

# K ₹ STREET



**RULE THE MARKET**

ISSUE: 003



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## From The Desk Of Research Head

### Panic in NBFC space: Rating downgrade for IL&FS and its subsidiaries

ICRA on 17th Sept downgraded IL&FS financial services Ltd (IFIN) a subsidiary of IL&FS from A4 to D (default) and further the company has been removed from the rating watch list. The parent company IL&FS also has been downgraded from BB to D. The instrument was downgraded on account of the "recent irregularities in debt servicing of the company driven by the weakening of the company's liquidity profile and lack of funding" cited ICRA's note. The essential cause of the rating downgrade was a delay in meeting the commercial paper obligation by IFIN which was due on 14th September.

Investors raised the concerns over tightness in the money market (Call rate closed at 6.3% after breaching 6.7% in Friday's session from Wednesday's closing of 6.5%) amid continuing financial crisis at IL&FS further. The higher yield for the commercial papers is due to tight liquidity in the system. The stock prices of most NBFC's companies have seen a fall of 10-40% intraday on the news spread that DSP MF was forced to sell commercial paper of DHFL at a yield of around 11%. On the expectation that borrowing cost would rise due to high yields and further tight liquidity in the money market will give a tough time for housing finance companies and NBFCs to raise new funds.

The management of DHFL clarified that they have not defaulted on any bonds and their commercial book stands at Rs. 75,000 mn. The management stated that the company has sufficient cash reserves and is not facing any liquidity issues.

We believe there are concerns over short-term liquidity in the money market for commercial papers raised by NBFCs due to defaulting of IL&FS. The 10-year government bond yield is also at three-year peak of 8.07%, which would increase the cost of borrowings affecting their Net Interest Margins (NIM). We believe investors will wait and watch for the clear picture to emerge. This may cause a rise in volatility next week.

**- VIVEK RANJAN MISRA**

Head-Fundamental Research

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## NEWS

### Domestic Economy

- TDS, TCS Provisions Under GST To Come Into Effect From Oct. 1
- In a bonanza for small savers, the government has increased interest rates on schemes such as the National Savings Certificate and the Public Provident Fund by up to 40 basis points for the October-December quarter. The decision takes the interest rates on these instruments ahead of those on bank fixed deposits.

### Power

- PowerGrid gets shareholders' nod to raise up to ₹20,000 cr via bonds in FY20.
- Power sector: Stressed assets – Small lenders to submit the report by Oct 10.

### Automobile

- Mahindra and Mahindra Ltd (M&M) is renewing its focus on introducing bigger sport-utility vehicles (SUVs) and multi-purpose vehicles (MPVs) as it seeks to avoid a deeper foothold in the increasingly crowded compact SUV market, said four people aware of the plans.
- Tata Motors-owned Jaguar Land Rover confirmed a cut in its production schedule at the Castle Bromwich plant in the West Midlands region of England due to "continuing headwinds" impacting the British automobile industry.

### Banking

- SBI concludes \$650 million green bond issue; the Bonds will be issued through its London branch as 28 September 2018 and shall be listed on Singapore Stock Exchange and India International Exchange, GIFT City.
- The RBI's decision to cut down the term of YES Bank MD and CEO Rana Kapoor has left many in the industry surprised even as questions have now arisen over the private sector bank's succession plan.

### Telecom

- Jio Phone grabs 80% market share in sub-Rs 1,500 segment, claims Reliance Retail
- Bharti Airtel, Jio said to be among bidders for Aircel assets, according to Mint report.

### Oil & Gas

- India's government is planning to ask state oil firms to lock in their crude futures purchase prices, anticipating a spike when US sanctions on Iran snap back again in November.

### IT

- Infosys has begun bulking up its large deals team hires from IBM and CSC and is looking for people who can negotiate deals worth over \$100 million, as the company looks to boost revenue.
- HCL Technologies (HCL) has signed a deal with UK's grocery retailer Asda to drive its IT transformation. The three-year application services contract will see HCL transform Asda's IT Application Services with a new DevOps delivery model to drive data and analytics and support back-office applications through the full life-cycle of development, testing and support.

### Pharma

- Cipla has received approval from the US Food and Drug Administration for Palonosetron Hydrochloride injectable, which is available in the strength of 0.25 mg/5ml.

## INTERNATIONAL NEWS

- US sanctions China for buying Russia war planes, missiles. The sanctions are related to China's purchase of 10 SU-35 combat aircraft in 2017 and S-400 surface-to-air missile system-related equipment in 2018.
- Wells Fargo to reduce headcount by 5-10% in next 3 years.
- Oil stable, OPEC in focus after Trump call for lower prices.
- Possible October talks with North Korea on war remains: US.
- Shell wins 15-year deal to supply LNG for Chinese company's power plant.
- Aston Martin valued at \$6.7 billion in IPO pricing.
- Alibaba's Jack Ma says people should prepare for 20 years of China-US trade war.

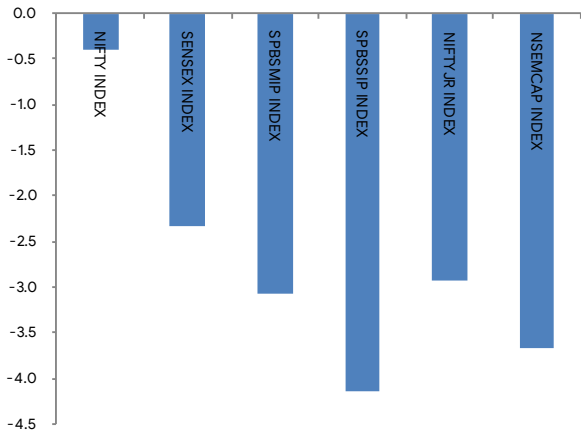
## TREND SHEET

Symbol	CMP	S2	S1	R1	R2	TREND
SENSEX	36841.6	36346	36594	37559	38276	Down
NIFTY	11143.1	10560	10851	11450	11757	Down
NIFTYBANK	25596.9	23935	24766	26715	27834	Down
YESBANK	226.50	147	187	298	369	Down
RELIANCE	1,217.50	1150	1184	1251	1285	Down
SBIN	270.60	236	253	288	306	Down
AXISBANK	599.20	528	564	634	669	Down
TATASTEEL	621.20	554	588	651	681	Up
MARUTI	8,040.15	7040	7540	8600	9160	Down
HDFC	1,839.40	1717	1778	1905	1971	Down
HDFCBANK	1,970.25	1855	1913	2025	2081	Down
BAJFINANCE	2,379.40	1853	2116	2651	2923	Down
ICICIBANK	317.10	294	306	331	345	Down

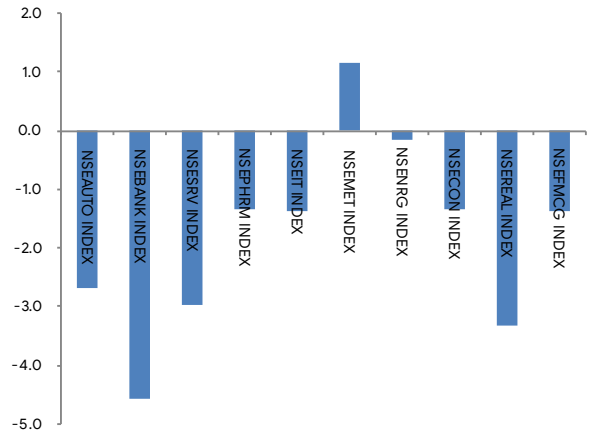
## FORTHCOMING EVENTS

Company Name	Ex Date	Purpose
GSB FINANCE LTD.	24-Sep-18	Dividend - Rs. - 0.25
HIND ALUMINIUM INDUSTRIES LTD.	24-Sep-18	Final Dividend - Rs. - 1.60
KNR CONSTRUCTIONS LTD.	24-Sep-18	Final Dividend - Rs. - 0.40
MULTIPLUS HOLDINGS LTD.	24-Sep-18	Dividend - Rs. - 0.20
OCEANAA BIOTEK INDUSTRIES LTD.	24-Sep-18	Final Dividend - Rs. - 1.50
OCEANIC FOODS LTD.	24-Sep-18	Final Dividend - Rs. - 0.25
VETO SWITCHGEARS AND CABLES LTD	25-Sep-18	Final Dividend - Rs. - 2.00
HINDUJA GLOBAL SOLUTIONS LTD.	26-Sep-18	Final Dividend - Rs. - 2.50
TANLA SOLUTIONS LTD.	26-Sep-18	Final Dividend - Rs. - 0.30
WEST LEISURE RESORTS LTD.	26-Sep-18	Dividend - Rs. - 0.10
ACCELYA KALE SOLUTIONS LTD.	27-Sep-18	Final Dividend - Rs. - 32.00
REDINGTON (INDIA) LTD.	27-Sep-18	Buy Back of Shares
KIOCL LTD.	28-Sep-18	Buy Back of Shares

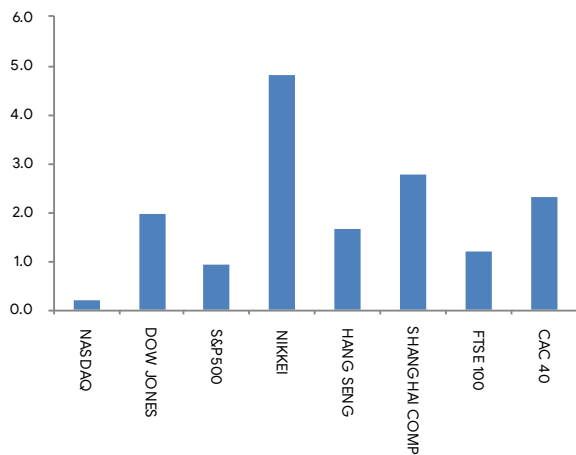
**INDIAN INDICES (% CHANGE)**



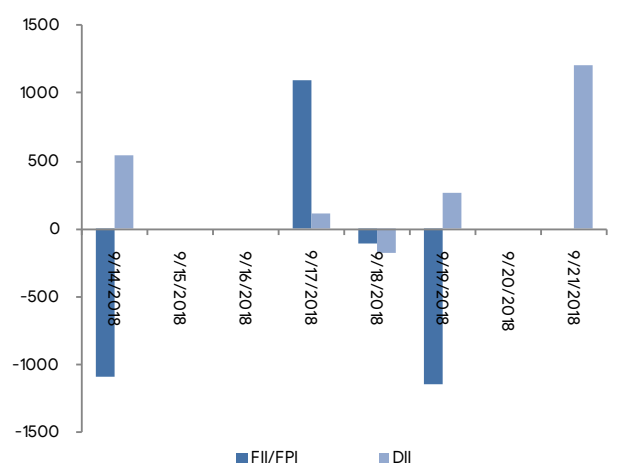
**SECTORAL INDICES (% CHANGE)**



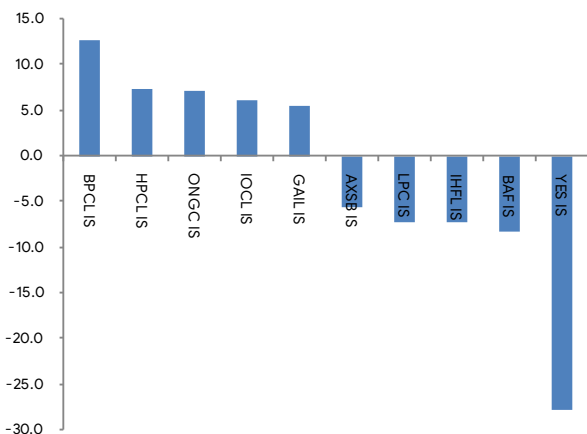
**GLOBAL INDICES (% CHANGE)**



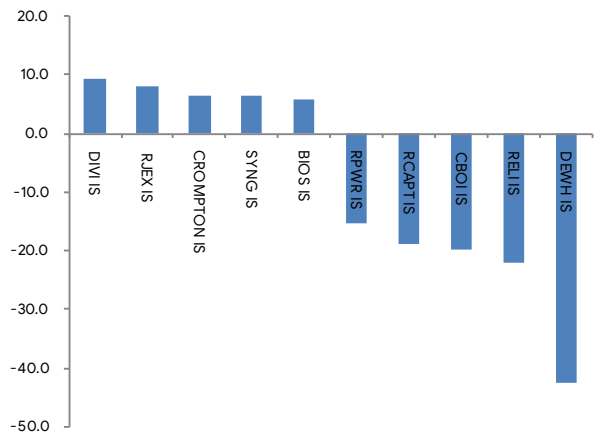
**FII/FPI & DII TRADING (IN RS. CRORES)**



**NIFTY MIDCAP100 TOP GAINERS & LOSERS (1W)**



**NSE NIFTY TOP GAINERS & LOSERS (1W)**



## BEAT THE STREET - FUNDAMENTAL ANALYSIS

### Bajaj Electricals

<b>CMP</b>	Rs.516
<b>Target Price</b>	Rs.670
<b>Upside</b>	30%



#### Investment Rationale

- BJE is one of the oldest and largest distribution networks in the consumer appliances space. It is a leader in several kitchen and domestic appliances with a presence across all price points' centers. It also has presence in the hi-end range of appliances with brands like Platini and Morphy-Richards in India.
- Recently the company acquired Nirlep which brings additional kitchen appliances into the retail outlet and company is expecting it to grow at 30% CAGR for next three-four years.
- Currently, EPC order book stands at Rs 76 bn which is 2.5x of FY19 EPC sales. The strong order book will bring growth in revenue and ensure stable profitability.
- EPC segment has shown an excellent performance with a sales growth of 44.1% YoY on the back of timely execution of the projects. The revenue from UP project is expected from next year, set up cost will impact the EBIT margin.
- The RREP program aims to increase reach and range of its products with dealers. It helps to increase the breath of its products and improvement in inventory management.
- RREP management's focus is to regain the lost market share in the consumer durable segment. The consumer has been witnessing a strong growth in volumes majorly in fans segment. The margins improvement is very substantial and has grown from 0.7% to 7.0%.
- The company boasts of one of the largest distribution networks in the consumer appliances space with presence not just in Tier I cities, but also in Tier II/III/IV cities and small towns, giving it a much wider and deeper reach as compared to most of its competitors.

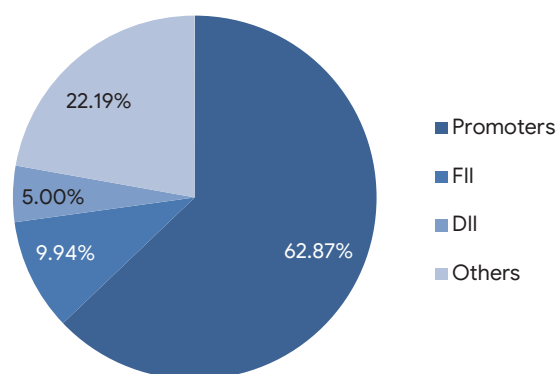
#### Valuation

At CMP 516, the stock is currently quoting at PE of 19x FY20E earnings. We reiterate our BUY rating on the stock with price target of Rs. 670 (PER of 25x FY20E).

#### VALUE PARAMETERS

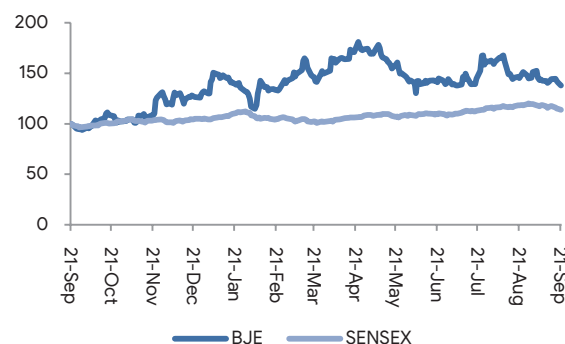
Face Value (Rs.)	2.0
52 Week High/Low (Rs.)	705/341
M.Cap (Rs. Bn/US \$mn)	53.94/740
EPS (Rs.)	17.1
P/E Ratio (times) (FY20E)	29.9
Dividend Yield (%)	0.7
Stock Exchange	BSE

#### % OF SHARE HOLDING



in Rs.Mn	ACTUAL		ESTIMATE	
	FY 18	FY 19	FY 20	
REVENUE	47164	53129	61792	
EBITDA	2935	3719	4634	
EBITDA(%)	6.2	7.0	7.5	
PAT	1730	2038	2717	
EPS (Rs.)	17.1	20.1	26.8	
ROE (%)	18.3	18.3	20.1	

#### P/E CHART





## BEAT THE STREET - FUNDAMENTAL ANALYSIS

# Talbro Automotive Components Ltd.

<b>CMP</b>	Rs.284
<b>Target Price</b>	Rs.361
<b>Upside</b>	27%



### Investment Rationale

- Talbro reported revenue of Rs. 1232 Mn during Q1FY19, up by 37.7% YoY mainly driven by the forgings segment which grew by 109% YoY, reporting Rs. 420 Mn. The order book for forgings stands at Rs.1600 Mn as on FY18 constituting a major portion from exports.
- Earnings are expected to grow at a CAGR of 33.8% and RoE is expected to increase by 383 bps by FY20E.
- Standalone gasket business is expected to gain traction on the back of improving share of business with OEMs and new export orders. We expect gasket (standalone) business to grow at a CAGR of 11% during FY18-20E.

### Joint Venture Performance

- Nippon Leakless (60:40 JV):** Revenue for Q1FY19 came in at Rs. 130 Mn, approx. 11.0% growth YoY driven by improving demand for HMSI (Honda Motors and Scooters India Ltd) and Hero Moto Corp. Volume growth of Hero and HMSI during Q1FY19 recorded 14% and 15% YoY respectively.
- Magneti Marelli (50:50 JV):** Revenue for Q1FY19 was Rs. 160 Mn, higher by 40% YoY, driven by increased share of business in the control arms division with Maruti Suzuki India Ltd (MSIL) as Talbro is a single source of supply for Baleno and Brezza. The estimated revenue from MSIL for control arms is Rs. 240 Mn per annum.
- Talbro Marugo Rubber (50:50 JV):** Revenue for Q1FY19 came in at Rs. 60 Mn as compared to Rs. 45 Mn during Q1FY18 posting a 33% growth YoY driven by higher supply of hoses to MSIL and Marugo Rubber, Japan. We expect revenue of Talbro Marugo to grow at a CAGR of 20% during FY18-20E.

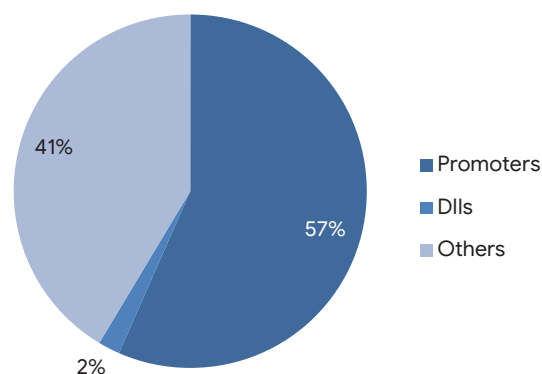
### Valuation

We value Talbro at P/E of 12.0x for FY20E EPS of Rs. 30.1 for a target price of Rs. 361, on the back consistent order inflows and improving RoE. The 5-year average fwd P/E is 9.0x. Hence recommend a "BUY".

### VALUE PARAMETERS

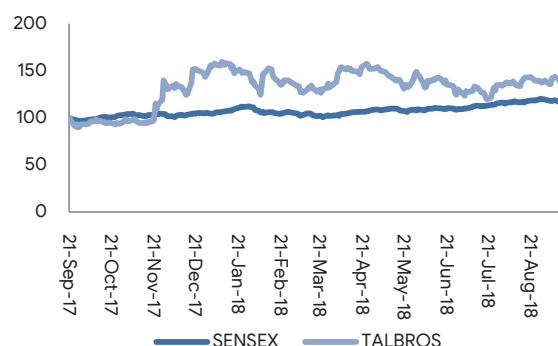
Face Value (Rs.)	10.0
52 Week High/Low (Rs.)	354/183
M.Cap (Rs. Bn/US \$mn)	3480/48
EPS (Rs.)	16.8
P/E Ratio (times) (FY20E)	9.43
Dividend Yield (%)	0.5
Stock Exchange	BSE

### % OF SHARE HOLDING



in Rs.Mn	ACTUAL		ESTIMATE	
	FY 18	FY 19	FY 20	FY 20
REVENUE	3930	4676	5437	5437
EBITDA	408	526	611	611
EBITDA(%)	10.4	11.2	11.2	11.2
PAT	207	292	371	371
EPS (Rs.)	16.8	23.6	30.1	30.1
RoE (%)	12.9	15.2	16.7	16.7
PE (x)	16.9	12.0	9.43	9.43

### P/E CHART



## BEAT THE STREET - TECHNICAL ANALYSIS

**JISLJALEQS** has been making repeated cycles of higher highs and higher lows on the weekly charts. The stock is correcting from the highs at 150.4 levels and is currently trading close to its support zone at Rs. 69-74 levels. Rs. 69 is the 78.4% Fibonacci retracement level of its previous rally starting from 46.80 levels to 150.4 levels. On the oscillator front, the 14 period RSI is trading at 34 indicating weakness and is placed near the oversold region indicating a reversal in the counter. Stock is having immediate resistance at 90 levels above which the next resistance is around 110-120 levels. On the monthly chart, the stock seems to be forming a primary

Stock	JISLJALEQS
CMP	79.85
Action	BUY
Entry	77-78
Average	70
Stop loss	65
Target 1	100
Target 2	120
Time Frame	5-6 months



reversal candle indicating a possible reversal from these levels. On the other hand, the stock has also corrected fairly in the recent days favoring better risk reward ratio from current levels for long term investors. From the technical perspective, the stock is still trading in the bullish zone till it trades above the crucial support levels of 48-50 on the lower side while any break above 90 levels may trigger fresh leg of rally towards 110-120 levels. From the short term perspective, the stock looks sideways but the long term structure of the stock seems to be bullish and can be accumulated on any corrections.

**ABB** has been one of the outperformers in the overall broader markets and has generated more than 20% returns in the short term time frame of one month. The counter has been showing strength in the weak market conditions in line with other power counters. The stock is in the cycle of higher highs and higher lows from the lows and is currently placed above its major support zones of 1300 levels on the daily charts. The stock has given Multi-year consolidation range breakout above 1300 levels on the back of increase in average traded volumes in past few weeks. On the other hand, the stock also re-tested the breakout levels in the recent past which is

Stock	ABB
CMP	1431.95
Action	BUY
Entry	1425
Average	1320
Stop loss	1240
Target 1	1750
Target 2	1850
Time Frame	5-6 months



considered as the best buying opportunity in the stock. On the oscillator's front, RSI (14) is trading in the comfortable zone trading well above its short and medium term moving averages fueling the bullishness in the stock. The overall chart structure looks very positive for medium term perspective with good price volumes action in the recent weeks. Even the Bollinger band (20, 2) is facing on the upper direction indicating the momentum is likely to continue towards the higher levels. We expect the counter to continue its outperformance in the coming trading sessions as well and may move towards 1750-1850 levels in medium term time frame of 5-6 months.

**BPCL** has rallied from 237 levels in February 2016 to 551.55 levels in October 2018 and corrected from there to 324.25 levels which is around 72% of the said rally and bounced back to settle above 50% retracement indicating the end of correction. Stock is trading above a breakaway gap created with good volumes indicating a fresh leg of rally from these levels. Adding to it, the Parabolic SAR and Heiken candlesticks is signalling positive trend on daily charts reflecting that the stock is well placed to move higher in the coming days. 14 periods RSI is trading above the 9 period averages in daily as well as weekly chart indicating positive momentum. The stock is trading

Stock	BPCL
CMP	376.5
Action	BUY
Entry	375
Average	330
Stop loss	320
Target 1	444
Target 2	485
Time Frame	3-5 months



well above 21/50 day exponential moving averages on daily charts indicating positive momentum in the counter for short to medium term time frames. On Bollinger bands daily chart, stock has tested the upper bands and the bands are expanding indicating positive momentum. At the current levels, the stock has given an excellent opportunity for medium term investors to accumulate the stock around 375 levels for the potential upside targets of 444-485 levels over the next 3-5 months, keeping a stop loss below 320 levels.

**PIDILITIND** is in a secular uptrend. The stock has formed a good support around 1030 levels which is acting as a good base for the last 3-4 months. On the other hand, the stock has hurdle around 1180-1190 levels, surpassing which it may see a rally towards 1340-1400 levels in near term.

On the monthly chart, the stock seems to be consolidating and is attracting buyers on every dip after a strong uptrend from 600 levels indicating large scale accumulation in the stock. The stock has been consistently closing above the 1090 mark for the last 8 weeks after having consolidated in the range of 1020-1090 levels.

Stock	PIDILITIND
CMP	1136.85
Action	BUY
Entry	1120-1130
Average	1030
Stop loss	980
Target 1	1340
Target 2	1450
Time Frame	3-5 months



From the technical perspective, the stock is trading well above all of its major moving averages on daily, weekly as well as monthly charts indicating strong positive momentum in the counter for all major time frames. On Bollinger bands on the monthly chart, the stock has tested the upper bands and the bands are expanding indicating positive momentum. On the oscillator front, the 14 periods RSI is placed above 50 levels on the daily, weekly as well as monthly charts indicating underlying strength and bullish bias in the counter. The Parabolic SAR is signaling a positive trend on the weekly charts as well as on the monthly chart as the stock price is placed above the parabola. Therefore, we recommend a buy in the stock for the upside target of 1340-1450 levels with stop loss placed below 980 levels for the time frame of 3-5 months.

## SECTORAL SNIPPETS

**NIFTYFMCG (30406.90)** has closed the week with a negative return of more than 1.5% ending at 30450.20 levels. The major losers were the index heavyweights like ITC along with EMAMILTD, BRITANNIA, GODREJCP, GODREJIND, MCDOWELL-N, JUBLFOOD, DABUR and COLPAL while on the flip side HINDUNILVR closed the week on a flat note. Adding to that, the index has witnessed significant fall from its life time high of 33167.90 levels which placed the index below its 21/50 DEMA on daily chart. On the technical indicator front, the 14-period RSI is trading below its 9-day signal line and poised with weak bias suggesting weakness in the index in near term. The MACD is also trading below the signal line on daily chart indicating weakness is likely to continue in the index in near term as well. Going ahead, the index is expected to trade with sideways to negative bias in the coming week. The immediate support for the NIFTYFMCG is pegged around 30,000-29,950 followed by 29,850 levels while on the higher side, the index may face resistance around 30,800 levels followed by 31,000 levels. Stock specific action is expected to be seen in the sector during the next week.

**NIFTYIT (15833.50)** traded with sideways to negative bias in the week passed by. Index closed on with cuts of less than a percent whereas broader market fell more than 3% in the week passed by. On the stock front, few stocks managed to outperform while few others succumbed to selling pressure; WIPRO 2.26%, TCS 2.25% & HCLTECH 1.62% managed to outperform the index as well broader market whereas TECHM -1.69%, INFY -3.22%, TATAELXI -3.41%, MINDTREE -3.43%, OFSS -4.3%, KPIT -7.8% & INFIBEAM -22.24% lost heavily last week. NIFTYIT index after steady rise in earlier sessions, took breather from last couple of sessions. Technically, index still holds in bullish territory; however, risk of profit booking can't be overruled. On the momentum setup, 14-period RSI on weekly as well daily time frame chart is cooling-off from 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 15580-15600 levels followed by 15250 levels while on the higher side, 16230 will work as an immediate resistance followed by 16400. Going forward, index on sustaining above 15600 is likely to consolidate further while failing to protect 15580, index may correct further towards 15200-15250 levels.

**BANKNIFTY (25596.90)** has closed in red by 5.64% underperforming the benchmark index Nifty which closed in red with a loss around 3.08% on weekly basis. BANKNIFTY lost 2.45% as YESBANK was under pressure and closed in red by 29.46% on last session of the week. On the stock front, stocks that ended in red were HDFCBANK, ICICIBANK, KOTAKBANK, SBIN, AXISBANK, INDUSINDBK, FEDERALBNK lost around 3.5% to 6% on weekly closing basis. Technically, the index has witnessed a strong rally from 23674 levels to 28388 levels on weekly chart and started to correct from these levels and tested the 61.80% Fibonacci retracement levels of the said rally on last trading session. Index is holding below its 21, 50 & 200-DEMA which is currently placed near 27121, 27220 & 26112 respectively affirming inherent weakness. On oscillator front, the 14-period RSI is trading below its 9-day signal line and poised with weak bias suggesting weakness in the index in near term. Going forward, the supports for the index are placed around 25320 levels and below it at 24800 levels. Whereas on the upside, resistance is placed around 25900 levels and above that around 26200 levels. On the overall front, we advise short term traders to exit on bounce and switch to defensive stocks of IT and PHARMA Sectors.

**NIFTYREALTY (248.70)** has ended the week on a negative note by around 5.09% underperforming NIFTY-50 which closed with a cut of around 3.08%. The breadth of the REALTY index was negative as 9 out of 10 stocks in the index ended on a negative note. PHOENIXLTD was the only stock which has seen gain in the week passed by closing with a gain of around 4.23% while IBREALEST, HDIL, GODREJPROP, OBEROIRLTY, UNITECH, DLF, SOBHA, BRIGADE and PRESTIGE closed on a negative note with a cut of around 16.23%, 15.03%, 12.28%, 9.48%, 7.97%, 5.09%, 3.29%, 2.36% and 1.94% respectively. Technically, the said index is trading well below its daily & weekly 21-day exponential moving average and is currently hovering around its swing support around 240 levels. The daily & weekly 14-period RSI is trading below its 9 periods EMA indicating a bearish bias. Going ahead for the coming week, the index has support at 240 zone and below it at 235 zone while resistance is pegged at 255 zone and above it at 260 zone. Going ahead, the index is expected to trade on a negative note as long as the resistance around 255 zone is held and is expected to edge lower towards 240 levels.



WEEKLY VIEW OF THE MARKET

**Nifty (11,143.10):** Nifty ended the truncated and turbulent week on a weaker note by 3.23%. Our indices witnessed one of the most volatile days on Friday over last few months as key indices swung around 4% in intraday trade. The sell-off or tremors on Friday in markets can be attributed to anxiety among investors over the debt market liquidity crunch. Decline in rupee and fears of widened current account deficit, merger of public sector banks fuelled fears of further consolidation in the banking space can be ascribed to the decline in markets over last few days. With rising bond yields globally, decline in the rupee and other global fears have triggered this drastic correction in NBFC counters over last few days. Going forward, for the week, we expect volatility clubbed with uncertainty to likely drive our indices. As we are entering the expiry week, we see expansion of ranges and India VIX is also trading at levels higher than 15 and these are also likely to fuel the volatile moves. On the technical front, the index is trading well below its all major moving averages depicting short term downtrend. However, the index has found support from its 200 days moving averages and bounced sharply from those levels indicating that buyers are interested to enter at lower levels. We expect the Nifty to trade in a broader range of 10900-11300 for the coming week.

DERIVATIVE STRATEGIES

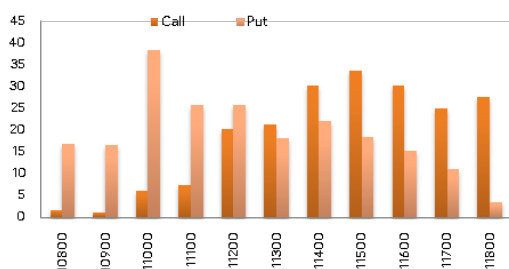
<b>Type:</b>	<b>Short Strangle in NIFTY</b>	
First leg	Sell one lot of NIFTY SEP 10850 PE @ 17	
Second leg	Sell one lot of NIFTY SEP 11350 CE @ 19	
Max Profit	2,700	
UBEP	11,386	
LBEP	10,814	
Max Loss	Unlimited beyond BEP'S	
Stop loss	58 (Cumulative Premium)	
<b>Rationale</b>	The index is expected to trade in the range of 10900-11300 levels.	

<b>Type:</b>	<b>Bear put in BANKNIFTY</b>	
First leg	Buy one lot of BANKNIFTY 27SEP 25600 PE @ 225	
Second leg	Sell one lot of BANKNIFTY 27SEP 25300 PE @ 125	
Max Profit	8000	
Max Loss	4000	
<b>Rationale</b>	The index is expected to trade with bearish bias; as the index is making lower lows and lower highs on the price chart.	

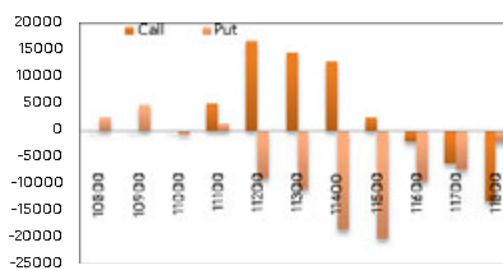
<b>Type:</b>	<b>Bull Call Spread in ONGC</b>	
First leg	Buy one lot of ONGC SEP 180 CE @ 3.85	
Second leg	Sell one lot of ONGC SEP 185 CE @ 1.55	
BEP	182.30	
Max Profit	10125	
Max Loss	8625	
Stop loss	174 (Spot Levels)	
<b>Rationale</b>	The stock has gained more than 4.50% for the week and has recovered all its losses of its second week of Sep and 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.	

<b>Type:</b>	<b>Bear Put Spread in UNIONBANK</b>	
First leg	Buy one lot of UNIONBANK SEP 75 PE @ 2.40	
Second leg	Sell one lot of UNIONBANK SEP 70 PE @ 0.85	
BEP	73.45	
Max Profit	20700	
Max Loss	9300	
Stop loss	77 (Spot levels)	
<b>Rationale</b>	The stock has given break down from last few months trading range and clocked fresh 52 week lows. The stock is also sustaining well below its all major moving averages and also the derivatives front witnessed short buildup in the week passed by, reaffirming underlying weakness in the counter.	

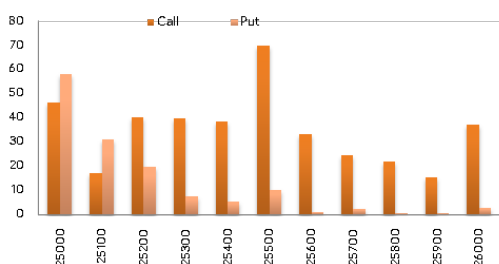
## NIFTY OPTION OI CONCENTRATION



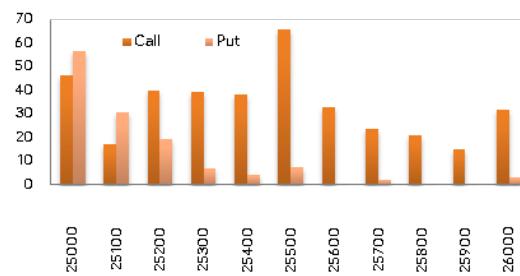
## CHANGE IN NIFTY OPTION OI



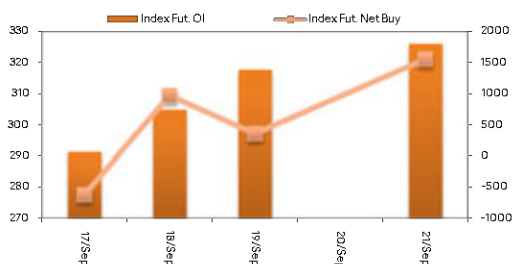
## BANKNIFTY OPTION OI CONCENTRATION (WEEKLY)



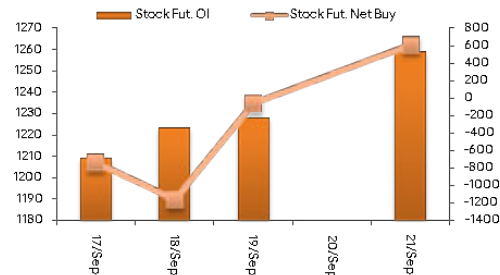
## CHANGE IN BANKNIFTY OPTION OI (WEEKLY)



## 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
TVSMOTOR	593.4	1.15	7608000	21.02
WIPRO	335.2	1.51	29193600	2.05
PIDILITIND	1136.9	0.02	3299000	1.54
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

## TOP 6 SHORT CLOSURE

Stock Name	LTP	% Price Change	Open Int	% OI Change
DIVISLAB	1387.95	4.39	2271200	-22.94
BPCL	376.5	6.21	10020600	-16.81
BIOCON	676.9	2.10	7054200	-10.84
MRPL	75.05	1.35	6259500	-9.73
M&M	959.9	0.84	14415000	-9.36
TATAGLOBAL	234.6	0.28	13657500	-9.05

## TOP 6 SHORT BUILD UP

Stock Name	LTP	% Price Change	Open Int	% OI Change
ALBK	37.85	-6.89	24882000	44.26
INDIANB	272.7	-15.39	5878000	38.18
OFSS	4011.9	-5.67	382200	37.28
JETAIRWAYS	229.45	-13.90	7230000	21.37
IGL	250.1	-8.09	5692500	20.63
AMARAJABAT	752.4	-6.06	1393700	19.15

## TOP 6 LONG CLOSURE

Stock Name	LTP	% Price Change	Open Int	% OI Change
BALRAMCHIN	79.1	-10.77	8624000	-49.26
TORNTPHARM	1729.75	-0.49	642000	-20.54
ANDHRABANK	29.45	-7.10	13468000	-19.19
DABUR	455.7	-2.68	13265000	-14.83
BALKRISIND	1085	-6.55	2544000	-13.87
TATAELSI	1295.65	-3.74	1762400	-13.81

## BULLION

Gold prices gained on Friday and recorded its first green closing after four weeks while the dollar traded near two month lows. The market is currently looking ahead to the next Fed Reserve policy decision due for next week on 26 Sep. As per the market expectation, Fed is likely to increase the interest rate by 0.25 points. The U.S which tracks the greenback against a basket of six major currencies was up 0.04% to 93.51. Despite the gain, the dollar struggled this week and dipped to 93.829 overnight, its lowest since July 9. The dollar prices were pressurised this week as demand for dollar went down amid new developments of US & China trade spat. The precious metal has dropped about 11.6% from a peak in April due to escalating US-China trade dispute and rising US interest rates were cited as catalysts for the selling in gold. Looking ahead, markets would be paying close attention to next week's Federal Reserve meeting. The US central bank is widely expected to hike rates and discuss paths for future rate hikes. The dollar was also under pressure after a report said that US and Canada are unlikely to reach an agreement on NAFTA this week.

## SPICES

Cardamom futures after brief correction prior week traded in positive note during the week. Prices recovered tracking lower crop output in the current season as heavy rainfall damaged crop in the vast area. However, major gains were limited on expectations of good arrivals at spot market due to picking activities. Presently, there is lack of export buying at the spot auctions on fears of strict rules by Saudi Arabia for the cardamom imports from India due to higher pesticide residue issue. Turmeric futures resumed its negative trend after short correction during the last week and tested multi month low of Rs.6440/quintal. Expectations of increased crop production backed by higher area and favorable weather conditions dragged the prices down. Sowing activities are almost complete with an area of 0.66 lakh hectare, up by 12% Y/Y from Telangana and Andhra Pradesh states, top growers of turmeric and it is also reported to be higher in Tamil Nadu and Maharashtra. Jeera futures mostly traded in a range with biasness towards the negative side. For the week, prices are to extend loss and test 18900 levels and resistance is seen at 20000 levels. Expectations of higher sowing area under crop in the upcoming sowing season to pressurize prices. Dhaniya futures were in the negative trend during the week testing low of 5080 levels. Higher quantity of deliveries during the September expiry will result in higher supplies to the spot markets. Hence, prices to trade lower amid limited demand. As the farmers have not got good returns from the past two seasons cultivating Dhaniya, they may shift to other remunerative crop thereby leading to fall in area.

## OILS & OILSEEDS

Soybean futures expected to trade in a limited range of 3200-3400 may keep bias on positive side due to slowing harvesting progress in Madhya Pradesh. Reports of heavy rainfall in major soybean growing districts in Madhya Pradesh could prompt speculators to cover their short positions at future platform. Moreover, improved export outlook of soybean meal due to expected rise in demand from China and other Asian countries could buoy prices in near term. China has reduced import tariff for Indian meal up to zero which may help domestic exporters to boost up their export in upcoming days. However, gains in soybean are likely to be temporary due to higher production outlook for India as well as for the world. USDA monthly supply and demand estimation report for the month of Sep revised global soybean production upwardly from 367.10 million tonnes to 369.32 million tonnes. Meanwhile, China slashed its forecast for 2018-19 soybean imports to 83.65 million tonnes, down 10.2 million tonnes from last month's estimate of 93.85 million tonnes, the Ministry of Agriculture and Rural Affairs said in its monthly crop report. Similarly, RM Seed futures could trade mixed to lower due to limited demand at physical market. Ongoing selling of mustard seed stocks by NAFED at below MSP level could impact market sentiments negatively. Likewise, CPO futures are expected to trade mixed to down due to increased production in Malaysia and Indonesia. MPOB released its production estimates for the month of August pegged production at 16.2 lakh tonnes against the 15 lakh tonnes of July wherein export slumped to 11 lakh tonnes. Inventory levels increased up to 24.9 lakh tonnes against the 22.10 lakh tonnes of prior month.

## BASE METALS

Base metals are the most affected commodities over the US led trade war with China with the fears of dismantled future outlook for the economies affecting demand and market expectations for prices. Copper prices have skyrocketed by the end of this week as the market expected the cool off in the trade tensions whereas the boost in the infrastructure sector in China is also expected to support the entire base metal segment. The other economic data flowing from China also shows that the impact of trade war has been less severe than what initially was expected. The steel linked metal, zinc is much affected by the news on imposition of steel tariffs and rise in production levels of steel from China. Also, China's move to pursue a more vigorous fiscal policy including cutting taxes, as authorities stepped up efforts to support growth amid rising economic headwinds. The following move would certainly boost demand for Zinc and other metals in the world's top consumer, China. Separately, US trade officials are pressing Mexico and possibly Canada to accept a quota plan to replace national security tariffs currently in place on imports of steel. Lead prices started off with a recovery from July month's fall tracking the offload of positions by traders resulted by easing demand from battery-makers in the physical market. Also, with Chinese lead smelters being forced to shut operations in light of fresh environmental inspections in place to crackdown the import of lead waste products has shaken the smelting industry. Nickel prices will outperform the other metals as Philippines is currently facing the shutdown of mines due to recent cyclone and heavy rains. Overall, the base metal complex is likely to revert the negative losses in prices as the effect of trade war has already factored in and the prices of basic base metals such as Iron ore, Copper & Aluminium might prompt the trend reversal in metal segment.

## ENERGY COMPLEX

During the start of week, oil prices breathed easy on concerns that US is poised to impose additional tariffs on China, outweighing supply fears from upcoming sanctions on Iran. Iran's OPEC Governor said that Saudi Arabia and Russia have taken the oil market "hostage" as US President Donald Trump seeks to impose fresh sanctions on Iranian oil sales. Later prices traded higher following the supply tightening in global markets indicated by the reports from IEA which suggested that US sanctions on Iran's oil export 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. Meanwhile, US energy companies this week added oil rigs for the second time in the last three weeks even as new drilling has largely stalled since June due to pipeline constraints in the country's biggest oilfield. As per EIA, US oil output from seven major shale formations is expected to rise by 79,000 barrels per day to 7.6 million bpd in October. Tracking the comments from Energy Ministers of major oil producers, OPEC Secretary General Mohammad Barkindo said that OPEC and non-OPEC countries aim to agree a framework for long-term cooperation by December, when the oil producers plan to meet in Vienna. Also Russian Energy Minister Alexander Novak said that current high oil prices of between \$70 and \$80 per barrel were temporary and were mainly driven by sanctions, adding that the long-term price would stand at around \$50 per barrel. As per current views, global crude oil market is not likely to balance till the end of this year and rising geopolitical uncertainties are expected to keep the price outlook on upfront for crude prices.

## OTHER COMMODITIES

Cotton futures are expected to trade sideways to lower during upcoming week in view of pick up in harvesting activities in major cotton growing states. Harvesting activities have commenced in northern region and expected to improve further in coming days. Meanwhile, narrowing gap in acreages between prior year and current year could be other factor which may keep prices under pressure. 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 US, China and Brazil. Cotton production in 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. Cotton acreages for year 2018-19 has reached up to 120.6 lakh hect against the 121.7 lakh hect of prior year. However, cotton prices may find support near Rs.21500 per bales levels due to rising concerns over deficit monsoon rainfall in major cotton growing states. Gujarat government pegged cotton production for year 2018-19 at 88.28 lakh bales of 170 kg each against the 101.87 lakh bales of prior year.

## TREND SHEET

Commodities	14-Sep	21-Sep	% Change	52 Week High	% Change from 52 Week High	52 Week Low	% Change from 52 Week Low
MCX Gold (Rs/10 gms)	30436.00	30565.00	0.4%	31620.00	-3.34%	28055.00	8.95%
MCX Silver (Rs/Kg)	36993.00	37481.00	1.3%	41698.00	-10.11%	36000.00	4.11%
MCX Crude Oil (Rs/bbl)	4950.00	5122.00	3.5%	5173.00	-0.99%	3218.00	59.17%
MCX Natural Gas (Rs/mmBtu)	199.70	213.60	7.0%	230.50	-7.33%	162.50	31.45%
MCX Copper (Rs/kg)	423.95	449.30	6.0%	493.25	-8.91%	402.55	11.61%
MCX Lead (Rs/kg)	146.50	144.80	-1.2%	172.50	-16.06%	137.25	5.50%
MCX Zinc (Rs/kg)	166.30	176.35	6.0%	232.70	-24.22%	163.80	7.66%
MCX Nickel (Rs/kg)	893.40	936.00	4.8%	1095.20	-14.54%	665.50	40.65%
MCX Aluminium (Rs/kg)	145.00	147.45	1.7%	178.85	-17.56%	128.30	14.93%
NCDEX Soybean (Rs/Quintal)	3251.00	3363.00	3.4%	3895.00	-13.66%	2754.00	22.11%
NCDEX Refined Soy Oil (Rs/10 kg)	735.05	731.30	-0.5%	796.35	-8.17%	654.20	11.79%
NCDEX RM Seed (Rs/Quintal)	4154.00	4227.00	1.8%	4262.00	-0.82%	3662.00	15.43%
MCX CPO (Rs/10 kg)	596.10	586.70	-1.6%	673.00	-12.82%	529.50	10.80%
NCDEX Castor Seed (Rs/Quintal)	4603.00	4752.00	3.2%	4790.00	-0.79%	3831.00	24.04%
NCDEX Turmeric (Rs/Quintal)	6500.00	6522.00	0.3%	8066.00	-19.14%	6316.00	3.26%
NCDEX Jeera (Rs/Quintal)	19650.00	19370.00	-1.4%	22360.00	-13.37%	14010.00	38.26%
NCDEX Dhaniya (Rs/Quintal)	4848.00	5090.00	5.0%	6021.00	-15.46%	4186.00	21.60%
MCX Cardamom (Rs/kg)	1401.70	1420.00	1.3%	1434.80	-1.03%	818.50	73.49%
NCDEX Wheat (Rs/Quintal)	2055.00	2026.00	-1.4%	2060.00	-1.65%	1575.00	28.63%
NCDEX Guar Seed (Rs/Quintal)	4269.50	4300.00	0.7%	4737.00	-9.23%	3465.00	24.10%
NCDEX Guar Gum (Rs/Quintal)	9237.00	9288.00	0.6%	10468.00	-11.27%	7200.00	29.00%
MCX Cotton (Rs/Bale)	22760.00	22270.00	-2.2%	24280.00	-8.28%	18180.00	22.50%
NCDEX Cocud (Rs/Quintal)	1672.50	1688.50	1.0%	1878.50	-10.11%	1166.00	44.81%
NCDEX Kapas (Rs/20 kg)	868.00	868.00	0.0%	1010.00	-14.06%	854.00	1.64%
MCX Mentha Oil (Rs/kg)	1721.20	1710.00	-0.7%	1991.90	-14.15%	1106.00	54.61%

## TECHNICAL RECOMMENDATIONS

### COPPER



Elliott wave analysis: According to the wave, count prices have completed Primary wave around \$2670/Mt in the month of May 2016. Also completed Primary wave two at a 61.8 % retracement of wave one around 1950 mark. Now primary wave three is in progress (Motive). From the current levels, prices are expected to move higher up to 2220 levels to complete intermediate wave of primary wave three. Overall, as per the Elliott wave theory, trend will be positive for coming quarter (O-N-D). Monthly MACD is above the "0" line indicating positive. Long term rising trend line and the Fibonacci 61.8% retracement is providing supports around \$1900 mark. Overall, in the coming few sessions the commodity is expected to move in the range of \$2200-1900 on positive bias. MCX September futures are expected to move in the range Rs. 141 to Rs. 147/Kg in the coming week

### GOLD



As on 21st Sep, 2018, LME 3M Zinc forwards are trading around \$2453/Mt. Technically speaking, prices have broken 8 & 13 EMA levels around 2400. In addition to this, prices have broken falling trend line resistance levels almost at same levels. In the weekly price chart, Engulfing candle stick pattern is in progress. Based on the above technical clues, we are expecting prices to move higher up to \$2500. Supports are seen around 2400/2380. MCX September futures are expected to move in the range of 175-184 in the coming week.

### CHANA



Chana October contract delivery futures at the NCDEX are trading around Rs. 3950/quintal. Since last few sessions, prices are trading within a confined range of 3850-4900. As per the technical study, trend is bearish, now prices are trading below the 8 & 13 EMA support levels, in addition to these moving averages bearish crossover has occurred. Based on the above technical clues, we are expecting commodity to resume bearish rally and to move lower up to 3800, support at 4100 levels.

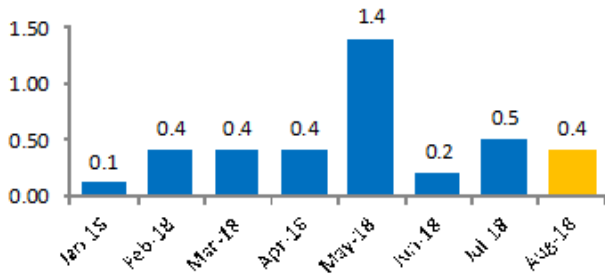
NEWS DIGEST

- China's diesel demand will grow at its fastest in at least five years as a pick-up in diesel-intensive sectors in the world's second-biggest economy coincides with lower output from domestic refineries.
- US President Donald Trump linked American support for Middle Eastern countries to oil prices on Thursday as he again urged OPEC to lower prices.
- The United States has sent mixed messages to OPEC and its allies over the last week about whether they need to do more to raise oil production and hold down prices.
- The global world refined copper market showed 45,000 tonnes deficit in June compared to a 50,000 tonnes deficit in May, the International Copper Study Group (ICSG) said in its latest monthly bulletin.
- As per ILZSG, lead is in surplus of 20,600 tonnes in July after a deficit of 4,700 tonnes in June.
- Brazilian's Nexa Resources is planning to invest for the next five years, an amount of \$1.17 billion in copper and Zinc projects in Peru and Brazil.
- Russian billionaire Alisher Usmanov is planning to raise \$1.25 billion from Russian banks to build a massive mining and metallurgical plant by the start of 2019.

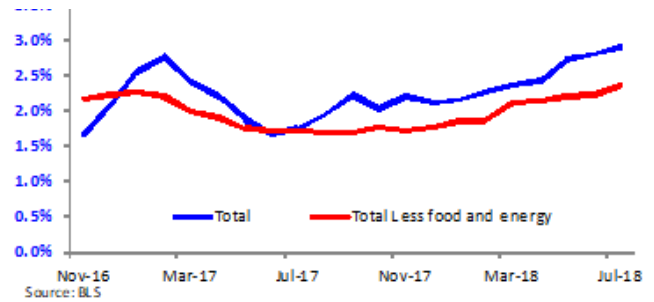
WEEKLY COMMENTARY

- China retaliated with tariffs on \$16 billion worth of US imports. China also said that it is ready to for negotiations. US President Donald Trump said US might make a deal at some point in time and his country is always ready for negotiations. China's richest man Jack Ma said the trade war could extend by more than 20 years.
- Home prices and property investment in China are expected to rise more this year than first thought, as tight controls in big cities continue to push buyers into less-regulated smaller markets.
- US yields were seen hovering around crucial 3% mark while Indian 10 year bond yield is also reluctant to move below 8%.
- US Office of Foreign Assets Control said Rusal, Russia's aluminium producer before the imposition of sanctions on April 6th could sign new contracts with the company without the risk of being hit with "secondary sanctions" themselves.
- Philippines President Rodrigo Duterte repeated a call to shut all mines in the country after deadly landslides. The Philippines is the world's second-biggest supplier of nickel ore.
- Oil prices spiked higher as Saudi Arabia said it is comfortable to see crude prices above \$80 at least in the short term until the global economy adjusts for supply contractions from Iranian sanctions.
- OPEC Secretary General Mohammad Barkindo said on Tuesday that OPEC and non-OPEC countries aim to agree a framework for long-term cooperation by December, when the oil producers plan to meet in Vienna. He also said that at a meeting in Algeria on Sep 23rd, oil producers will discuss the best mechanism to adopt to ensure that they reach 100 percent compliance with crude supply targets.
- As on Sep 20th, the total kharif area has registered a marginal increase of 0.61% over last year, though the southwest monsoon pattern has been erratic this year. Acreage under rice, the major kharif crop, has increased 2.36% with states such as Telangana, Karnataka, Madhya Pradesh, Punjab and West Bengal witnessing higher area under the cereal crop. Total area under rice stood at 385.85 lakh ha, higher than last year but lower than the normal for the season.
- Cotton output for kharif 2018-19 is estimated at 88.28 lakh bales (each of 170 kg), which is about 14% lower than the 102 lakh bales reported last year. Groundnut output is also likely to drop to 27 lakh tonnes which is about 11 lakh tonnes or about 29% lower than last year's 38 lakh tonnes.

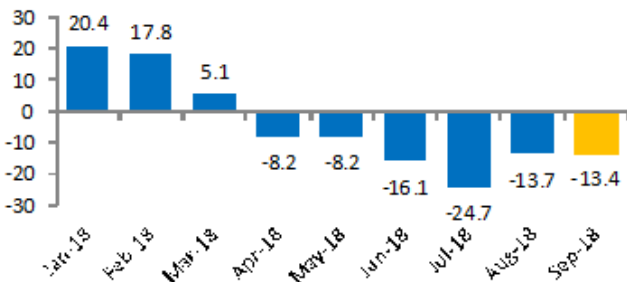
US RETAIL SALES GROWTH (% M/M)



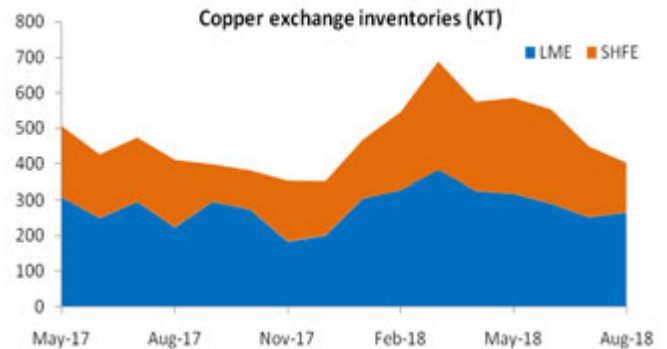
US INFLATION AND CORE INFLATION(%)



GERMAN GEW ECONOMIC SENTIMENT

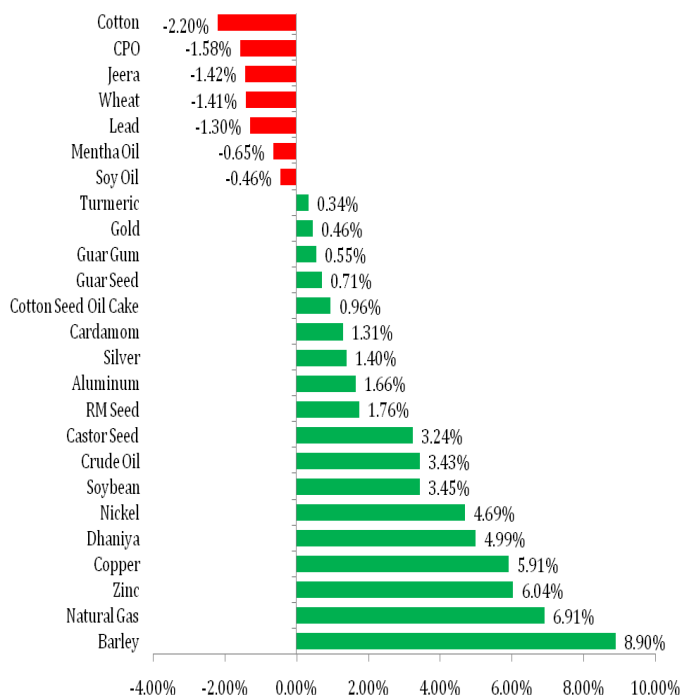


MONTHLY COPPER STOCK POSITIONS IN WAREHOUSES (LME)





## SPOT PRICES (% CHANGE)



## WEEKLY STOCK POSITION IN LME (IN TONNES)

### COMEX WAREHOUSE STOCKS (IN TONNES)

Commodity	Previous week	This week	Change	% Change
Copper	182359	177379	-4980	-2.73%

### SHANGHAI WAREHOUSE STOCKS (IN TONNES)\*

Commodity	Previous week	This week	Change	% Change
Copper	134566	111029	-23537	-17.49%
Zinc	37239	33819	-3420	-9.18%
Aluminium	853749	842630	-11119	-1.30%

\*Until Wednesday

### LME WAREHOUSE STOCKS (IN TONNES)

Commodity	Previous week	This week	Change	% Change
Copper	221925	216600	-5325	-2.40%
Zinc	215975	210100	-5875	-2.72%
Aluminium	1041025	1022450	-18575	-1.78%
Lead	118075	117025	-1050	-0.89%
Nickel	232212	231024	-1188	-0.51%

## Guar- Impact of Rainfall & Exports Outlook

Guar is sown in the month of June and July while in some places it is sown early (In first two second week of April). Jodhpur is an important part in North West for processing Gum. Guar seed crop totally depends on either rainfall or canal water. This year rainfall is expected to be low in North West region in Rajasthan due to uneven distribution of rainfall with the low water level in the canal system. It is known that till now around 33% rainfall was recorded in all over India which is the lowest percentage since its last 15 year records.

As some parts Like Ganganagar, Churu, Bikaner and Jodhpur are with the adequate amount of water for guar while some parts like Hanumangarh, Barmer, Jalore, Pali, Nagaur and Jaisalmer are still facing a deficit in water level since mid of July.

Despite substantial rise in guar acreage in Churu, Hanumangarh, Ganganagar, Sikar, Jhunjunu, Nagaur from the previous year but due to lack of rainfall during the monsoon in Churu and Ganganagar will lead to deficit in overall production of guar during the year 2018-19.

### EXPORT SCENARIO

In India, guar complex has made its unique identity and has become a monopoly commodity in the global market. In India, it contributes around 80% and 15% is contributed by Pakistan while the rest of the 5% comes from others. India has exported about 3.88 Lakh MT till July of the year 2017-18. In Nov, it was lower by 3.23% from the preceding period of previous year and expected to improve in demand till October 2018.

The US accounted for only 60% guar gum import from India and followed by other countries like China, Russia, and Germany. Due to drilling activities in crude oil and shale gas, gum used as an emulsifier but its prices are not much co-related with gum prices.

Emerging new gum industries and new alternative make gum market in India somehow weaker as gum is used as the emulsifier for hydraulic fracturing technique and helps as the lubricant. One of the main reasons for a deficit in gum demand in the global market is due to off-season demand by the US and other countries.

From last few weeks, depreciation in Indian rupee against the US dollar and trade spat between US and China added a positive sentiment for gum exporters and traders.

### INTERNATIONAL COMMODITY PRICES

Commodity	Exchange	Contract	14-Sep	21-Sep	% Change
Soybean	CBOT	NOV	844.50	872.75	3.35%
Soy oil	CBOT	DEC	27.78	27.82	0.14%
CPO	BMD	DEC	2222.00	2139.00	-3.74%
Cotton	ICE	DEC	81.84	78.54	-4.03%

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

Commodity	Exchange	Contract	14-Sep	21-Sep	% Change
Aluminium	LME	3M	2034.00	2056.50	1.11%
Copper	LME	3M	5905.50	6115.00	3.55%
Lead	LME	3M	2037.00	2010.50	-1.30%
Nickel	LME	3M	12415.00	12650.00	1.89%
Zinc	LME	3M	2312.50	2468.00	6.72%
Gold	CME	DEC	1198.30	1211.90	1.13%
Silver	CME	DEC	14.08	14.36	1.95%
WTI Crude oil	CME	OCT	68.98	70.77	2.59%
Natural Gas	CME	OCT	2.77	2.96	6.83%

## MARKET STANCE

The US dollar is being sold off right now for four reasons:

- Failed trade talks with Canada.
- Milder US tariffs—of 10 percent rather than 25 percent—against Chinese goods have reduced dollar demand.
- China's assertion that it will not devalue its currency further reduced demand for dollar.
- Some FX traders are also viewing the Fed's expected rate hike next week as a sell signal for the dollar.
- The Indian rupee has seen some appreciation against the dollar but seems to be limited holding around 71.60-71.80 levels as the markets await the Fed's policy next week.

## NEWS FLOWS OF LAST WEEK

- The Indian government was seen confident of maintaining 3.3% fiscal deficit according to the economic review meeting concluded last week.
- Trump administration has decided to impose tariffs on goods of \$200 Billion worth of imports from china which comes into effect from 24th Sep.
- With investor optimism carrying the major US indices to record highs and a healthier risk appetite throughout the week, the US equities witnessed strong gains yesterday, leading all the major currencies to trade sharply higher. The trade relief, for now, is the main reason for a stronger investor sentiment.
- The dollar index had a major setback yesterday, where it dipped from 94.50 level to 93.80 as euro and pound gained. The downside in the index seems to be limited given the Federal Reserve policy meeting next week.

### CURRENCY TABLE

Currency Pair	Open	High	Low	Close
USD/INR	72.50	73.04	74.76	72.26
EUR/INR	84.21	85.38	84.08	85.04
GBP/INR	94.69	96.20	94.69	95.32
JPY/INR	64.60	65.27	63.55	64.16

### ECONOMIC GAUGE FOR THE NEXT WEEK

GMT Date	Local Time	Country	Indicator Name	Period	Poll	Prior	Unit
25-Sep	19:30	US	Consumer Confidence	Sep	131.3	133.4	Index
26-Sep	19:30	US	New Home Sales-Units	Aug	0.637M	0.627M	Number of
26-Sep	23:30	US	Fed Funds Target Rate	26 Sep	2-2.25	1.75-2	Percent
27-Sep	11:30	UK	Nationwide house price mm	Sep		-0.5%	Percent
27-Sep	11:30	UK	Nationwide house price yy	Sep		2.0%	Percent
27-Sep	14:30	EU	Consumer Confid. Final	Sep		-2.9	Net balance
27-Sep	18:00	US	Durable Goods	Aug	1.7%	-1.7%	Percent
27-Sep	18:00	US	GDP Final	Q2	4.2%	4.2%	Percent
27-Sep	18:00	US	Initial Jobless Claims	17 Sep, w/e		201k	Person
28-Sep	14:00	UK	GDP QQ	Q2		0.4%	Percent
28-Sep	14:00	UK	GDP YY	Q2		1.3%	Percent
28-Sep	14:30	EU	HICP Flash YY	Sep	2.0%	2.0%	Percent
28-Sep	14:30	EU	HICP-X F&E Flash YY	Sep		1.2%	Percent
28-Sep	18:00	US	Consumption, Adjusted MM	Aug	0.4%	0.4%	Percent
28-Sep	19:30	US	U Mich Sentiment Final	Sep	96.0	100.8	Index

## TECHNICAL RECOMMENDATION

### USD/INR



USD/INR (Sept) Contract closed at 72.26 on 21st Sep. The contract made its high of 73.03 on 18th Sep and a low of 71.76 on 21st Sep (Weekly Basis). The pair reversed from the higher levels and unable to violate 73.05 levels, RSI (relative strength index stands at 61.65 while MACD remains above zero line with strong supports at 71.75 levels).

Traders can utilize buy on dips for the week at 71.90-71.80 SL 71.65 TGT 72.45-72.60

### EUR/INR



EUR/INR (Sept) Contract closed at 85.04 on 21st Sep. The contract made its high of 85.3875 on 18th Sep and a low of 84.08 on 17th Sep (Weekly Basis) and continued its ongoing trend on the upside, the pair trades above the 20DMA & 50DMA with MACD remaining above the zero line.

Meanwhile, Relative strength index remains at 70 (overbought) and likely to see some correction but traders can utilize the dips to initiate long. BUY EURINR FUT 84.65-84.50 TGT 85.50 SL 84.28

### GBP/INR



GBP/INR (Sep) Contract closed at 95.32 on 19th Sep. The contract made its high of 96.20 on 19th Sep and a low of 94.69 on 17th Sep (Weekly Basis) the pair traded with a higher top and higher bottom while traded above the 20DMA & 50DMA.

Meanwhile, Relative Strength index placed at 70(overbought). Traders can fade the rallies for the week. SELL 95.75-96.00 TGT 95.00 SL 96.25

### JPY/INR



JPY/INR (Sept) Contract closed at 64.16 on 21st September 18. The contract made its high of 65.27 on 18th Sept and a low of 63.55 on 21st Sep (Weekly Basis). The pair trades below the 20DMA while MACD having a bearish crossover while 50DMA supports comes at 63.35 with RSI (relative strength index) placed at 52.

Traders can fade the rallies for the week 64.35-64.50 TGT 63.40 SL 64.70

## INVEST WITH THE BEST AND THE BIGGEST..!

A Focused equity portfolio has been on our wish list for a long period of time. And post re-categorization, we saw a key fundamental attribute change in the ABSL Top 100 Fund that became ABSL Focused Equity Fund. This portfolio has seen a huge makeover from a 80+ stock portfolio to now a 30 stock portfolio. However, the positioning of the fund still remains in the large cap segment.

### BELOW IS A SHORT NOTE ON ABSL FOCUSED EQUITY FUND IN NEW AVATAR.

#### What

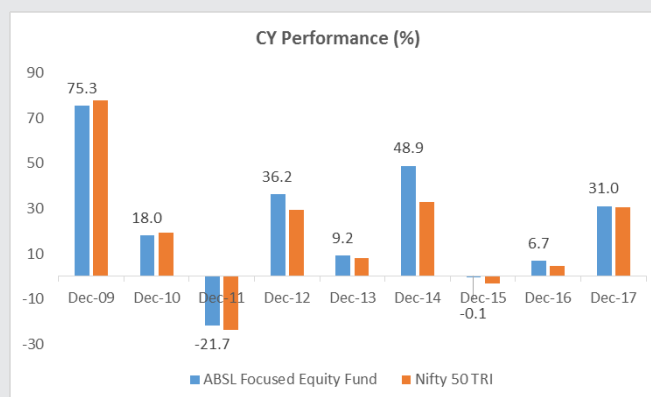
- Large cap focused investing in maximum 30 stocks
- Marginal exposure to largish midcaps stocks to enhance returns (approximately in the range of 0-15%)

#### Why

- Holds a portfolio of quality blue-chip stocks, which are;
  - » Widely recognised
  - » Reputable & financially sound
  - » Relatively stable performance
  - » Ability to perform across market cycle
- Lower volatility in returns compared to peers as well as other Equity category funds
- The fund has consistently beaten its benchmark (Nifty 50 TRI) for 8 out of last 10 calendar years

#### Whom

- Conservative to moderate risk investors, with atleast 3-5 years of investment horizon



#### Whats changed post categorisation?

NOMENCLATURE	ABSL TOP 100 FUND	ABSL FOCUSED EQUITY FUND
MARKET CAP ORIENTATION	Large Cap (Midcap exposure 0-15%)	Large Cap Focused (Midcap exposure 0-15%)
NO OF STOCKS	Over 60	Maximum 30
SECTOR DEVIATION	Benchmark hugging	Active deviations
CONCENTRATION / PER STOCK	Top 10 stocks >=50% + Long tail	Average stock holding ~2%-4%

Given the more focused approach, the risk reward proposition has also changed and this strategy is more aggressive compared to its earlier avatar.

## PERFORMANCE OF ABSL FOCUSED EQUITY FUND

Performance as on 7th Sep 2018										
Scheme	AUM(Rs Cr)	180 Days	1 Year	2 year	3 year	5 year	7 year	10 year	12 year	Inception
Aditya Birla Sun Life Focused Equity Fund	4262.55	8.35	6.07	10.79	14.3	19.39	15.81	14.49	12.88	14.88

# DEMATERIALIZATION

## IS MANDATORY

### STEPS TO TRANSFER SHARES FROM ONE DEMAT ACCOUNT TO ANOTHER

Fill the DIS form  
& submit to your  
current broker

Your broker will  
send request to  
depository  
(NSDL/CDSL)

Depository shall  
transfer the shares  
to your new Demat  
Account

Shares shall reflect  
in your new Demat  
Account

### STEPS TO CONVERT PHYSICAL SHARES TO DEMAT

1

Investor  
surrenders  
the physical  
certificates  
to the DP

2

DP informs  
the  
Depository  
about the  
request

3

DP submits the  
certificates to the  
Registrar of the  
issuer company

4

Registrar  
communicates  
with the  
depository to  
confirm the  
request

5

Dematerialization  
of the certificates  
is done by the  
Registrar

6

Registrar  
informs the  
depository about  
completion of  
dematerialization

**Ministry of Corporate Affairs under Government of India has set 2<sup>nd</sup> October, 2018 as a deadline to convert all existing physical shares of the unlisted companies to demat form and also made it mandatory for these companies to issue shares in demat form only.**

As per the notification:

- Buyback, bonus issue and rights issue cannot be issued by these companies unless securities of company's promoters, directors, etc. are in dematerialised form.
- Any investor who holds shares in unlisted companies has to get it dematerialised if he wants to transfer shares
- Any investor who wants to buy shares through private placement or avail bonus shares and rights issue has to hold shares in dematerialised form.

All unlisted companies are required to secure ISIN from CDSL or NSDL for each type of security.

Karvy being a pioneer in the financial realm since 3 decades and providing depository and RTA services as well can facilitate the process of dematerialisation of existing shares and also offer demat account opening facility.

#### Q. What is the main objective of a Demat account?

The main objective of a demat account is to facilitate easy trade and transfer of the shares and also enable an investor to get the benefits of corporate actions like bonus shares, dividend, rights issue, etc.

#### Q. How many accounts can I have?

- You can open more than one Demat Account.
- You can hold shares, debentures, bonds, NSC, KVP in a single Demat Account.
- You can save charges on multiple accounts by consolidating your holdings into one account, if there are no other compelling reasons to keep separate accounts.

#### Q. Can I take a loan on my demat holding?

1. Yes, you can pledge the securities in your account in favor of a lender to avail a loan.

#### Q. Is there nomination facility in Demat Account?

- Nomination can be made only by individuals holding beneficiary accounts either singly or jointly.

- The Nominee needs to complete a few formalities with DP and get the securities transferred into his/her account.

#### Q. Do I have to contact all companies for any updation in my personal details?

For your demat shares, your one point contact for all the changes/updation is DP.

#### Q. What precautions should I take to prevent misuse of securities lying in my account?

- Keep DIS book in safe custody.
- When writing an instruction on the DI Slip, strike-out the empty spaces.
- Change your password frequently if you are using internet facility for your Demat Account.
- Before giving Power of Attorney (POA) to any person operating your Demat Account, understand the contents and implication of such POA.

#### Q. How much do I pay for my Demat Account?

1. You can pay Rs. 650 as an account opening fee and enjoy many exclusive offers\*.

#### Q. Whom should I contact in case of any queries?

1. You can call on our toll free no 18004198283 or write a mail at service@karvy.com.

#### Q. What all documents are required to Open Demat Account?

1. To open a demat account, you need a mobile number linked to Aadhaar, active mobile number, PAN card, digital signature, cancelled personalized cheque.

#### Q. What if I already have a Demat account with another Depository Participant?

You can open a trading account with us and link it to your existing demat account. Alternately, you can open a new trading and demat account with us, transfer your securities and funds to the new account and close the older account.

#### Q. Things to check before Opening Demat Account

Before opening a demat account, one should always check the brokerage charges, annual maintenance charges, any other charges if applicable, technology and trading platforms and other supporting value-added features and customer services.

#### Q. Various Types of Demat Account

At Karvy, we offer customized solutions to meet every investor's unique requirements. You can opt for only demat or only trading account, demat and trading account with access to trading equity, commodity, currencies, mutual funds and other exchange-traded securities.

# Refer a Friend to Karvy

Help them enter the world of financial investments and security.

REFER NOW

Get Rs. **400\***  
instant cashback per referral

+

Extra Rs. **5500\***  
brokerage reversal for your friend

#### Terms and Conditions

- You can refer any number of referrals.
- Applicable for accounts opened only through online mode and first trade within 30 days of account opening with minimum brokerage of Rs.100/- being generated during the period.
- Incentives would be rewarded once your referral account is active and client is generated.
- Every referral gets to open a demat and trading account with a minimum amount of Rs.650/- and Rs. 10,000 margin amount.
- Your referrals can get up to Rs. 5000 of brokerage reversal for trades performed in the first month after activation.
- Rs. 400/- cash back will be credited in your ledger and you will get Amazon voucher worth Rs. 500.
- Cash Back will be credited to your ledger within 30 days of trade.
- If referral does not trade for continuous 3 months, the account and offer would be deactivated.
- This offer is for limited period and cannot be clubbed with any other offer.
- All mentioned amounts are exclusive of statutory levies and taxes.
- Management reserves the right to modify any terms and condition or facet of the scheme or cancel the scheme with or without prior intimation.
- Management is duly indemnified of all errors and omissions or liability pursuant to the scheme.

\*Limited period Offer