

Editorial
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We have a received investor responses. One of the response reads as " I am CA tried to trade in market and have lost Rs 20 lacs" now worried how to do I repay family loans.

Mind it, irrespective few good trades in F and O the end results will be loss. Now a learned CA can lose Rs 20 lacs then how much others could be losing..? The only way to earn in F and O is to be part of the operator gang and trade on insider news which is not that difficult. Or be part of media which is always involved in unethical front running.

Rest is wealth creation. You do not require any group, front running and/or anything else in the world. You have to study the Balance Sheet, see cash flow and take calculated risk and you will be in the driver's seat. Provided you have full conviction and keep on buying in the select 5 stocks and hold till time it does turn in your favour.

You have to always think that you stock will fall as operator will create artificial markets by circular trading and bringing the prices down and down. But the moment market changes he will have to buy whatever he sells and take the price up. End of the day market works on demand and supply. When demand is not seen prices will fall and when sudden demand rises operators too change the direction and start buying instead of selling.

First of the new settlement first will create fear and then see the magic. I feel market will rise. FPI sold till last day because they were short in option market so even though FM gave goodies they kept on selling. Now probably they will reverse. Even if they sell now DII could start buying heavily now. Stocks which can reverse the trend could be ones which were hammered in Aug series for no major reasons. RBL Bank SBI RIL Century India Cement Sunpharma Maruti could rise in this series. Let us see what happens.

Wealth creation will happen in B gr only for sure.

I am getting lot of response through emails @ chamatcar@chamatcar.com and I am trying to give rely to every e mail.

Save water is the general the Govt says but SAVE MONEY should be the real motto and I will stick to.

Change of the week

	06-Sep-19	Rise /Gain
Sensex	36981	406 ↓
Nifty	10946	98 ↓

Net Investments (Cr)

	FII	DII
03-Sep-19	(3162.9)	1251.3
04-Sep-19	(1260.0)	1304.5
05-Sep-19	(561.5)	699.3
06-Sep-19	(957.0)	1207.2
Total	(5940)	4461

Turnover (Cr)

	FII	DII	Combined
06-Sep-19	33,729	22,387	56,116

06-Sep-19	Advances	Declines	Ratio
BSE	1576	934	1.68

GDP 5 pc yes really bad for the economy but has market factored in that..?

This will be known only when we see market behaviour for next few weeks.

As of now no one wants to buy that is for sure. Monsoon is more than excellent in India which will match farm products and keep inflation low. Bank rate will see more cut. Govt could announce more bold steps to revive the economy.

We had seen this kind of slowdown in early 2013 and thereafter sharp bounce. Even this time I feel there will be bounce soon. We are not in recession.

With the slow down the risk of remaining long in highly valued stock say at 66 to 190 PE is very high whereas the chances of mitigating your risk with 1 to 2 pe stocks is very good.

So I will continue with my strategy to consolidate your positions in low pe stocks with conviction. They will not enter in negative growth for sure.

I am sure economy will take U turn as INDIAN nos are known for filtering. The GDP which fell to 5 pc may see rise to 5.8 pc in next quarter and word will come as aberration.

With extreme negative new flow domestically, internationally, oversold market gives a perfect opportunity of investment. I am not sure where would you make money...? Will you make money in SBI RIL HDFC ITC HUL etc...? You decide.... RIL even after signing ARMACO fell from Rs 1305 to 1190 and could fall more. Chartist says Rs 920 is the target. Treasury operation could well drill OIL from RIL. So what ...?

FPI were shorting from 2104 to till Jan 2019. Post Budget they again started selling not for the super rich tax where they targeted the F M but for recession and slow down. They were short and GDP fell to 5% with all sort of bad news coming hence they are trying short more to aggravate the market situation. But in the process many goods were ignored such as KASHMIR, triple talaq, RS majority, bills getting passed easily, reforms at centre stage, receptive Govt, swift action by Govt. A small drop in GST in AUG does not mean nos were very bad as AUG was the heaviest monsoon month across pan INDIA which affected the revenues as well GST. So my view is do not be do much pessimistic and invest judicially.

5 Top Gainers			
Stock	06-09-19	02-Sep-19	% Gain
SHANKARA BUILD	368	262.1	40.4
CG POWER	12.63	10.4	21.4
JP ASSO	2.56	2.14	19.63
NAVKAR CORP	38	33.2	14.4
SCI	31.15	27.9	11.65

5 Top Losers			
Stock	06-09-19	02-Sep-19	% Loss
CCD	60.95	74.75	18.4
COX& KINGS	3.43	4.19	18.1
INDIAN BANK	164.2	200.2	17.9
RCOM	0.73	0.87	16.09
SUZLON	3.20	3.71	13.75

Top 5 Picks By CNI 'A' Group	
Company	
RIL	
SBI	
ICICI BANK	
GODREJ IND	
BRITANNIA	

Top 5 Picks By CNI 'B' Group	
Company	
HDFC LIFE	
ZYDUS WELLNESS	
POLY CAB CABLE	
RDB RASAYAN	
NUTRA PLUS	

Forget trading and making money from F and O. F and O will give you loss in either trades. Try and test. Go short stock will rise and go long stock will fall. Either side your stop loss will get triggered and you cannot trade without stop loss in trading.

So where is the money..? Money is there is select B gr stocks and sectors. CHEMICAL I have identified. We visited MGT to find out impact and they are not affected. Rather they have choice now to take selective orders. They are booked till DEC. CHINA factor helping big way to them. Cost effective no debt co's will give you superb returns. VIPUL MANAGEMENT is open to meet and discuss the benefits of expansion (TARAPUR 6 times) and the likely growth and rise in margins. As per sources they are even open for acquisitions if they get a right fit. Even OAL management has re affirmed growth in chemical sector. Their aromatics biz is catching fire. Both companies have large exports. OAL has already showing excellent results after BARODA expansion and merger and wait for VIPUL to throw its nos.

Well Nifty is at 10850 at the time of writing and could well go to 10900 but what is on tomorrow that is weekly expiry..? 10800 put writing though try to protect downside but you never know as FPI are busy de stabilising markets. They are in extremely oversold state. Now if DII catch them on wrong foot then we can see nifty bounce back. But in any case 11000 and 11200 need to be crossed and that can happen only on Govt action.

So wait and watch for more action. Some people are circulating rumours on what's up about resignation of FM which is very unlikely. Wait for GST cut announcement and real estate booster. DTC will be huge plus from the point of view of re investing growth.

Domestic players including DII have decided to take head on with FPI after Business Line reported that FPI are short over 1 lac contracts. Whenever this has happened in the past Nifty has seen good rally on short covering coupled with informed value buying for next few months.

It is well said that bear rallies are more powerful than bull rallies. In 1992 HARSHAD rally was a bear rally. In 2000 KP rally was a bear rally. Hence bear rally could be more dangerous than bull rally which could give pain for short sellers. Short sellers have enjoyed last 20 months and now whole world is shorting with no good news in sight market may work reverse in this.

Who knows with passage of time and Nifty crossing 11200 11300 we may see getting positive news. First of it could be GDP back at 5.8 pc..? Then may see tax cuts likes Indonesia as this Govt has will to act.

The problem has occurred from 2008 to 2013 where bank loans went up from rs 18 lacs crs to Rs 54 ac crores for which you cannot blame current Govt. This Govt in fact saved Rs 5.5 lac only on account of subsidy surrender. They have recovered Rs 7 lac crs from NPA's yet the legacy is continued. But they have vision and ability to act and pull the economy back to road. They did it in 2014 and they will do it again.

So do not panic, avoid short and be buyer selectively. You can see surprise actions in any stock any time e g PURVANKARA rose fror Rs 54 to 74 in no time.

There is US research agency market insight which charge USD 3900 per report and they have come out with chemical report. As per this report pigment will be a great demand till 2025. This coincides with CHINA policy to allow time to chemical co's till 2025 for changing their plants to ZLD and on gas. This till 2025 we do not see any problem for this sector. Even Germany has turned imported of pigments of late. CHINA instead of exports now importing heavily. 90 pc pigment consumption goes in paints which will never be in recession due to entry barrier and high margin business. Therefore pigment co only can become multi bagger. This is why we are seeing 6 times to 50 times expansion even when every other player is talking about closure and shutdown.

11212 200 DMA will be crucial level to change the market tempo from bear market to powerful rally.

I have nothing to add except wait for the FINMIN announcements post market today. US CHINA coming to terms, HK issue getting resolved.

Serious though is whether we are in BEAR market..? If you all believe that we are in bear market then be ready for a pleasant powerful rally. Please also note that bear rallies are more dangerous and powerful and last long than the bull rallies. e g 1992 and 2000 HM and KP rallies both were more powerful bear rallies than the normal fundamental bull rallies.

Alternatively if we US has shown good data might well INDIAN GDP too can bounce...? Wait and watch for the quarter. If that happens then we will call U shape recovery this time and not V shaped. Even that case market only can bounce back having seen 85% distortion.

So selling short is dangerous.

We are trying to give you every update on chemical sector as we are keeping close watch. You will do much better in this sector than any other sector. If you do not want to invest fresh money then please convert existing weak holdings in this sector stocks which will give good returns. Managing change is also an art and take advantage of current bad situation where you can get many good stocks for a price. Please note when market rises only good bounces and rest falls. There are many chemical co's which are worth but valuations are fair hence fresh buying is difficult e g ATUL, BASF, VINATI, NAVIN FLOURO, THIRUMALAI, AARATI, GUJ FLOURO, NOCIL, CLARIANT, UPL, EXCEL, OAL, VIPUL Organics, SUDARSHAN but the vertical growth will be there only in VIPUL and OAL hence they are worth adding. However, in big stocks one can still invest in AARATI, VINATI and EXCEL Industries. Choice is yours. CHINA factor will remain plus for these co's till 2025. We had done UPL, THIRUMALAI, VINATI, NAVIN, OAL, VISHNU, UPL, EXCEL all right prices in the past and investors have minted money. Price has to right for buying.

I B Housing has come to Rs 420 and still there is more downside could be rs 300 or below. It is better to avoid such risky stocks.

B dyeing we recommended at Rs 63 and it bounced to Rs 87. Same way PURVANKARA bounced from Rs 56 to 77 suggest something coming in real estate. DLF should also rise.

Global Story

Neither CHINA or USA GDP fell like what INDIA GDP. Indian figures are always circumspect of propriety hence we need to watch few more quarters to reach the conclusion that we are in slow down and recession is looming by and large. This situation was seen even in 2013 but the economy bounced back. The reason and sectors of slow down we have discussed earlier and hence will not go into it.

Media is showing everywhere about the lay down but nowhere showing fresh hiring and rise of new small businesses. The Govt spending is showing its colour. Though we are 4th the AUTO manufactures in the world, the policies in INDIA is no where matching the other global players hence the effect will be visible in every six years. This is a cyclical effect and we need to see how much demand rises after Mr SITARAMAN gave us 30% depreciation bonanza. This is only for one year hence we will see smart pick and clearing pending delivery of vehicles before 31st March 2020. Very soon some measures will come for easy funding for AUTO.

Life always become dead for some time when some unsolicited event happens. When DEMO happened all cash evaporated. Now almost equal rather more cash there in the system. Cash requirement will not go down so long as BABU will not stop corruption. Even though NAMO has decided to take head with corrupt people and raids are being carried out even at grass root levels, corruption is not going down particularly in Govt departments whether it is RTO, BMC, or any department. Recently we came across cases where plants started commercial production late by almost 12 months only thanks to multiple approvals required form 100's of department and every department asking for money else a clear case of football. Govt need to make in single window clearance then only we will see huge rise in private investments.

Mr MODI has to also see what steps required for more exports. One we believe is that they should bring back section 80 HHC which was removed as people were taking shelter for bogus exports. Now that you have strong machinery then why punish genuine exporters..?

Apart from exports he needs to promote IPO of Rs 50 to 100 crs on the main bourses which is the backbone of creating employment. Any big IPO of rs 700 to 1500 crs generate not more than 1000 employment whereas a small IPO of Rs 50 crs can generate employment of 200 to 300 people or more. Thus 20 such companies can generate more than 6000 direct employment. Another advantage could be we can follow CHINA model where retail investors can benefit which is nothing less than a indirect employment. In 1995 this was the case but for want of no good regulation this practice was abandoned but now that we have the best regulations in place where cheating is not easy now. e g purpose of funds raised is required to be given followed by actual usage monitoring.

These measures can help in a big way for revival. But let us come to market..

If GDP falls further to 4.5 pc in next quarter we can surely say there is slow down. But what if the GDP rises to 5.8 or 5.9 pc then..? In India nos can change any time. Now first let us assume that there is slow down and we are heading for recession. Then market could fall further but how much..? We do not think that market will break 10000 Nifty. On the contrary there are chances of powerful bear rally due to extremely oversold state of market. This is only after 2010 for the first time FPI selling has crossed over 1 lac contracts of Nifty. Though the point of inflexion is difficult to judge the rally generally are more powerful than the bull rallies. Best examples are 1992 and 2000 rallies which were not on fundamentals. First we had seen replacement cost to see prices trail even at 100 PE in 1992 and again in 2000 we found new economy stocks which again trailed at 100 plus pe. These were bear rallies. Bull market unfolded only in 2003 and since then we had seen seeing a steady rise of markets.

So we are in bear market (you have to decide) then be ready for the bear market rally and if we are still in the bull market (you have to decide) then for sure we will see recovery. But this time the recovery will not in V shaped for sure. The recovery has to be in U shape.

U shape recovery require longer time for consolidation and we have already spend more than 20 months trying withstand the pain of correction. Market knows it all. Market first corrected and then the slow down came. Now all bad news are coming and we cannot even think in the wildest dream that there could be any good news for the market. Generally only at such time market surprises street and we will realise only after 12 months or so that we are foxed and U shape recovery took place. Thus if market cross 11230 and try to travel towards 12000 you will get your answer.

Traders says they make big money in trading. But we do not see that is getting reflected because if that be the case the demand for real estate should rise across the board as real estate is the only heaven to parking earned profits. It is only investors who earn the big money and invest in real estate. In bull market they earn for sure but in bear market they earn much bigger as they get shares at deep discount and when market turns these become profitable investments. Thus only

those investor are successful who decide to add shares selected at every price irrespective of bull market or bear market. In bear market they get more shares at lower prices and can exit easily when market becomes bullish. Thus the whole story rotates "chicken and egg " situation even for the stock market. If you are still confused then there stocks which gives 8 pc tax free dividend yield where they can invest and enjoy the life.

We at CNI found that many such investors are doing good job of accumulating quality stocks.

Global Indices

Country	Indices	Date	Index	Net Change	Change %
Hong Kong	Hang Seng	07/09	26,690.76	+175.23	+0.66
Singapore	Straits Times	07/09	3,144.48	-2.58	-0.08
United States	NASDAQ	07/09	8,103.07	-13.75	-0.17
United States	DJIA	07/09	26,797.46	+69.31	+0.26
United States	S&P 500	07/09	2,978.71	+2.71	+0.09
Japan	Nikkei 225	07/09	21,199.57	+113.63	+0.54
United Kingdom	FTSE 100	07/09	7,282.34	+11.17	+0.15
Malaysia	KLSE Composite	07/09	1,604.47	+4.72	+0.29
Indonesia	Jakarta Composite	07/09	6,308.95	+2.15	+0.03
Thailand	SET	07/09	1,670.06	+0.27	+0.02
France	CAC 40	07/09	5,603.99	+10.62	+0.19
Germany	DAX	07/09	12,191.73	+64.95	+0.54
Argentina	MerVal	07/09	27,659.66	+727.52	+2.70
Brazil	Bovespa	07/09	102,935.40	+692.40	+0.68
Mexico	IPC	07/09	42,707.66	-23.82	-0.06
Austria	ATX	07/09	2,935.72	+4.80	+0.16
Belgium	BEL-20	07/09	3,617.11	-2.43	-0.07
Netherlands	AEX General	07/09	569.84	+0.74	+0.13
Spain	Madrid General	07/09	898.79	-0.44	-0.05
Switzerland	Swiss Market	07/09	10,073.82	+90.75	+0.91
Australia	All Ordinaries	07/09	6,752.70	+31.95	+0.48
China	Shanghai Composite	07/09	2,999.60	+13.74	+0.46
Philippines	PSE Composite	07/09	7,933.47	+35.28	+0.45
Sri Lanka	All Share	07/09	5,798.57	-51.68	-0.88
Taiwan	Taiwan Weighted	07/09	10,780.64	+23.71	+0.22
East Israel	TA-100	07/09	1,500.13	-4.02	-0.27

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