

**Editorial**
**Vol -1, No-I, 01 Dec, 2018, 08 pages**

4 days left for rolls. FPI positive on INDIA. Rs 3 lacs recovered from NPA huge re writing of PSB's and I am positive on SBI ONB and BOB. Even some funds are going positive over NBFC.

10500 will hold and range will be 10500 to 10800.

Every passing day is reducing your chance of picking multi baggers. Presuming elections are in early MAY 19 this could be the last chance to pick up multi bagger. I feel We should cross 11000 in Dec and then getting any stock cheaper will only be a dream.

FPI shifting focus from US to EM due to higher GDP and India likely to get more attention as we trail at lowest consolidated PE of 17.

I stick with my target of 12750. You will realise what you missed and what you gained. Why wait for 500 points fall if at all if you have to pick multi baggers knowing well that Nifty has to cross 24000 in coming years.

We are just 2 days away in rolls and the position is as under....

OI Dec 58 lac shares Nov 2.3 cr share... This means major rolls is still not happening. With India looking good lot of buying is coming from FPI's hence creating volatility which happened in OCT and earlier in FEB is coming difficult.

Also the row between RBI and Govt has settled. Media story says RBI will pass on rs 1 lac crs to Govt and that is enough. Also RBI may cut 1 pc crr on 5th Dec which will infuse liquidity of Rs 1.2 lac crs.

With ILFS no more issues coming out the dust of NBFC is settled.

Nifty trend for this settlement is 10500 and 10800. Dec it will wide open from 10000 to 11300. We should see new high before elections

Media reported today that VIPUL ORGANICS is going for second capacity expansion of 200 tons; post this capacity will be 400 tons per month. Huge from 20 to 400.

**Change of the week**

	01-Dec-18	Rise /Gain
Sensex	36194	868 ↑
Nifty	10876	250 ↑

**Net Investments ( ` Cr)**

	FII	DII
26-Nov-18	1284.9	351.7
27-Nov-18	676.3	31.2
28-Nov-18	1142.0	(330.2)
29-Nov-18	1195.3	973.3
30-Nov-18	(332.6)	1489.66
<b>Total</b>	<b>3965</b>	<b>2514.7</b>

**Turnover ( ` Cr)**

	FII	DII	
<b>30-Nov-18</b>	<b>56,000</b>	<b>45,489</b>	<b>1,01,489</b>

30-Nov-18	Advances	Declines	Ratio
BSE	1281	1331	0.96

Whenever in the past we had said the mid cap and small cap rally will start it has started. Now from FRIDAY we believe that mid cap and small cap rally will start.

Large caps stabilised. Uncertainty set at rest. CRR cut expected. State election have no impact on General election. Trade wars will ease. OIL is falling. Re is rising. Inflation under control. And GDP will surprise street with 7.7 pc on trot this quarter. What more you can expect..?

Small caps have corrected more than warranted and hence a run is expected. Avoid pharma more bad news are likely to come whereas API all green happening as CHINA is completely closed facilities till 2025.

Valuations I need speak any more as FPI re rating has started only after my consolidation PE report to them through my channel partners. They are convinced. India is a story to BUY....

Rolls happening. OI Dec is 78 lacs vs Nov 188 lacs. Rolls has to see OI Dec at 160 lacs hence fall seems restricted. I had given range of 10500 and 10800. 10500 held and 10800 is near. Next month the range will be 10500 to 11300 and most likely we may see 11300. There will be mad scramble for short covering after 8th Dec..

Nifty crossed 10800 as expected. Let us where it closes..

I had given range of 10500 to 11300 in Dec. Mid cap and small cap rally will start from tom.

12500 June target is intact.

Most of the punters prefer to stay short and they have made good money in Yes Bank and DHFL. Yes Bank looks set to change hands. Heard from sources that someone is funding R K. Current fall is to eat the QIP stocks at lower price. BOD meeting is on 1 3th Dec. New faces will come to fore. Next month's starts from tomorrow hence stock reversal will start from tom. Today is cheque writing day for bears.

Bears has excellent run for last 6 months. They had to select one or 2 stock in a settlement and complete the carnage. Some fund house come out with report to support bears and then rest of the work is done by what's up.

This is what is seen. Nifty up thanks to HDFC, HDFC Bank and many stocks at 2008 low. Yes DHFL Srie Jain all were targeted and the result is before you.

Only investor that too long term will do well in INDIA. Else in DOLLAR terms we have never performed after 2008. CNI has enjoyed the track record as it produced many multi baggers.

What to buy, where to trade is your call. The risk in equity is always there. But more risk is there in F and O where leveraging happens and you are finished.

New settlement is new game for the market. Elections results are factored in. Anything surprising

may change the scenario. FPI turned positive. Earnings will be rising in coming quarters. PSB will outperform in Dec. Dec Q results will be superb for PSB as major recovery is made in Q3.

5 Top Gainers			
Stock	30-Nov-18	26-Nov-18	% Gain
VAKRANGEE	32.2	25.35	27.02
PRESTIGE ESTATE	215.7	172.2	25.2
ADANI POWER	55.4	47.5	16.6
VIP IND	532.4	460.8	15.5
KWALITY	11.1	9.6	15.3

5 Top Losers			
Stock	30-Nov-18	26-Nov-18	% Loss
ARVIND LTD	103.0	320.3	67.8
BRITANNIA	3159.2	5997.3	47.3
REC	100.5	120.8	17.2
IL&FS TRANS	15.65	18.9	17.2
SHANKARA BUILD	681.1	821.5	17.08

Top 5 Picks By CNI 'A' Group
Company
TATA POWER
SUN PHARMA
SBI
BHEL
REL

Top 5 Picks By CNI 'B' Group
Company
SAGAR CEMENT
MULTI BASE
CMI CABLE LTD
RDB RASAYAN
NUTRA PLUS

After 245 points rally on DIWALI SGX showing another 112 points up followed by 550 rally in DOW. Dow rose after mid term DEMOCRAT win. Nifty is trailing at 10715 but in all probability will open lower at 10650 or around as 10655 is the major resistance. If cross and sustain 10700 and 10900 is on cards. I had mentioned right from the word GO that Nifty will bounce back in the settlement itself. With 10900 in sight even new high is now clearly in sight.

TRUMP is put on back foot and hence TRADE WAR has to go soft.

With this DOW is now all set to cross my target of 28000 may be 29000 and with that you can imagine my target of 12750 coming very fast.

Those who have survived with stocks in hand will be the largest beneficiaries of this DIWALI. Those who followed CNI has survived and ready to cash the next bull rally.

You can buy many A gr stocks and earn 25% whereas there are few multi bagger ideas which can make you wealthy.

No major triggers left for market weakness except elections and liquidity. Loss of TRUMP in midterm is solution to TRADE wars. No rate hike by Fed is also positive.

Liquidity will be managed hence nothing to worry. Elections results no major drag. Now these 2 events made markets short and will remain short. This itself will take us to new high.

2019 new sectors will take centre stage as many stocks and sectors have seen corrections...

Power Mining Chemicals Metals API and PSB will be the new theme for 2019.

Stock selection left to you. Nifty crossed 10800 as expected. Let us where it closes..

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Why I feel the mid cap and small rally to start...?

The lifeline for HNI's is small caps and mid caps. After big carnage ( TSUNAMI ) the platform is now laid for the rally. Ownership is changed.

7th dec is day when opinion polls will come. 8th Dec market will react. So if all CONGRESS then 10500 is certainly on the card. If MAJOR BJP then 11300 is on the cards.

But in any either case mid cap and small cap has no scope for further correction. Retail is already out hence there is space for the sectors.

Investors will come back for buying only when gets going. e g 10200 10000 level we shouted big but who bought. All large caps have already given 10% plus returns and slowly will become expensive. Hence the life will come back in small caps and mid caps.

PAPER sector will boom boom as CHINA has stopped papers plants also. Century's paper division deal should happen now easily. I feel it should happen at 3000 crs though CNBC has pegged valuation of rs 4500 crs. International paper should double from here. I feel it should cross 4 digits.

RIL we recommended at 1103 cmp at 1186 and it may cross 1340 earlier high very soon. Now see the same stock was available close to rs 1000 but no one bought...?

When you have targets like 9000 9200 then you can never be able to buy any stock. When someone tomorrow come and tell on T V channel that market will cross all time high soon you will start buying. And trust me this day is not too far.

Once again CNI is ahead of others. CLSA has revised the target of SBI to rs 400. CNI had already said that it will cross rs 360.

## Global Story

Our prediction of Nifty 10800 was bang on target. Dec we should cross 11300 provided it has to break the stubborn resistance of 11050.

In the entire process our valuations of consolidated PE has helped us derive huge confidence. We are very comfortable with our target of 12750 by JUNE 2019. This is based on 21 PE on consolidated basis. So far we had been hearing on every channel or print media that valuations are excessive and market will correct toward 9700 9200 but today a leading research house also echoed our view of Nifty 14000 by Dec 14. It is one of the top 5 broking house.

This is how the perception changes. At 10000 there was buying and hence logically every predicted lower targets. They have to go with the wind and they do. They do not courage to spell out against the trend. It was only CNI which consistently held the view that Nifty has to bounce and our target was 12750 in June 19.

We have shared our reasons for remaining bullish from time to time. Fall of OIL, rise of Re, earnings visibility, NPA recovery, state elections results clarify these all temporary factors and decide the short term trend. The long term trend is decided only with demand and supply situation. So long as market is short, market is safe.

Please remind history from DEMO times. Street with expectation of 7200 went short at 8000 and Nifty went to cross 10000. Various occasions have created more and more short. Only at 11800 equation changed dramatically and that time no one was bearish. This once again proves that correction never comes when desired. 10000 was bottom forming and at the point in time as per our calculations Nifty PE was 16 and hence there was no room for further fall. Colossal damage to mid caps and small caps had happened even before that. The last 1000 point fall of Nifty was the real bear attack (comparable to LEHMAN times) where the short positions were trapped. The law of averages suggest that bears really go aggressive only at the bottom. Say they tried to break Nifty from 10900 and Nifty vertically fell without much volume. The real drama happened only around 10300 to 10200 where volumes were very high. So unless now 10200 is broken bears will always remain at discomfort and cough up mark to market. Yes in few stocks they made real killings e g Yes, DHFL etc but these are stocks where punters are more active. Large cap stocks where FII play were least affected and now crossed or crossing all earlier prices.

Trade wars and state elections though points for bears for shorting market, Re rise and fall of OIL are the entry point of FII's. After massive sell off of Rs 28000 Crs by FII in OCT, they are back in Nov with Rs 5000 crs buying. They timed the Re fall capping as they try to earn from currency fluctuation as well.

We now clearly believe that if state elections results completely favour congress then Nifty might correct till 10700 but except Raj BJP wins then Nifty will be heading for 11300 as short covering will start. This is based on the derivatives data. If data changes the range will change.

However major short covering will start only above 11500 which will take Nifty to 12750 which matches with our valuations. Next target could be 14000 which will be driven by liquidity again where little higher than 21 PE will also be justified.

We had been asked a specific question why stocks like SAIL, NTPC, power grid, PFC, Coal India, ONGC or other PSU's fail to perform with the market tune. This is very interesting subject and we would like to express our opinion on this.

Once MTNL was trading at Rs 100 which was killed for the reasons not know to anyone. Similar is the fate with IDBI and IFCI. Other PSUs also never perform. Some PSU rise just ahead of the disinvestment but post that they start collapsing. ONGC, COAL, Hindustan Copper are the best examples.

The reason is that Govt is selling stake in these co's in bits and pieces. Before disinvestment merchant bankers or close circles hold the price around disinvestment. But and by and large those who invest in the disinvestment are fully aware that next round of disinvestment will follow in some years. So investors never allow the price to go up. eg COAL INDIA was referred as BLACK GOLD when first disinvestment came and investors never made money even after a long time.

Secondly this is also known as FII which use all PSU stocks as best hedge for short. When stocks are in F and O, shorting never allows these stocks to settle come what it may. Where rarely we have seen short covering in PSU or PSB in a big way. When Govt announced giving Rs 2 lac crores to PSB's the real short covering was seen in PSB's where stocks like BOB SBI rose 40 to 50 pc in a single day. This is rare. Else it is well said in FII community that PSU stocks are just for selling short.

On the contrary see MARUTI or VSNL. Maruti was sold at Rs 200 to SUZUKI and current market price is Rs 8000 (was close to 10000 also) and VSNL now Tata Communication too rose 10 times after it was sold. Same was true with CMC. So logically we believe that Govt should select a stock and sell till 51% stake at once so that a loud message goes that there no more dilution then the prices will stop falling at least. Secondly instead of disinvestment Govt should privatise some companies which can generate higher proceeds. And lifelong the revenues will start kicking which will be much higher than the sale proceeds. e g See how much MARUTI contributes to the exchequer. Also Hindustan Zink.

There are industrialists who are ready to buy companies like BHUSHAN ESSAR for 40 K to 50 K then why can't they buy Govt companies. Govt provides Rs 2 lac crores every year to support PSU's in the Budget. So the objective should to earn such kind money through privatising and getting revenues.

Coming to market, we believe that the life will come back to mid caps and small caps very soon as the fall had started in FEB 18 and 9 months is a real long consolidation period. The roaring tigers will back.

## Global Indices

Country	Indices	Date	Index	Net Change	Change %
Hong Kong	Hang Seng	01/12	26,506.75	+55.72	+0.21
Singapore	Straits Times	01/12	3,117.61	+8.17	+0.26
United States	NASDAQ	01/12	7,330.54	+57.46	+0.79
United States	DJIA	01/12	25,538.46	+199.62	+0.79
United States	S&P 500	01/12	2,760.17	+22.41	+0.82
Japan	Nikkei 225	01/12	22,351.06	+88.46	+0.40
United Kingdom	FTSE 100	01/12	6,980.24	-58.71	-0.83
Malaysia	KLSE Composite	01/12	1,679.86	-16.48	-0.97
Indonesia	Jakarta Composite	01/12	6,056.12	-51.04	-0.84
Thailand	SET	01/12	1,641.80	+5.31	+0.32
France	CAC 40	01/12	5,003.92	-2.33	-0.05
Germany	DAX	01/12	11,257.24	-40.99	-0.36
Argentina	MerVal	01/12	31,482.58	+343.92	+1.10
Brazil	Bovespa	01/12	89,504.06	-205.50	-0.23
Mexico	IPC	01/12	41,732.78	-180.67	-0.43
Austria	ATX	01/12	3,074.94	+7.96	+0.26
Belgium	BEL-20	01/12	3,487.90	-4.09	-0.12
Netherlands	AEX General	01/12	519.37	-0.91	-0.17
Spain	Madrid General	01/12	911.84	-2.72	-0.30
Switzerland	Swiss Market	01/12	9,037.76	+22.17	+0.25
Australia	All Ordinaries	01/12	5,749.31	-86.42	-1.48
China	Shanghai Composite	01/12	2,588.19	+20.75	+0.81
Philippines	PSE Composite	01/12	7,367.85	-14.58	-0.20
Sri Lanka	All Share	01/12	6,019.33	+26.63	+0.44
Taiwan	Taiwan Weighted	01/12	9,888.03	+2.67	+0.03
East Israel	TA-100	01/12	1,468.56	-3.80	-0.26

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**Publisher:**

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Sahar Road, Vile Parle (East),  
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E-Mail at: [chamatcar@chamatcar.com](mailto:chamatcar@chamatcar.com)

**Printer:**

**KOKILA GRAPHICS**

**Printing Press Address:**

Gala No-12, Gr. Floor,  
Bliss Compound, Nivetia Road,  
Malad (East),  
Mumbai-400 097

**Owner:**

**CNI Research Ltd**

**Place of Publication**

A-120, Gokul Arcade,  
1<sup>st</sup> Floor, opp Garware House,  
Sahar Road, Vile Parle (E)  
Mumbai- 400057

**CNI Publications, A/120, Gokul Arcade, Sahar Road, Vile Parle (East). Mumbai- 400 057. PH.022- 28220323 / 28383889, Fax- 022-28242220**