

MONTHLY OVERVIEW

February 2020

SERVICES



MARGIN



IPO BONDS



COLLECTRAL



ENCASH



E-MARGIN



BROKERAGE BENEFITS



MUTUAL FUND



COVER



HNI SERVICES



NRI SERVICES



EQUITY SIP



BUSINESS PARTNERS



Nifty started the new calendar year 2020 on a negative note as it snapped the upside momentum of the last four months. Nifty hit the life high level of 12430 but failed to sustain at higher levels. Post budget announcements due to disappointments Nifty saw a sharp dip. It was the worst Budget-day performance by the index in at least 11 years. On the global front, Coronavirus may have serious repercussions, on the economy worldwide including India which is a factor of concern. The short-term Nifty trend has reversed to negative and investor should take benefit of this opportunity to build a portfolio of quality stocks with a longer-term perspective. It is advisable to accumulate quality stocks in a staggered manner. Few stocks like **LT, ICICIBANK, TITAN, TCS, LTTS, FINPIPE, HINDUNILVR, INDHOTEL, PETRONET, HDFCLIFE, ICICIPRLI, SBILIFE, TRENT, TATAELXI,** and **NAM-INDIA** can be considered for accumulation with 2-3 years of the horizon.

Nifty 50 - Overview



Source: F7Net

Nifty Outlook

January was not a very cheering month for Nifty as it recorded losses of 2% after an excellent rally of four consecutive months. In January, the foreign institutional investors (FIIs) turned net sellers with huge net outflow Rs.5359 crores from domestic equities against the December month net inflow Rs.694 crores. On the other hand, DII turned net buyers with a net inflow of Rs. 1073crores in January, against the net outflow of Rs. 740 crores of December month.

On the Monthly chart, Nifty has formed a small body negative candle with a longer upper wick which is showing selling from higher levels. Nifty has created this candle by violating the rising trend line resistance level so it can be considered as a false breakout. The uptrend higher-high higher-low candle sequence remained unbeaten till January. However, on the first day of February itself after budget announcements, Nifty breached this sequence of candles. Nifty till holding the monthly swing low of 10637 a long-term bias will remain positive. As per the weekly chart pattern, Nifty rallied for 21 weeks from the low 10637 to the high of 12430. Hence correction of few weeks or till the 50% retracement level i.e. 11533 or 61.8% retracement level i.e. 11322 can be very much possible. As per daily chart pattern, in the January month, Nifty momentum was divided into two halves. In the first half of the month, Nifty rallied while in the second half of the month it gave away all the monthly gains and shifted into negative zone. The daily chart pattern is indicating short-term weakness. Nifty has breached the 50DMA support level i.e. 12131 during the month of January. It breached the 100DMA level and also violated the very important 200DMA level post-budget announcements. It is of paramount importance for Nifty to hold the 200DMA support level otherwise further selling will emerge. Nifty till not reclaiming the level of 12272 which is the recent swing high the short-term bounce may get sold off. The medium-term positive trend will remain intact till Nifty holds the levels of 11500. The budget impact is unlikely to last long so for investors it's an opportunity to invest in quality stocks. The next immediate trigger for the market will be RBI policy stance while the coronavirus fears will also impact the short-term trend of the market.

Nifty Outlook:			
Short-term	Neutral	Monthly Closing	11962
Medium-term	Neutral to Positive	Monthly High	12430
Long-term	Bullish	Monthly Low	11929
		Monthly Bias:	Neutral
		Support Level:	11300 11000
		Resistance Level:	11950 12280
		Moving Average	
		Period	SMA
		50 Days	12131
		200 Days	11654
		200 Weeks	10190

Source: F7Net

Nifty Bank - Overview



Source: F7Net

Monthly Closing	30833	
Monthly High : 32465	Monthly Low : 30521	
Sector Bias:	Neutral	
Support Level:	28870	27500
Resistance Level:	31375	32100

Sector Outperformers
FEDERALBNK
KOTAKBANK

Sector Underperformers
YESBANK
INDUSINDBK

It was not a good start of Calendar year 2020 for Bank Nifty. During January, Bank Nifty has underperformed the Nifty index by posting losses of over 4%. After four consecutive months of rally, the index experienced a dip. Both PSU, as well as Private Bank stocks, drifted lower in January, however, the PSU bank stocks have underperformed its peers. On the monthly chart, Bank Nifty has formed a strong negative candle after a Doji kind of candle of the previous month. It also traded the previous month's low so it can be considered as short-term reversal which we indicated in the previous month's report. Bank Nifty has reverted from the rising trend line resistance as per the monthly chart pattern. Bank Nifty rallied from the low of 26560 to the high of 32502 and after that started showing signs of weakness. It has breached 38.2% retracement level of this move; the 50% retracement level is placed at 29586 while the 61.8% retracement level is placed at 28872 levels. As per the daily chart pattern, after some volatility in the early weeks of trading Bank Nifty started showing the downside momentum. Bank Nifty moved below 50DMA support level in mid of the month and post-budget announcements it also breached the 200DMA (30088) and 100DMA (30512) levels which is a sign of weakness. Bank Nifty till not reclaiming the recent swing high of 31375 any short-term bounce may get sold off. Investors should accumulate quality value picks in dips. Few stocks like ICICIBANK, INDUSINDBK, DCBBANK, SBIN, FEDERALBANK, and KOTAKBANK with a long-term perspective. Market participants are now keeping an eye on RBI monetary policy announcements.

Event Calendar

Date	Event	Period	Survey	Prior
01-Feb-20	India Budget			
03-Feb-20	Markit India PMI Mfg	Jan	--	52.7
05-Feb-20	Markit India PMI Composite	Jan	--	53.7
05-Feb-20	Markit India PMI Services	Jan	--	53.3
06-Feb-20	RBI Repurchase Rate	Feb-20	5.15%	5.15%
06-Feb-20	RBI Reverse Repo Rate	Feb-20	4.90%	4.90%
06-Feb-20	RBI Cash Reserve Ratio	Feb-20	4.00%	4.00%
12-Feb-20	CPI YoY	Jan	--	7.35%
12-Feb-20	Industrial Production YoY	Dec	--	1.80%
12-Feb-20	Trade Balance	Jan	--	-\$11250.0m
12-Feb-20	Exports YoY	Jan	--	-1.80%
12-Feb-20	Imports YoY	Jan	--	-8.80%
14-Feb-20	Wholesale Prices YoY	Jan	--	2.59%
27-Feb-20	Bloomberg Feb. India Economic Survey			
28-Feb-20	GDP YoY	4Q	--	4.50%
28-Feb-20	GVA YoY	4Q	--	4.30%
28-Feb-20	GDP Annual Estimate YoY	2020	--	6.10%
28-Feb-20	Fiscal Deficit INR Crore	Jan	--	123891

Technical Pick – TRENT Ltd.



Source: F7Net

Script Name	Recommendation	Market cap (Cr)	Target	Stop Loss	Time Horizon
TRENT (574.65)	Buy in the range of 560-580	21078	730-820	479	6-9 months

- As per monthly chart pattern the stock is depicted super bullish trend with changes in bullish support line slopes.
- On the Daily chart, the stock is showing a bullish channel movement with high-top higher-bottom swing sequence.
- All the indicators are confirming the bullish trend of the stock. It is showing strong uptrend and posted profits for 6 consecutive years.
- The stock is trading at all-time high levels so as above all the important moving averages i.e.200DMA (467), 100DMA (533) and 50DMA (540) which is a positive sign.
- Any short-term dip in the stock is a renewed buying opportunity for long-term investment.

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