. The counter has been one of the outperformer among the auto space in the last week and is expected to continue the outperformance in the coming trades as well. The counter managed to form base around the support levels of 28,000-28,200 and is all set to move higher towards surpassing its recent peaks. The volumes have been encouraging in the recent consolidation indicating strong hands have started accumulating the stock even at current levels. In the short-term time frame, analyzing the price volume action, the stock seems to be extremely poised to move higher towards the psychological mark of 30,500-31,000 levels. On the other side, the Bollinger band (20, 2) on the daily charts is also pointing northwards and the price rolling on the upper band indicating the direction of the counter is on the long side with supports on the lower side shifting higher with the lower band. The stock is also trading above the cluster of major short and long-term moving averages with technical indicator 14 days RSI showing reading in the comfortable zone, clearly indicating the bullish trend is likely to remain intact in the counter.

Sentiment	
Stop Loss	28500
Target	30900
Lot Size	25
Margin	91200
21-DEMA	28569
Open Interest Shares	259775
Change in OI (Weekly)	-6550
Cost of Carry (%)	13.16

SELL COALINDIA (SEP FUTURE) | CMP: 278.70

SECTOR: METALS & MINING

COALINDIA has lost more than 3% during the week whereas NIFTY METALS ended on a flat to a positive note. The stock has underperformed the sector index and is expected to continue to do so in the coming trading sessions as well. The stock has slipped after facing resistance around 288-290 levels on a couple of occasions. The stock is trading below its 21/50/100/200-DEMA on the daily charts and the selling pressure is likely to drag the stock lower towards 264 levels in the near term. The fall in the stock has been accompanied with decent volumes. Among the leading indicators, Parabolic SAR indicates a negative trend on a daily chart, supporting our bearish view and is placed above the price. The 14-day RSI line is also trading below the 9-day signal line, re-iterating our bearish stance in the counter. Hence we recommend Smart Traders to go short in the stock with a stop loss above 290.

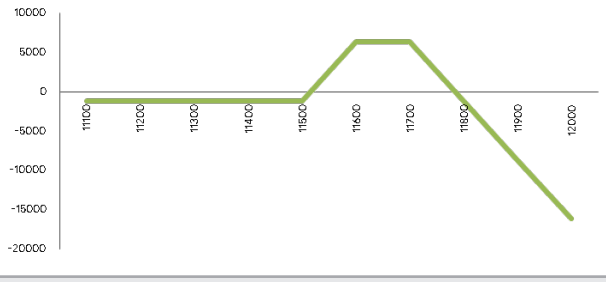
Sentiment	
Stop Loss	290
Target	264
Lot Size	2200
Margin	77500
21-DEMA	282
Open Interest Shares	20889000
Change in OI (Weekly)	1104400
Cost of Carry (%)	13.66

WEEKLY VIEW OF THE MARKET

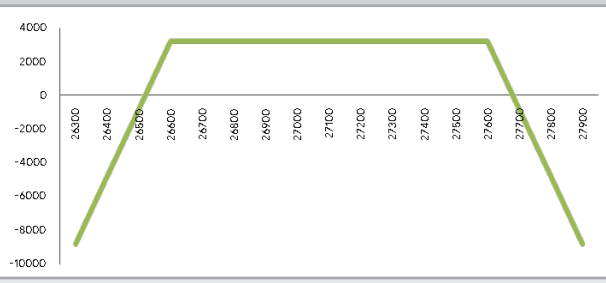
Nifty ended the week lower by 0.64%, despite witnessing a reactive fall close to 2.92% during the truncated week. The fall in the benchmark index early in the week can be attributed to the concerns over actively depreciated rupee amid ongoing trade war concerns between the US and China. Speculations of another US Fed rate hike also dampened the market sentiments across the globe. However, the Indian markets witnessed a smart recovery on news of the possible government interference during the weekend to support the falling rupee. The Indian currency also witnessed a smart recovery after the release of better than expected trade data for August. The markets cheered the lowered August retail inflation data, which was below the RBI's medium target of 4% for the first time in 10 months. On the technical front, the index bounced off from the 50 days EMA and closed above the 13 days EMA which is a bullish sign, indicating the markets would have reverted back to a positive gear to navigate northwards. For the week ahead, we expect Nifty to trade in a broader range of 10,250 to 10,750 levels with a positive bias.

DERIVATIVE STRATEGIES

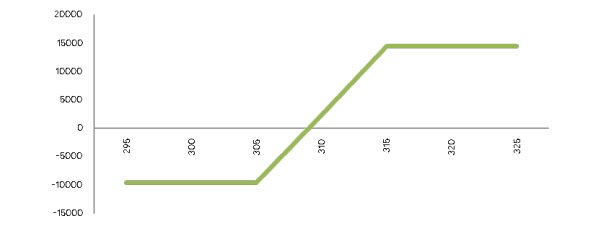
Type:	**Call ladder in NIFTY**
First leg	Buy one lot of NIFTY SEP 11500 CE @ 126
Second leg	Sell one lot of NIFTY SEP 11600 CE @ 73
Third Leg	Sell one lot of NIFTY SEP 11700 CE @ 37
Max Profit	6,300
UBEP	11,784
LBEP	11,516
Max Loss	Unlimited beyond BEP'S
Stop loss	UBEP
Rationale	The Index is poised with a bullish bias and is expected to edge higher towards 11,600-11,700 in the coming week.



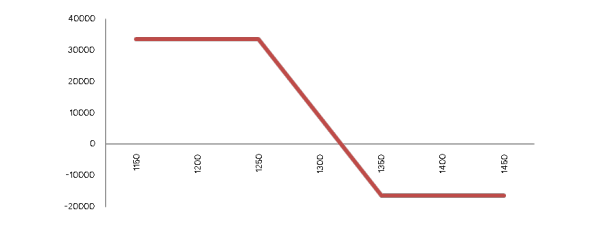
Type:	**Short Strangle in BANKNIFTY**
First leg	Sell one lot of BANKNIFTY SEP27500 CE @ 57.50
Second leg	Sell one lot of BANKNIFTY SEP26500 PE @ 22.50
Max Profit	3200
Max Loss	Unlimited beyond BEP'S
UBEP	27580
LBEP	26420
Stop loss	UBEP & LBEP
Rationale	The Index is trading in the range of 26,500 – 27,500 levels in the near-term; with key swing support placed at 26,555 levels; while key swing resistance is placed around 27,550 levels.



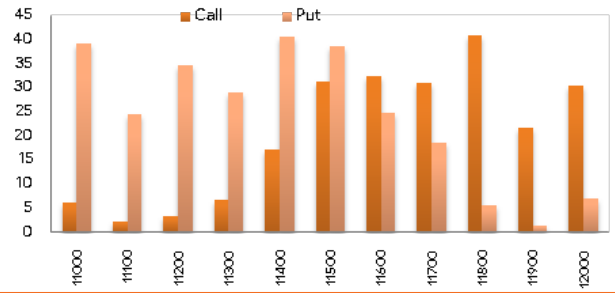
Type:	**Bull Call Spread in ITC**
First leg	Buy one lot of ITC SEP 305 CE @ 7
Second leg	Sell one lot of ITC SEP 315 CE @ 3
BEP	309
Max Profit	14,400
Max Loss	9,600
Stop loss	295 (Spot Levels)
Rationale	The stock has formed a long wick candle on the weekly charts, indicating buying interest present at lower levels and also short covering was witnessed in the last trading session.



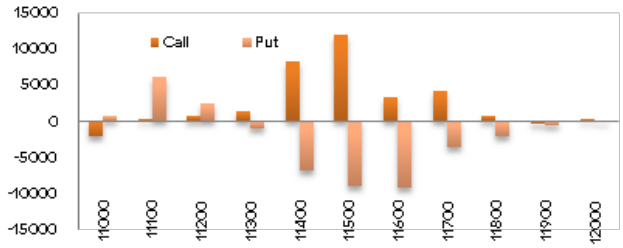
Type:	**BEAR PUT IN JUBLFOOD**
First leg	Buy one lot of JUBLFOOD SEP 1350 PE @ 42.50
Second leg	Sell one lot of JUBLFOOD SEP 1250 PE @ 9.50
BEP	1317
Max Profit	33,500
Max Loss	16,500
Stop loss	1385 (Spot Levels)
Rationale	The stock closed below its 21-pd weekly moving average and also on the derivatives front it witnessed short buildup in the week passed by, reaffirming underlying weakness in the counter.



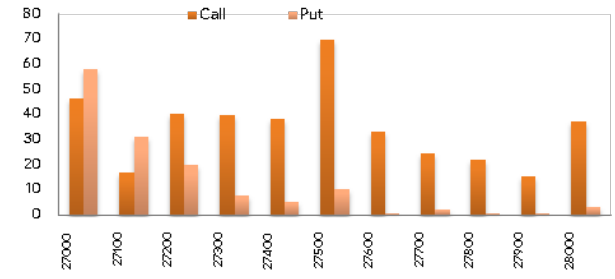
NIFTY OPTION OI CONCENTRATION



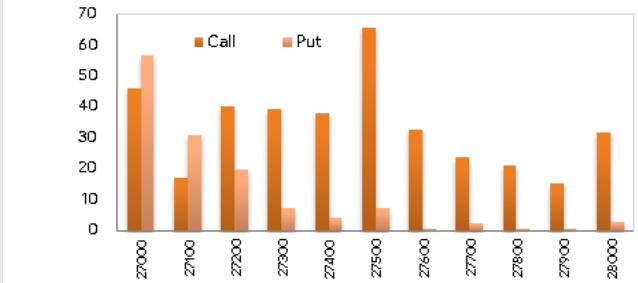
CHANGE IN NIFTY OPTION OI



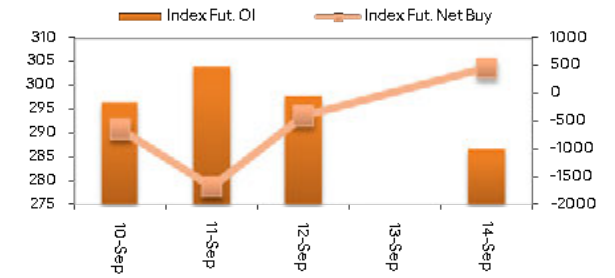
BANKNIFTY OPTION OI CONCENTRATION (WEEKLY)



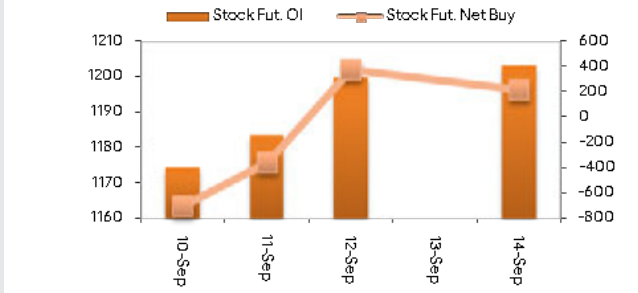
CHANGE IN BANKNIFTY OPTION OI (WEEKLY)



FII'S ACTIVITY IN INDEX FUTURES



FII'S ACTIVITY IN STOCK FUTURES



TOP 6 LONG BUILD UP

Stock Name	LTP	% Price Change	Open Int	% OI Change
BALRAMCHIN	88.65	14.17	16996000	70.75
MFSL	491.4	3.79	2962800	23.51
DCBBANK	169.1	0.54	4851000	14.68
ENGINERSIN	131.95	4.35	12309500	13.2
PVR	1379.1	0.95	877200	11.09
INFIBEAM	234.95	2.71	50720000	10.2

TOP 6 SHORT CLOSURE

Stock Name	LTP	% Price Change	Open Int	% OI Change
ANDHRABANK	31.7	1.77	16666000	-12.43
HEXAWARE	467.65	5.84	4713000	-11.47
INDIACEM	123.45	1.73	17734500	-9.57
BAJAJFINSV	6709.65	1.66	816250	-7.81
GRASIM	1063.7	3.74	5124750	-7.05
DIVISLAB	1329.55	1.22	2947200	-7.04

TOP 6 SHORT BUILD UP

Stock Name	LTP	% Price Change	Open Int	% OI Change
MANAPPURAM	88.1	-8.18	22128000	25.91
MRPL	74.05	-4.88	6934500	23.18
CHENNPETRO	289.95	-1.8	1320000	18.28
JUBLFOOD	1335.8	-5.19	4006500	18.05
SIEMENS	958.85	-3.38	1811500	17.52
KAJARIACER	430.05	-3.22	2493000	17.1

TOP 6 LONG CLOSURE

Stock Name	LTP	% Price Change	Open Int	% OI Change
NIITTECH	1334.1	-2.72	1192500	-18.55
KSCL	631.45	-1.58	829500	-14.92
PETRONET	242.45	-0.1	12696000	-11.11
SRF	2008.25	-0.37	923000	-10.99
MINDTREE	1144.35	-1.51	3933600	-10.8
INDIANB	322.3	-0.22	4254000	-9.18

BULLION

Gold futures on COMEX traded on a weaker note during first two trading sessions of the week extending its earlier weakness exerted by strength in the dollar index. The escalating trading tension between US and China as well as more probability of a rising interest rate by the US Fed in September meeting supported the dollar and pressurized the gold prices. The most important data in the penultimate week was non-farm payroll and unemployment rate, which came as 201k and 3.9% respectively better than expected giving more teeth to US FOMC to increase the interest rate. In response to a weak global market, the action in the domestic market was completely different wherein the MCX gold futures surged 9-week highs due to a sharp depreciation in the Indian rupee which fell to a historic low of Rs. 72.91 a dollar. Besides, the emergence of a physical demand for the gold in the Asian market also supported an upside trend in the Indian gold market. However, in the latter part of the week, COMEX gold futures reversed its trend and traded on a firm note following a drop in the dollar index. China had informed World Trade Organization that it would impose a tariff on $7 billion worth of US import per year in retaliation to US tariffs. Crisis in the global currency market is resulting in the flow of investment towards currencies from the bullion. The dollar had received relief after reports of possible trade talks between the US and China. However, US President Donald Trump said that the US is not in a hurry to initiate trade talks, but China is looking for the end of a trade war. Sharp appreciation in Indian Rupee in the latter part of the week from historic lows led to a fall in the Indian gold prices from 9-month highs. For the week ahead, gold is expected to show a range bound trend with a positive bias. For the Indian market, movement in INR would be crucial.

SPICES

Cardamom futures traded mostly down on profit booking from a multi-month high of Rs.1478/kg. Correction in futures prices is expected to extend until 1330 levels during the upcoming week. As the picking activities are gaining pace, arrivals are expected to increase at the spot auctions that may weigh down the futures prices. Due to higher prices, there are fears that cheap and illegal Guatemala cardamom may enter the country through Nepal to mix with the domestic variety. Turmeric futures may trade upwards on extended recovery from 5-month low levels. Lower level buying in the coming days ahead of a long marriage and the festive season is expected to support recovery in futures prices. However, prospects of higher crop due to an increase in sowing area may cap major recovery with key resistance near 6900 levels. Sowing is almost near its final stages; turmeric is cultivated in 0.65 lakh hec, higher by 8% YOY in both Andhra Pradesh and Telangana states; an area in Maharashtra and Tamil Nadu is also reported to be higher. Jeera futures are expected to trade with a downward bias for the week in a broader range of 19,500-20,250. The positive trend can be seen due to good export demand after a fall in a rupee to an all-time. India enjoys a monopoly over the global market in Jeera as Syria and Turkey have a lower crop due to bad weather conditions. However, major gains were capped on expectations of higher sowing area under crop in the upcoming sowing season. Due to higher prices supported by favorable weather conditions, area under Jeera to increase. Dhaniya futures to trade on a positive note during the upcoming week. As the farmers have not got good returns from the past two seasons cultivating Dhanya, they may shift to other remunerative crops, thereby leading to a fall in the area. On the other hand, imports are also likely to be lower due to unattractive prices of the foreign stocks when compared to domestic stocks.

OILS & OILSEEDS

NCDEX Soybeans futures are expected to remain under pressure in the upcoming week on higher production outlook for the world. USDA revised its production forecast for the US up to 127.73 million MT in Sep against the 124.81 MT of prior month higher by 2% MOM and 7% YoY. Moreover, adequate supply at physical market could be other factors which may keep prices down in coming days. Similarly. RM Seed futures are expected to trade sideways to negative; it may track weakness rival oilseed prices. Moreover, tepid response in an auction held by NAFED to trim mustard seed stocks could impact market sentiments negatively. However, losses in mustard seed prices are likely to be limited due to increased overseas buying of Indian rapeseed meal. Rapeseed meal export from India surged by 12% MoM and 24% YoY during August, reported at 88.23 thousand tons as per data released by Solvent extractors association of India. Likewise, CPO futures could slip further on an increased supply at the domestic market. CPO import in India has increased by 8% YoY during August, reported at 6.49 lakh tons, higher by 79% MoM. Meanwhile, report of a rise in production and inventory in Malaysia could pull down the prices further. Malaysian Palm Oil Board released its production estimates for August pegged production at 16.2 lakh tons against the 15 lakh tons of July wherein export slumped to 11 lakh tons. Inventory levels increased up to 24.9 lakh tons against the 22.10 lakh tons of the prior month. Furthermore, Soy ref oil futures could trade in a tight range of Rs.725 - 740 per 10 kg due in anticipation of a rise in festive buying at physical market.

BASE METALS

Base metals prices traded mixed during the previous week, but the underlying tone remained weak as markets braced for new U.S. tariffs on China which could damage economic growth and demand for metals. Meanwhile, China warned that it would retaliate over additional tariffs and jitters over the tariffs which are keeping the metals prices under pressure despite positive supply and demand fundamentals. U.S. trade officials are also pressing Mexico and possibly Canada to accept a quota plan to replace national security tariffs currently in place on imports of steel. The global stainless steel market is currently affected adversely by the ongoing trade wars. According to ILZSG provisional data for H1 2018, the global market for refined zinc metal was in deficit by 17kt and the total reported inventories increased by 77kt during the same period. Growing trade concerns and volatile raw material costs are causing market participants to become increasingly apprehensive in their purchasing decisions amid soaring steel prices globally with a significant jump in US steel prices as a result of the introduction of section 232 tariffs. This sluggish buying interest shall impact Nickel prices in the near term. Similarly, a decrease in supply because of reduced outputs from secondary smelters of lead in China, brings in support for the lead price rise. Thus, while intermittent supply issues and demand sentiments might support the complex in the near-term, the trade war concerns shall keep the underlying pressure on prices intact. However, the metals complex is focusing on how trade war damages demand and that's why prices are largely falling. The trade wars will do more to disrupt supply chains than to hurt demand, which could be a more medium-term impact on metals supply demand balance.

ENERGY COMPLEX

Crude oil prices during the last week traded steady and went nominally lower amid looming US sanctions against Iran's petroleum industry, but the prices were more over-capped by efforts of major oil producers to increase the production. In the prior week, U.S. Energy Secretary Rick Perry met with Saudi Energy Minister Khalid al-Falih and Russian Energy Minister Alexander Novak and admired their efforts to fill in the supply gaps due to Venezuela output fall & Iran export cuts. Meanwhile, Russia's energy minister said that global oil markets remained "fragile" due to geopolitics and production declines in several regions but added his country could raise output if needed. Separately, U.S. crude oil production in 2019 is expected to grow at a slower rate than previously forecasted rate whereas US crude oil production as estimated by the Energy Information Administration was unchanged for yet another week at 11.0 million bpd for the week ending August 31. The prices are expected to get a boost from Hurricane Florence - a Category 4 that is expected to hit the Carolinas this week. The escalating U.S.-China trade row had also helped push U.S. crude into South Korea, with U.S. exporters seeking alternative buyers in Asia - including in South Korea, India, Japan and Taiwan - as China's purchases fall. As per CFTC reports, Hedge funds and money managers upped bullish bets on U.S. crude to the highest level in nearly a month as prices climbed on expectations that falling Iranian output will tighten global supplies once the second round of U.S. sanctions starts on Nov. 4. As per IEA, U.S. sanctions on Iran's oil exports, which come into force in November, have already cut supply back to two-year lows, while falling Venezuelan output and unplanned outages elsewhere will also keep the supply demand balance tight.

OTHER COMMODITIES

MCX traded cotton is expected to trade down in near-term due to surging selling pressure at the physical market. The expectation of pick-up in harvesting activities in the northern region and higher production outlook for the upcoming season could weigh on prices in coming days. Apart from that, USDA monthly supply and demand estimation report which released last week could be major cues to the market in near-term. USDA raised its world production forecast of cotton unexpectedly from 120.53 million bales of 480 each to 121.97 million bales due to increased production in the US, China and Brazil. Cotton production in the US revised upwardly from 19.24 million bales to 19.68 million bales, wherein same is pegged at 27.50 million bales in China against the 26.5 million bales prior month's forecast. Similarly, cotton output in Brazil for the year 2018-19 was revised at 10 million bales against the 9.5 million bales from the previous month. However, production forecast for India was kept unchanged at 28.7 million bales (368 lakh bales of 170 kg each). World cotton consumption was pegged at 127.94 million bales against the 127.62 million bales of the prior month.

TREND SHEET

Commodities	07-Sep	14-Sep	% Change	52 Week High	% Change from 52 Week High	52 Week Low	% Change from 52 Week Low
MCX Gold (Rs/10 gms)	30129.00	30485.00	1.2%	31620.00	-3.59%	28055.00	8.66%
MCX Silver (Rs/Kg)	36701.00	37115.00	1.1%	41927.00	-11.48%	36000.00	3.10%
MCX Crude Oil (Rs/bbl)	4959.00	4864.00	-1.9%	5173.00	-5.97%	3010.00	61.59%
MCX Natural Gas (Rs/mmBtu)	206.90	199.80	-3.4%	230.50	-13.32%	162.50	22.95%
MCX Copper (Rs/kg)	414.00	423.15	2.2%	493.25	-14.21%	402.55	5.12%
MCX Lead (Rs/kg)	146.15	147.45	0.9%	172.50	-14.52%	137.25	7.43%
MCX Zinc (Rs/kg)	177.25	174.15	-1.7%	232.70	-25.16%	163.80	6.32%
MCX Nickel (Rs/kg)	919.90	887.50	-3.5%	1095.20	-18.96%	665.50	33.36%
MCX Aluminium (Rs/kg)	150.55	147.20	-2.2%	178.85	-17.70%	128.30	14.73%
NCDEX Soybean (Rs/Quintal)	3222.00	3238.00	0.5%	3895.00	-16.87%	2754.00	17.57%
NCDEX Refined Soy Oil (Rs/10 kg)	735.75	741.60	0.8%	796.35	-6.88%	654.20	13.36%
NCDEX RM Seed (Rs/Quintal)	3990.00	4078.00	2.2%	4262.00	-4.32%	3662.00	11.36%
MCX CPO (Rs/10 kg)	594.00	604.70	1.8%	673.00	-10.15%	522.50	15.73%
NCDEX Castor Seed (Rs/Quintal)	4659.00	4632.00	-0.6%	4790.00	-3.30%	3831.00	20.91%
NCDEX Turmeric (Rs/Quintal)	6814.00	6500.00	-4.6%	8066.00	-19.41%	6316.00	2.91%
NCDEX Jeera (Rs/Quintal)	19220.00	18970.00	-1.3%	22360.00	-15.16%	14010.00	35.40%
NCDEX Dhaniya (Rs/Quintal)	4676.00	4750.00	1.6%	6021.00	-21.11%	4186.00	13.47%
MCX Cardamom (Rs/kg)	1350.00	1390.00	3.0%	1402.30	-0.88%	818.50	69.82%
NCDEX Wheat (Rs/Quintal)	2004.00	2030.00	1.3%	2047.00	-0.83%	1575.00	28.89%
NCDEX Guar Seed (Rs/Quintal)	4408.50	4321.00	-2.0%	4737.00	-8.78%	3465.00	24.70%
NCDEX Guar Gum (Rs/Quintal)	9535.00	9385.00	-1.6%	10468.00	-10.35%	7200.00	30.35%
MCX Cotton (Rs/Bale)	22860.00	22720.00	-0.6%	24280.00	-6.43%	18180.00	24.97%
NCDEX Cocud (Rs/Quintal)	1667.50	1674.50	0.4%	1878.50	-10.86%	1166.00	43.61%
NCDEX Kapas (Rs/20 kg)	868.00	868.00	0.0%	1010.00	-14.06%	854.00	1.64%
MCX Mentha Oil (Rs/kg)	1756.90	1744.70	-0.7%	1991.90	-12.41%	1106.00	57.75%

TECHNICAL RECOMMENDATIONS

COPPER

As on 14th September 2018, LME Copper 3M forwards are trading around $5982/Mt, In the bigger scenario, the trend is bearish, however, since last few weeks the prices are trading within a confined range of 5800-6160 levels. Prices are trading above the daily 8 and 13 EMA support levels (5900-5910). Oscillators have approached overbought zone in the weekly and monthly. Thus, we recommend building long positions. Overall, in the coming sessions, the commodity is expected to trade in a range of 5800-6300. Likewise, MCX Copper Nov futures are expected to trade in a range of 415-445 on the positive bias.

GOLD

Comex Gold December contract delivery futures are trading around $1206/ounce. In the previous session, prices have broken intermediate trend line and also the flag pattern resistance around the 1200 mark. Now prices are trading above the daily EMA 8&413, and indicators are neutral. Therefore, we expect the commodity to move higher up to 1222-1224, lower side support is seen around $1185 Thus at MCX platform Gold Oct futures are expected to trade within a range of 30,000-31,000.

CHANA

Chana October contract delivery futures at the NCDEX platform are trading around Rs 4040/ quintal. Prices are started falling after making a high of Rs. 4440 in August 2018. As per the five wave structure, the bearish rally is not yet completed. In the weekly price chart, prices are witnessing the formation of falling three methods. Thus, we expect commodity to trade in a range of 4150-3800 levels in the coming days.

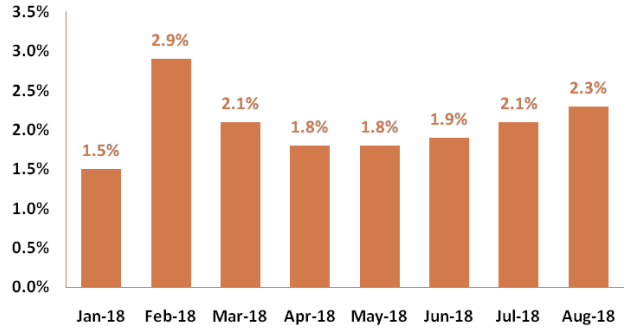
NEWS DIGEST

- Despite rupee depreciation, in August the import of vegetable oil jumped to 15.12 lakh tons as compared to 11.19 lakh tons in July. The pipelines were dried up due to lesser import during June and July 2018, coupled with improved parity in the import of palm oil due to a reduction in the spread between palm oil and soft resulted into higher import, said Solvent Extractors Association (SEA) in a release.
- India's forward export contracts of cotton have more than doubled from about seven lakh bales in September 2017, driven by increased demand from China, lower domestic prices and depreciation of the rupee.
- Bangladesh and Vietnam are the other buyers that have signed some forward contracts for Indian cotton. Indian traders export maximum quantities of cotton in November and December since India is the only country where cotton is available at that time.
- The government approved an over 25% hike in the price of ethanol produced directly from sugarcane juice for blending in petrol in a bid to cut surplus sugar production and reduce oil imports.
- The Cabinet Committee on Economic Affairs raised the procurement price of ethanol derived from 100% sugarcane juice to Rs 59.13 per liter from the current rate of Rs 47.13.

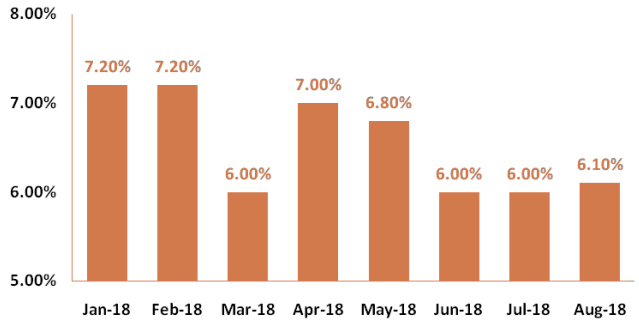
WEEKLY COMMENTARY

- In the US, Trump possibly announced US tariffs on an additional USD 200 billion of Chinese imports as the hearing ended last week. (First round of tariffs: hearing ended on 22 May, the tariffs were announced on 29 May and implemented on 15 July.)
- Last week, Chinese CPI data for August was released which showed that the core index continues to rise around 0.2% MoM (changed at 2.3% YoY). Also, with data on money supply and new loans, retail sales, industrial production and fixed assets investments released last week, induced volatility in the financial and commodity markets.
- Retail sales data for August was also released being at 0.1% lower from the market expectation of 0.4%. A high level of consumer confidence points to strong growth in private consumption.
- In the euro area, this week ahead is important in terms of German ZEW Economic Sentiment for September with the major focus being on the sustenance of the rebound witnessed last month, especially in light of the decreasing risk of a US-EU trade war.
- The ECB met and turned down the new staff projections with expectations of a marginal downward revision of the 2019 and 2020 projections, but no new policy signals were given as the central bank has been content with the current economic path and the market reaction to the recent increased forward guidance in June.
- Further to this, a string of economic data is due from China, which shall be watched closely for future expectations in terms of the health of the economy. Starting with data on money supply and new loans, retail sales, industrial production and fixed assets investments are due this week and is expected to induce volatility in the financial and commodity markets during the current week.
- Softer than expected increase in prices in the US with CPI inflation increasing by 0.2% as against the market expectations of 0.3% also added weakness in Dollar Index.

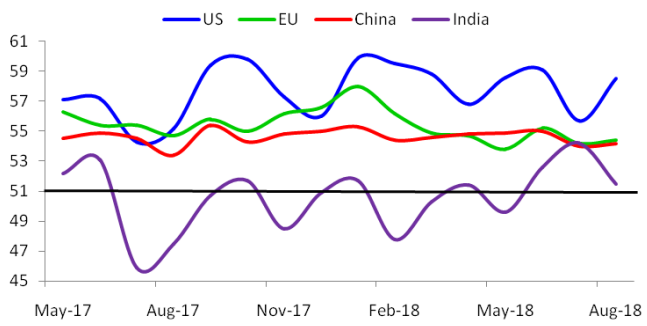
CHINA'S CPI (Y/Y%)



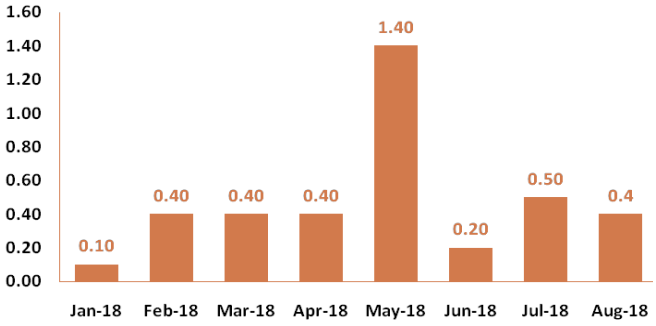
CHINA'S INDUSTRIAL PRODUCTION (Y/Y%)



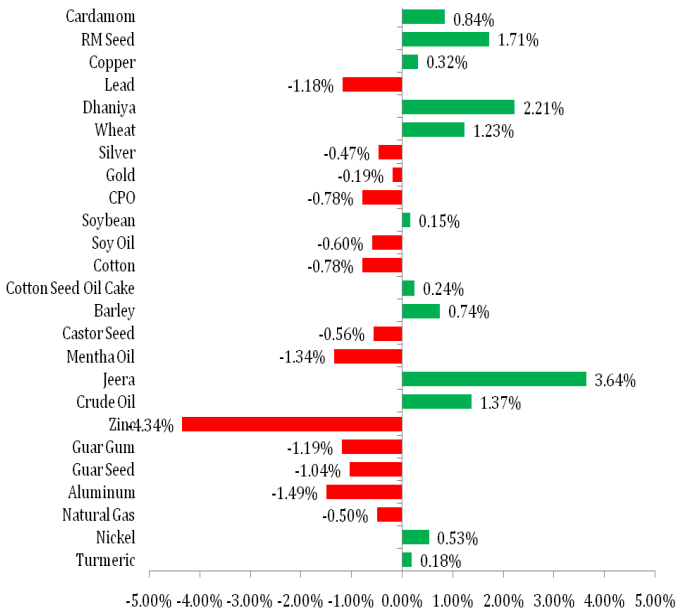
SERVICES PMI



WEEKLY STOCK POSITIONS IN WAREHOUSES (MCX)



SPOT PRICES (% CHANGE)



WEEKLY STOCK POSITION IN LME (IN TONNES)

COMEX WAREHOUSE STOCKS (IN TONNES)

Commodity	Previous week	This week	Change	% Change
Copper	187513	182359	-5154	-2.75%

SHANGHAI WAREHOUSE STOCKS (IN TONNES)*

Commodity	Previous week	This week	Change	% Change
Copper	136051	134566	-1485	-1.09%
Zinc	34168	37239	3071	8.99%
Aluminium	873155	853749	-19406	-2.22%

*Until Wednesday

LME WAREHOUSE STOCKS (IN TONNES)

Commodity	Previous week	This week	Change	% Change
Copper	238750	225900	-12850	-5.38%
Zinc	229550	218800	-10750	-4.68%
Aluminium	1059825	1046700	-13125	-1.24%
Lead	120500	118925	-1575	-1.31%
Nickel	237066	233592	-3474	-1.47%

Zinc –Defying Fundamentals

Zinc prices at LME have peaked in February reaching an 11 year high of $3595.50 per ton and currently, the prices notched a two-year low of $2283 per ton in mid-August which is around 33% free fall within the first half of this year. Similarly, at MCX futures platform the prices have shed from 232.70 per kg to 163.80 per kg in the six months of current year.

The prices initially at the beginning of the year rose due to tightened market supply conditions wherein the lower inventory levels at LME & SHFE tracked warehouses lent support for prices to climb higher. Over the time after prices attained highest levels, the market narrative switched to all the new upcoming mining projects which picked pace over higher metal prices. Since then the market perspectives are closely monitoring the demand side fundamentals which forced the prices in red zone due to weaker demand. The slowdown in Chinese construction sector involving the usage of zinc galvanized steel has been factored over the prices even before the US initiated the trade war with other countries. Due to a trade war fears and imposition of US-led import duties on steel had rattled the global economies adding a bearish pinch to the global metals segment.

Resulted by growing trade war concerns, the prices are in divergence with the fundamentals. Looking over the production patterns, Chinese refined zinc production in July was down 3.5% year-on-year and at 439,000 tons the lowest national run rate since August 2013. Although the outlook for steel sector remains apprehended as per monthly figures from National Bureau of Statistics, the trend of production is declining on MoM basis. Meanwhile, Chinese authorities vowed to bring forward various fiscal policies, including cutting taxes for stabilizing and making the economic conditions more soothing. Currently, Chinese smelter's margins had fallen and lower treatment fees are indirectly suggesting the shortage of raw material. As per fundamentals the outlook for Zinc - Global crude steel production rose 5.8% in June from a year ago, while the output from a top producer and consumer China rose 7.5%. Thus, we can conclude that the prices have collapsed beyond fundamentals and went into the oversold zone. Hence, the technical setup for recovery and support from the strengthening fundamentals outlook are likely to act as a signal for traders to build up a long position in near-term future.

INTERNATIONAL COMMODITY PRICES

Commodity	Exchange	Contract	7-Sep	14-Sep	% change
Soybean	CBOT	NOV	858.25	844.5	-1.6%
Soy oil	CBOT	DEC	28.3	27.78	-2%
CPO	BMD	DEC	2264	2222	-2%
Cotton	ICE	DEC	82.08	81.84	-0.3%

PRICES OF METALS IN LME/ COMEX/ NYMEX (IN US $)

Commodity	Exchange	Contract	7-Sep	14-Sep	% change
Aluminium	LME	3M	2063	2034	-1.4%
Copper	LME	3M	5880	5905.5	0.4%
Lead	LME	3M	2059	2037	-1.1%
Nickel	LME	3M	12335	12415	0.6%
Zinc	LME	3M	2403.5	2312.5	-3.8%
Gold	CME	DEC	1201.8	1198.3	-0.3%
Silver	CME	DEC	14.215	14.08	-0.9%
WTI Crude oil	CME	OCT	67.86	68.98	1.7%
Natural Gas	CME	OCT	2.775	2.769	-0.2%

MARKET STANCE

The Domestic currency added value by more than a rupee after the news of Prime Minister Modi is set to conduct an Economic Review meeting over the weekend, hit the news wires. Falling Rupee and rising fuel prices would be a top priority on the agenda. Expectations of government might incentivize the exports and would consider multiple other approaches to strengthen the rupee added speculative short positions during the week in USDINR pair. The ECB has confirmed that it would stick to its decision to cut down its lavish bond purchase program by 50% next month and completely avoid fresh buying by the end of this year. Market participants who were expecting the ECB would reverse its decision to cut the asset purchase program as the economy failed to show any signs of recovery in Q2. On the other edge, BOE has increased its confidence over UK economy largely backed by better than expected employment data. Softer than expected increase in prices in the US with CPI inflation increasing by 0.2% as against the market expectations of 0.3% also added weakness in Dollar Index. The outcome of the economic review meet would derive the Indian Rupee direction over the next week.

NEWS FLOWS OF LAST WEEK

- Emerging market currencies moved higher after the Turkish central bank raised the interest by 6.25% almost double the investors' expectations.
- Over to the international news, as universally expected the European Central Bank and Bank of England left interest rates unchanged at 0.00% & 0.75%.
- European central bank has confirmed its earlier decision that it would cut the bond purchase program to 50% next month and would completely avoid new purchases by the end of this year.
- China approached WTO on Tuesday to impose $7 Billion a year in sanctions on the United States in retaliation for Washington's non-compliance with a ruling dispute over US dumping duties.
- The Indian Rupee has got the much awaited verbal relief from the government as the government planned to conduct an economic review to decide on falling rupee and rising fuel prices. The dollar index was also moving lower supported by Policy decisions of ECB and BOE working towards trimming the bond purchase programs.

ECONOMIC GAUGE FOR THE NEXT WEEK

GMT Date	Local Time	Country	Indicator Name	Period	Poll	Prior	Unit
17-Sep	18:00	US	NY Fed Manufacturing	Sep '18	23	25.6	Index
18-Sep	19:30	US	NAHB Housing Market Indx	Sep '18	66	67	Index
19-Sep	14:00	UK	CPI MM	Aug '18	0.5	0	Percent
19-Sep	14:00	UK	CPI YY	Aug '18	2.4	2.5	Percent
19-Sep	14:00	UK	RPI MM	Aug '18	0.6	0.1	Percent
19-Sep	14:00	UK	RPI YY	Aug '18	3.2	3.2	Percent
19-Sep	14:00	UK	RPIX YY	Aug '18		3.3	Percent
19-Sep	14:00	UK	PPI Input Prices MM NSA	Aug '18	0.5	0.5	Percent
19-Sep	14:00	UK	PPI Input Prices YY NSA	Aug '18	9.2	10.9	Percent
19-Sep	14:00	UK	PPI Output Prices MM NSA	Aug '18	0.2	0	Percent
19-Sep	14:00	UK	PPI Output Prices YY NSA	Aug '18	2.9	3.1	Percent
19-Sep	14:00	UK	PPI Core Output MM NSA	Aug '18	0.2	0	Percent
19-Sep	14:00	UK	PPI Core Output YY NSA	Aug '18	2.1	2.2	Percent
19-Sep	18:00	US	Current Account	Q2 '18	-104.4	-124.1	Bln USD
19-Sep	18:00	US	Building Permits: Number	Aug '18	1.31	1.303	No. of(Mln)
19-Sep	18:00	US	Housing Starts Number	Aug '18	1.22	1.168	No. of(Mln)
20-Sep	18:00	US	Initial Jobless Claims	W 15 Sep	210K	204	Person
20-Sep	18:00	US	Continued Jobless Claims	W08 Sep		1.696	Person
20-Sep	14:00	UK	Retail Sales MM	Aug '18	-0.2	0.7	Percent
20-Sep	14:00	UK	Retail Sales Ex-Fuel MM	Aug '18	-0.2	0.9	Percent
20-Sep	14:00	UK	Retail Sales YY	Aug '18	2.3	3.5	Percent
20-Sep	14:00	UK	Retail Sales Ex-Fuel YY	Aug '18	2.4	3.7	Percent
20-Sep	19:30	US	Existing Home Sales	Aug '18	5.36	5.34	No. of(Mln)
20-Sep	19:30	US	Exist. Home Sales % Chg	Aug '18	0.2	-0.7	Percent

TECHNICAL RECOMMENDATION

USD/INR

USD/INR (Sept) Contract closed at 71.9450 on 14th September 18. The contract made its high of 73.02on 12th Sept and a low of 71.60 on 14th Sept 18 (Weekly Basis). The 14-Day Exponential Moving Average for USDINR currently stands at 71.60.

On the daily chart, the USD/INR has a Relative Strength Index (14-day) value of 64.31. One can Sell USD/INR at 72.30 for a target of 71.50 with a stop loss at 72.60.

EUR/INR

EUR/INR (Sept) Contract closed at 84.23 on 14th September 18. The contract made its high of 84.70 on 12th Sept and a low of 83.30 on 10th Sept 18 (Weekly Basis). The 14-Day Exponential Moving Average for EUR/INR currently stands at 83.20.

On the daily chart, the EUR/INR has Relative Strength Index (14-day) value of 69.60. One can Buy EUR/INR at 83.40 - 83.50 for a target of 84.20 with a stop loss at 83.20.

GBP/INR

GBP/INR (Sept) Contract closed at 94.40 on 14th September 18. The contract made its high of 95.03 on 12th Sept and a low of 93.23 on 10th Sept 18 (Weekly Basis). The 14-Day Exponential Moving Average for GBP/INR currently stands at 92.82.

On the daily chart, the GBP/INR has Relative Strength Index (14-day) value of 69.58. One can Buy GBP/INR at 94.00 -94.10 for a target of 95.00 with a stop loss at 93.50.

JPY/INR

JPY/INR (Sept) Contract closed at 64.33 on 14th September 18. The contract made its high of 65.09 on 10th Sept and a low of 64.06 on 14th Sept 18 (Weekly Basis). The 14-Day Exponential Moving Average for GBP/INR currently stands at 64.33.

On the daily chart, the JPY/INR has Relative Strength Index (14-day) value of 57.50. One can Sell JPY/INR at 64.50-64.60 for a target of 63.55 with a stop loss at 64.90.

WHY DID LARGECAPS UNDERPERFORM ?

Weak EPS growth of NIFTY (3.5% CAGR between FY13 and FY18) is the key reason why largecaps underperformed

	FY13	FY14	FY15	FY16	FY17	FY18	NIFTY EPS CAGR 13-18
NIFTY EPS	377	410	398	384	439	44833	3.5
Growth %	-	8.8	-2.9	-3.5	14.4	2.0	

REASONS FOR WEAK NIFTY EPS GROWTH

Metals & Mining

- Low prices in China and rest of World
- Low demand growth & large imports in India Corporate Banks & Financials
- Significant increase in stress in steel, power & infra sectors Higher provisioning on NPAs impacting profitability sharply

Utilities

- Change in CERC (Central Electricity Regulatory Commission) regulations

WHY LARGECAPS NOW ? NIFTY EPS GROWTH IS COMING BACK STRONGLY

	FY18	FY19E	FY20E	NIFTY EPS CAGR 18-20E
NIFTY EPS	448	524	668	22.1
Growth %	2.0	16.9	27.5	

PROFIT GROWTH IS DRIVEN BY FOLLOWING SECTORS

Metals & Mining

- Higher prices led by MIP (Minimum Import Price) in steel and higher global prices across metals.
- Growing Infra / Housing spends / improving volume growth

Corporate Banks & Financials

- Recognition phase of NPAs is largely over
- With falling slippages and increasing resolution of NPAs provisioning costs are expected to fall sharply

Utilities

- Capacity led growth

NIFTY EPS growth of 22% CAGR expected between FY18 and FY20

HDFC TOP 100 FUND (LARGE CAPS - THE WAY FORWARD)

HDFC Top 100 Fund (Large Caps - The Way Forward) and its portfolio as on Aug 31, 2018.

The fund invests predominantly in large cap stocks and has proven track record of ~22 years since inception across market cycles, several crisis, bubbles, market excesses, etc. (refer slide 5) CAGR of 20.3% since inception Vs 14% for BSE Sensex TRI as on July 2018 is a testimony to its investment performance.

Why HDFC Top 100 now?

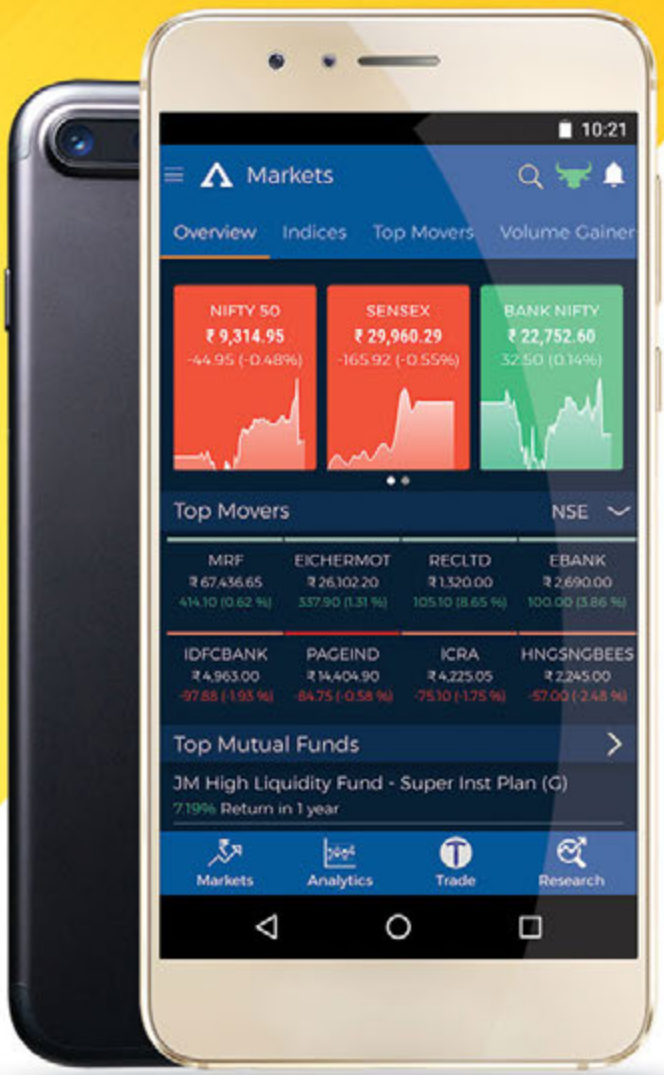
- **Largecaps have underperformed Mid and Small caps** over last few years due to weak earnings growth in Nifty businesses over the last 5 years
- **Strong earnings growth in Nifty businesses expected over the next two years,** making large caps relatively attractive (refer slide 8 & 9):

Investor awareness program organised by Karvy & NSE in Vijayawada

Investor Awareness Program organised by Karvy & CDSL in Nellore

THE VALUE OF STOCKS CHANGE EVERY MINUTE

TRADE BEFORE THE TIME TICKS



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