

# The Daily

Oct 25, 2023





| DOMESTIC INDICES |       |        |          |
|------------------|-------|--------|----------|
|                  | CLOSE | POINTS | % CHANGE |
| SENSEX           | 64572 | -826   | -1.26    |
| NIFTY            | 19282 | -261   | -1.34    |
| MIDCAP           | 31082 | -799   | -2.51    |
| SMALL CAP        | 36603 | -1596  | -4.18    |

| SECTORAL INDICES |       |        |          |
|------------------|-------|--------|----------|
|                  | CLOSE | POINTS | % CHANGE |
| AUTO             | 37013 | -458   | -1.22    |
| BANKEX           | 48512 | -672   | -1.37    |
| CD               | 44785 | -704   | -1.55    |
| FINANCE          | 9396  | -153   | -1.60    |
| HEALTHCARE       | 27504 | -497   | -1.78    |
| OIL & GAS        | 18237 | -349   | -1.88    |
| TECK             | 14133 | -277   | -1.92    |
| IT               | 31255 | -685   | -2.14    |
| CG               | 46119 | -1094  | -2.32    |
| POWER            | 4352  | -120   | -2.69    |
| REALTY           | 4641  | -136   | -2.84    |
| METAL            | 22271 | -692   | -3.01    |

| BSE 200 GAINERS/LOSERS |      |            |       |
|------------------------|------|------------|-------|
| GAINERS                | %    | LOSERS     | %     |
| IPCALAB                | 6.57 | LAURUSLABS | -9.52 |
| AUROPHARMA             | 1.00 | BANKINDIA  | -8.79 |
| BALKRISIND             | 0.96 | SUPREMEIND | -8.43 |
| UBL                    | 0.76 | IDEA       | -6.89 |
| ABBOTINDIA             | 0.71 | PAYTM      | -6.55 |

| ADVANCE/DECLINES |      |    |
|------------------|------|----|
|                  | BSE  | %  |
| ADVANCES         | 638  | 16 |
| DECLINES         | 3196 | 80 |
| UNCHANGED        | 156  | 4  |

| INSTITUTIONAL ACTIVITY |            |            |           |
|------------------------|------------|------------|-----------|
| Rs Cr                  | 20-10-2023 | 23-10-2023 | OCT TOTAL |
| FII                    | 456        | 252        | -16616    |
| DII                    | 9          | 1112       | 18895     |

## Indian markets could open mildly higher, in line with mostly higher Asian markets today and positive US markets on Oct 24

U.S. stocks finished mostly lower on Monday, with the Dow Jones and S&P 500 each falling to almost five-month lows, even after the 10-year Treasury yield pulled back from 5%. The 10-year US Treasury yield finished at a one-week low of almost 4.84% on Monday, after having briefly pushed above 5% to touch its highest level in 16 years earlier in the day. After several twists and turns, the S&P 500 closed at its lowest since May. The gauge fell for a fifth straight session — its longest slide this year.

US stocks were initially helped by Monday's retreat in yields after Pershing Square's Bill Ackman tweeted that he has closed his bet against 30-year Treasury bonds. Ackman said he closed the trade because "there is too much risk in the world to remain short bonds at current long-term rates," and because "the economy is slowing faster than recent data suggests."

HCOB's flash euro zone Composite Purchasing Managers' Index (PMI), compiled by S&P Global and seen as a good guide to overall economic health, fell to 46.5 in October from September's 47.2 and its lowest since November 2020. Outside of the COVID-19 pandemic months it was the lowest reading since March 2013.

U.S. stocks ended higher Tuesday afternoon, helped by several blue-chip companies reporting stronger results than expected and by earnings reports due from Alphabet and Microsoft after the close.

About 30% of S&P 500 companies are slated to report this week, with the earnings season so far been better than Wall Street expected. About 23% of S&P 500 companies have already reported earnings, and 77% of them have posted earnings surpassing analysts' expectations, according to FactSet.

The S&P flash U.S. services-sector index increased to 50.9, up from 50.1, to a three-month high. The S&P U.S. manufacturing-sector index reached 50, up from 49.8 or a six month high.



| GLOBAL INDICES |        |        |          |
|----------------|--------|--------|----------|
|                | CLOSE  | POINTS | % CHANGE |
| DOW JONES      | 33141  | 204.97 | 0.62     |
| S & P 500      | 4248   | 30.64  | 0.73     |
| NASDAQ         | 14746  | 141.01 | 0.97     |
| FTSE           | 7390   | 14.87  | 0.20     |
| CAC            | 6894   | 43.18  | 0.63     |
| DAX            | 14880  | 79.22  | 0.54     |
| NIKKEI         | 31424  | 361.15 | 1.16     |
| SHANGHAI       | 2988   | 26.17  | 0.88     |
| HANG SENG      | 17383  | 384.00 | 2.26     |
| BOVESPA        | 113762 | 977.00 | 0.87     |

| EXCHANGE RATES |       |          |
|----------------|-------|----------|
|                | VALUE | % CHANGE |
| USD/INR        | 83.0  | 0.20     |
| EURO/USD       | 1.060 | 0.08     |
| USD/GBP        | 1.217 | 0.09     |
| USD/JPY        | 149.9 | -0.03    |

| COMMODITIES             |        |          |
|-------------------------|--------|----------|
|                         | VALUE  | % CHANGE |
| GOLD (\$ / Oz)          | 1987.1 | 0.05     |
| SILVER (\$ / Oz)        | 23.1   | -0.01    |
| CRUDE OIL FUTURES       | 83.7   | -0.10    |
| BRENT OIL (\$ / Barrel) | 88.1   | 0.03     |

| BOND YIELD            |       |            |
|-----------------------|-------|------------|
|                       | VALUE | ABS CHANGE |
| IND10 YEAR BOND YIELD | 7.382 | -          |

| ADR            |       |          |
|----------------|-------|----------|
|                | VALUE | % CHANGE |
| DR REDDY'S LAB | 66.8  | 0.44     |
| HDFC BANK      | 57.1  | 0.72     |
| ICICI BANK     | 22.4  | -0.49    |
| TATA MOTORS    | 25.1  | 0.00     |
| WIPRO          | 4.55  | 0.22     |
| VEDANTA LTD    | 16.50 | 0.00     |
| INFOSYS        | 16.78 | 1.30     |

Stocks in Asia advanced after President Xi Jinping stepped up support for China's economy, buoying optimism. China's legislature approved a plan to raise the fiscal deficit ratio for 2023 to about 3.8% of gross domestic product, the official Xinhua News Agency said Tuesday — well above the 3% set in March which the government has generally considered a limit for the nation. The plan includes issuing additional sovereign debt worth 1 trillion yuan (\$137 billion) in the fourth quarter to support disaster relief and construction.

In a surprising move also aimed at shoring up the economy and financial markets, Xi, along with vice premier He Lifeng and other government officials, made his first known visit to the People's Bank of China since he became president a decade ago,

Nifty ended lower for the fourth consecutive session on October 23 closing below 19,300. At close, Nifty was down 1.34% or 260.9 points at 19281.8. Nifty showed a downside breakout falling below the 19334 support. Midcap index fell to the lowest in 2 months. A long bear candle was formed on the daily charts which could prove to be a resistance in the next upmove. Risk off sentiments seem to be prevalent based on the adverse advance decline ratio. Nifty could now on a break of 19223 level, head towards 18840 while on upmoves 19480 could provide resistance.

### India likely to cut floor price for basmati rice exports

India is expected to cut the floor price it has set for basmati rice exports after farmers and exporters complained it was damaging trade. The government is likely to bring down the floor price, or minimum export price (MEP) for basmati rice, to \$950 per metric ton from \$1,200 a metric ton. India imposed a \$1,200 per ton MEP on basmati rice shipments in August to keep a lid on local prices ahead of key state elections.

### Disney to enter into multibillion dollar India deal with Ambani's Reliance

Reliance Industries is all set to finalise a multi-billion-dollar deal with Walt Disney Co. to buy its India operations. After the deal, Reliance is expected to hold a controlling stake in the Disney Star business, which has an estimated valuation of \$10 billion. The American entertainment giant will hold minority stake in the business.



### **Coforge to spin off public sector as separate vertical**

Coforge is planning to spin off a stand-alone public sector division by the year-end. The sector's resilience is a catalyst for this strategic focus on establishing a separate public sector entity. The company is focusing on public sector clients outside India—in the UK and Australia. Public sector accounts for 7-8% of our global revenue, so the plan is to diversify it as a standalone vertical.

### **Tech Mahindra to divest its holding in Avion Networks for \$50,000**

Tech Mahindra (Americas) announced that it will divest its 30 percent holding in Avion Networks Inc. for \$50,000 to Kanchana Raman, the promotor of Avion Networks Inc. The expected date of completion of the sale/disposal is on or before October 31, 2023. Tech Mahindra (America) Inc (TMA), a wholly owned subsidiary of Tech Mahindra Limited, currently holds 30 percent share capital of Avion Networks Inc.

### **Lupin received approval from US FDA for Fluconazole Tablets**

Lupin announced that it has received approval from the US FDA for its ANDA for Fluconazole Tablets USP, 50 mg, 100 mg, 150 mg, and 200 mg, to market a generic equivalent of Diflucan Tablets, 50 mg, 100 mg, 150 mg, and 200 mg, of Pfizer, Inc. This product will be manufactured at Pithampur facility in India. Fluconazole Tablets USP (RLD Diflucan) had estimated annual sales of US\$ 43 million in the US (IQVIA MAT July 2023).

### **Torrent Pharma Q2 FY24 result update**

Revenue for the quarter grew 16% YoY at Rs 2660cr as against estimate of Rs 2630cr. EBITDA margin improved 140bps YoY at 31% as compared to expectation of 30.6%. Net profit increased 23.7% YoY at Rs 386cr. Other Income was up 62.5% YoY at Rs 26cr.

Domestic formulation sales grew 18% YoY at Rs 1444cr. US sales declined 15% YoY at Rs 248cr. Germany business increased 21% at Rs 266cr. Brazil business grew 36% YoY at Rs 252cr.

EPS for the quarter stood at Rs 11.4 and it stood at Rs 22.6 for H1FY24. At CMP, the stock trades at 30.8x FY25E EPS.

### **Tech Mahindra Q2FY24 result preview**

Tech Mahindra could report 0.5% QoQ and 0.3% YoY de growth in revenue to Rs 13,090 crore in INR terms. In US\$ terms, revenue could fall by 1% QoQ and 3.3% YoY to US\$ 1585 mn in Q2FY24. The company could report net profit at Rs 625 crore in Q2FY24. EBIT margin could fall by 70bps QoQ and 530bps YoY to 6%. The management commentary on deals and deal pipeline, top client stability, traction in digital business and telecom segment would be key monitorable.

### **Sonata Software LtdQ2FY24 result preview**

Sonata Software could report 4.3% QoQ and 43.6% YoY revenue growth in US\$ tems. Net profit growth could rise by 1% QoQ and 7.5% YoY in Q2FY24. EBIT margin could fall by 10bps QoQ and 250 bps YoY to 21%. The management commentary on deals and deal pipeline, client stability, and pricing environment would be key monitorable.



## Important news/developments to influence markets

### Japan Composite PMI at 10-Month Low

The au Jibun Bank Japan Composite PMI fell to 49.9 in October 2023 from 52.1 in September, turning contractionary for the first time since December last year amid ongoing weakness in the country's manufacturing sector.

### Eurozone Output Contracts the Most in Nearly 3 Years

The HCOB Eurozone Composite PMI dropped to 46.5 in October 2023, down from September's 47.2 and falling short of the market consensus of 47.4, a preliminary estimate showed.

### UK Private Sector Activity Contracts for 3rd Month

The S&P Global/CIPS United Kingdom Composite PMI came in at 48.6 in October 2023, little changed from September's 48.5 and broadly in line with market expectations of 48.7, a preliminary estimate showed.

### US Private Sector Growth Accelerates in October

The S&P Global US Composite PMI rose to 51.0 in October 2023, up from September's 50.2, signaling an acceleration in the pace of private sector output expansion, a preliminary estimate showed.



| Index                        | CMP          | View     | R1    | R2    | S1    | S2    |
|------------------------------|--------------|----------|-------|-------|-------|-------|
| <b>Nifty Oct Future</b>      | <b>19260</b> | Negative | 19350 | 19430 | 19180 | 19060 |
| <b>Bank Nifty Oct Future</b> | <b>43139</b> | Negative | 43480 | 43850 | 42750 | 42380 |

## Daily Technical View on Nifty

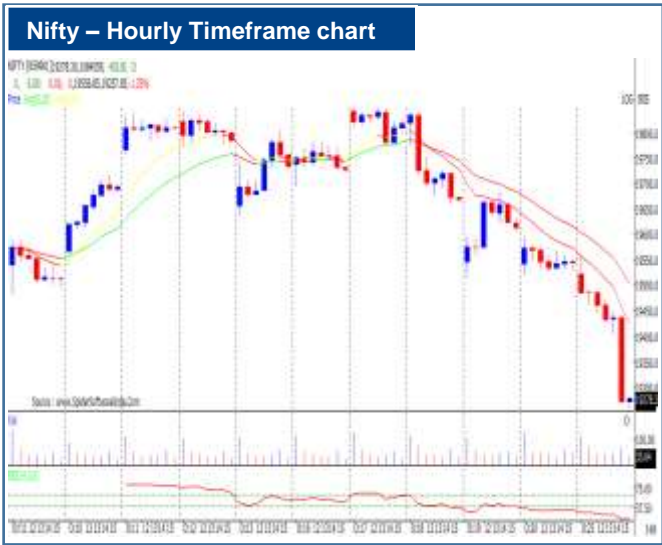
### Sharp breakdown of the supports..

**Observation:** After showing range bound movement with weak bias on Friday, Nifty witnessed sharp sell off on Monday and closed the day lower by 260 points. After opening with a weak note, the market made an attempt of minor upside recovery soon after the opening. Sharp weakness got triggered from the early part of the session and the decline intensified in the later part of the session. Nifty closed near the lows.

A long bear candle was formed on the daily chart, which indicates sharp break down in the market. Nifty has broken below the immediate supports of 19480 and 19330 levels in one session. The weekly crucial support of 20 week EMA has been broken on the lower side at 19340 levels as per intra-week.

The larger degree of lower tops and bottoms continued in Nifty as per daily timeframe chart. The recent swing high of 19849 of 17th Oct could now be considered as a new lower top of the sequence. Hence, one may expect further weakness in Nifty to form a new lower bottom of the pattern.

**Conclusion:** The short term trend of Nifty continues to be negative. Having moved below the support of 19330, one may expect Nifty to slide down to 18825 levels-200 day EMA in the near term. Any attempt of upside bounce could encounter strong resistance around 19400 levels.







## OPEN E-MARGIN POSITIONAL CALLS

| NO. | RECO DT.  | RECO | COMPANY NAME       | ENTRY        | CMP    | SL     | TARGET 1 | TARGET 2 | UPSIDE % | VALID TILL |
|-----|-----------|------|--------------------|--------------|--------|--------|----------|----------|----------|------------|
| 1   | 6-SEP-23  | BUY  | SUN PHARMA         | 1143.06-1105 | 1122.5 | 1084.0 | 1214.0   | 1265.0   | 13       | 6-DEC-23   |
| 2   | 26-SEP-23 | BUY  | DEEPAK FERTILIZERS | 594-631      | 610.8  | 569.0  | 698.0    | 728.0    | 19       | 26-DEC-23  |
| 3   | 29-SEP-23 | BUY  | AJANTA PHARMA      | 1740-1796    | 1725.8 | 1690.0 | 1903.0   | 1975.0   | 14       | 29-DEC-23  |
| 4   | 11-OCT-23 | BUY  | DELHIVERY          | 425-441.25   | 415.5  | 405.0  | 477.6    | 515.0    | 24       | 11-DEC-23  |
| 5   | 11-OCT-23 | BUY  | RELIANCE INDS      | 2247-2341    | 2263.2 | 2177.0 | 2481.0   | 2690.0   | 19       | 11-JAN-24  |
| 6   | 13-OCT-23 | BUY  | BITES              | 469-493.40   | 467.4  | 457.0  | 540.0    | 585.0    | 25       | 13-JAN-24  |
| 7   | 17-OCT-23 | BUY  | BPCL               | 342-354.95   | 342.8  | 333.0  | 379.0    | 400.0    | 17       | 17-DEC-23  |

\*= 1st Target Achieved



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