

Editorial
Vol -1, No-I, 13 Oct, 2018, 08 pages

Market fell by 350 points and then recovered by 600 points creating huge volatility. This has created doubt in the minds of investors and traders whether we are in BEAR market or mere correction. The fear of bear market is not allowing them to buy.

Many experts over the week end on the social media, TV channels, and pink papers have said that this is now a bear market. This is similar to what we had seen in LEHMAN Time where there so called experts have said 11000 Sensex is history now. Well, it is their opinion which could be misguiding also as they want retail investors to act on their views and become bankrupt. Because selling only will help operators cut short and long at the bottom.

I do not look at equity to decide the bear market and hence I firmly say that this is a mere correction. I see market rising very fast near 11000 in this settlement only.

Election dates are announced and the uncertainty is over now.

The political involvement seems visible from many banners in the MUMBAI city where MODI has been asked to explain why the fall of 3000 point...?

After analysing the bond market behaviour and recent fall I and firm that market will rally again and there should be excess re action.

If you can take advantage very well or be on the sidelines. But for sure do not sell stocks in distress listening to the so called experts. Avoid leveraging, avoid F and O and you will be happy.

I will try to read the data once Nifty cross 10500.

Change of the week

	13-Oct-18	Rise /Gain
Sensex	34733	347 ↑
Nifty	10472	157 ↑

Net Investments (Cr)

	FII	DII
08-Oct-18	(1170.3)	1973.5
09-Oct-18	(823.5)	1526
10-Oct-18	(1082.5)	1892.9
11-Oct-18	(2754.2)	1888.1
12-Oct-18	(1322)	1287.2
Total	(7152)	8566

Turnover (Cr)

	FII	DII	
13-Oct-18	59,677	39,808	99,485

13-Oct-18	Advances	Declines	Ratio
BSE	2074	609	3.4

I had explained that more than 11% fall is not normal. I understand that some big financiers have withdrawn funding from the ULTRA HNI's which reflected in rough behaviour of stocks. Stocks like B Dyeing and Ashapura Intimate lower circuit is not at all opening. In fact, B Dyeing sellers were more than 1.3 cr shares as the price was Rs 123. We had coverage to stick stock at Rs 40 and till Rs 200 when it crossed Rs 200 with high volumes we had closed the coverage. We will wait for the day when CCT is open.

Tata Motors 2 week JLR shutting plant is not a big negative news. But as I said some long had to be squared off and this trigger was used. After 2 weeks when plants resumes what will happen.. ? A good news that TATA MOTORS decided to launch 10 news variants in domestic market has not gone well with the street. TATA motors saw historic volumes of 14 crs plus shares. We will not be surprised if find that RNT was buyers.

Anyways HNI's were targeted stock after stock. DHFL hit a low Rs 193 and then rose to Rs 258 and closed at Rs 245. Now pain in this stock is gone. So also pain in Yes Bank is gone. Maruti is still in pain and you cannot rule out possibility of another Rs 500 to 1000 fall in MARUTI to get this stock settled.

TATA Motors now you can expect will reach Rs 400 to 600 in next 2 years hence those holding in delivery will not have any problem. TITAN and VIP were also held by ULTRA HNI's and even these stocks were targeted today. So except few stocks we are seeing good amount of buying is coming from some quarters. The last half an hour fall was engineered to create artificial market which was done by pulling RIL down by almost Rs 30.

We had good day yesterday though volatility was 700 points. today though we closed 160 points down the volatility was less. Only stocks were targeted. Nifty closed around 10300. In my opinion bottom formation is already seen in last 2 days and Nifty will hold 10000. Whereas if it cross 10500 then only it will travel towards my destination of 10700 and 11000.

5 Top Gainers			
Stock	12-Oct-18	08-Oct-18	% Gain
ADANI POWER	32.6	23.4	39.32
HIND.PET	218.25	165	32.32
HEG LTD	4249	3226	31.71
MANGAPORE RE	83	64.25	29.26
VAKRANGEE	37.95	29.9	26.92

5 Top Losers			
Stock	12-Oct-18	08-Oct-18	% Loss
ILFS TRANSPORTAT	23	30.25	23.9
SWAN ENERGY	101.55	120.3	15.5
TATA MOTORS	183.4	216.5	15.3
TATA ELXSI	972.5	1140.1	14.68
CENTRAL BANK	28.65	33.55	14.6

Top 5 Picks By CNI 'A' Group
Company
SBI
TATA MOTORS
BHARTI
ICICI BANK
SAIL

Top 5 Picks By CNI 'B' Group
Company
RDB RL
VIPUL ORGANIC
PODAR PIGMENT
MULTI BASE
DFM FOODS

This is a perfect pitch for next rally. Whenever market drivers want market to be crashed they use withdrawal of funding, margin trigger, pledge sell (consequential where 50% price crashes), stop losses etc. This is one part of the story. Bears become active and generally seen they become active on the leg of the fall as they try to create artificial market with the force.

This is where the U turn happens. We are OCT 19 and only 11 sessions are left for the rolls. If market is heavily oversold like in current state where would we head...? You decide. As regards HNI's issue this will get settled sooner than later as their major holding in large cap is getting empty with loads of delivery selling. For them "SIR SALAMAT TO PAGDI PACHAS" hence they just do not bother to sell shares at any price.

In any case you enter at the top hence even 20% fall is mayhem for you but for those who have driven prices 1000% even 50% fall is still 500% gain hence they are cool.

Back to fundamentals, RBI did not cut rates clearly indicate that Re will travel towards 72 very soon. I have mentioned no of times that we speculate blind whereas Govt always come seen and hence our winning over Govt is impossible. Second reason is that USD is rising and not re falling. Third is that RBI efforts are short on Re control as re is traded more from DUBAI rather than INDIA and Govt need to understand that RBI has no control over DUBAI. Indian Govt has reduced borrowings and also said that MSP rise and petrol cut will not affect F D. It says MSP rise will impact only in 2020 which will dealt by Budget next.

India VIX has tested 20 today. Now here it seems settling hence even market will settle here only. The bear hope of 9000 is ruled out for sure.

Only thing RBI can do to protect Re is to bad speculative forward trades in Re. Only exports and imports backed forward should be allowed which will give width to RBI to control Re.

In short, there is no worry for investors.

Dow fell 850 points and futures another 200 down. Logically allowed India to open 900 down with all large caps down not mid caps.

Why this is good for India...? Yesterday Indian operators decided to cut short and going long. This steep fall allows some bears to go short at lowest level that is what these bulls want now...? So 10000 will not break and 10700 11000 will come.

I had mentioned always bears get trapped at the bottom hence selling short will be really dangerous at these levels.

Yesterday ASHAPURA INTIMATE a strong brand co in lingerie's has announced that their MD is found missing. His whatsapp status is showing last seen on 2nd Oct. Please note the stock is on sell mode even before that. Now interesting fact is that many funds have invested in this co. IIFL has given 32% loan against promoter holding. Various questions which arise are as under....

Why did BLACKROCK bought 5% stake in the co...? Who was the fund manager who took decision..? Was it a deal for money...? Blackrock invested in many companies out of which 3 recent burst co's raise question mark in their stock selection criteria. 8K Miles where AUDITORS have charged management of signature forgery, Arrow greentech where some large HNI's were driving stock and now ASHAPURA Intimate all have gone burst. This is not prudence...for sure. Arrow greentech placed shares to invest in personal assets such as HOUSES for sons then how can stock sustain...? Fund should know this unless they have different considerations.

IIFL wealth manager has done many deals in the market and its known name in the market.

This is why I always say BUY stocks where FII are not present. Now in these 3 stocks FII have killed the retail and only retail who follows such FII should be responsible.

Out of 3 companies 2 were managed by AHMEDABAD IPO operator who is known for only distribution which if FII claims that they were not aware then it is surprising..? 8 K miles ride the tiger of cloud which even IBM had said they were not successful. Now if fund manager does not know this then naturally the deal had to be for some other considerations. I had mentioned about cloud few years back. With 35 crs revenue stock market rises to 2500 crs itself is full suspect...?

Therefore I repeat that please do not rush after big names. Make full due diligence of the stock and if you are unable then hire services of research so that you can save your hard earned capital. We have a list of 100 or more high valued stocks which are negative list and will become zero may be after few years as their fundamentals are beyond our understanding.

NBFC has come out of crisis after SBI extended helping hand hence NBFC stocks are bouncing. But there are many manufacturing co's which are not at all affected should be the top picks as when market rises they will give you good upside. Eg India Cement, Jain and BOB (fair value rs 116 due to merger 24% upside.)

Dow down 600 but India up 700.... Crude topped out and heading for 67, Re topped out and heading for 70 now what Indian economy going even stronger...?

The main reason for rally today is something else. US which has imposed sanctions on CHINA will bent very soon. Why....? No 1 CHINA posted record trade surplus today of 34.13 bn USD which says CHINA still doing well even after sanctions. No2 CHINA decided to withdraw from the US bonds and they triggered some withdrawal yesterday. As per Bloomberg report CHINA has bonds worth 1.3 tr usd in USA. CHINA has clearly threatened to withdraw these bonds from USA which will create liquidity issue in USA and hence US will bend and go soft on trade war. The day this is announced markets will set on fire and that is why I am holding my target of 12750 in MAY 19. No 3 other countries like JAPAN if follow CHINA then USA will be at receiving end. No 4 TRUMP comments on FED were unwarranted and very soon there will be retraction which will lead to rally in US market. No 5 with softening crude and Re Indian stock markets will cross 11000 very fast.

Technically call put ratio suggest 10000 to 11000 range.

Stocks reaction... Yes Bank from low of 167 back to 250 and will scale up to 300 as no one can under estimate RANA KAPOOR. DHFL after crashing to 193 back to Rs 306. This all suggest the FAT is reducing. Once fat is reduced then who will sell...? B Dying is the last stock which will provide trigger. A Delhi based broker stuck in 4 mn shares funding. Operators approached MGT which has refused to bail them out. But heard from sources very soon a SING fund will buy the lot and stock will reverse.

This will also prove that market is really bottomed out. Why are funds buying with 20 pc upper in HEG etc if market is go down to 9000....? Thought for food...

What should you do... I my opinion you should add RDB Rasayan with confidence as stocks has only 4% free float and with improving fundamentals and good book value stock will be a multi bagger in next 3 years . The new criteria for stock picking should be whether the promoter is genuine or fraud...?

The worth of RDB gr is huge may be 10000 to 15000 crs and does not require any amounts to be raised from public as they are liquid. They have acquired 30% stake even by making open offer in McNally Bharat where BIG BULL too holds good stake. If promoter can buy 30% stake they have cash to buy. That means they can fund their expansion on their own. Hence I believe that this promoters is worth relying instead of buying cheat stocks.

Global Story

Market after steep fall last week had made up mind to go in upward direction but then DOW came in to play. Dow fell 860 points on Wed (Indian markets were up 450 points) and next day we saw 960 points gap down. Why are we writing this..? Indian markets dance to the tune of market drivers which means if they had decided to open market at 450 down it was possible for them. This could have reversed the Wed gains on Thursday but no. They had different idea in their mind.

Please see last week fall on which we had commented that the fall was engineered as majority of the fall used to come in last 45 minutes without much volumes. So obviously the intention was not to sell and run away from Indian markets. The objective was to create fear because only FEAR and GREED works. They succeeded with 2400 points vertical fall.

Fear was required to be created not among small retail investors this time as most of them used MF route. There are some retail investors who directly invest, they too are affected but the entire target was big HNI's who use leveraging for buying more and more shares. In last 4 years many HNI's and PMS had mushroomed with tons of credit. This was not acceptable to market drivers hence this planned move.

Post this fall, the fear of 9000 had gathered pace. Pink papers, TV analysts, and even some fund managers continued to say that still markets are overvalued and 10 to 20% more correction is required. Well, at 11800, they were missing the bus. None talked about over valuations. In public domain they cannot give contrarian opinion. They were trying to justify their losses.

Now on Thursday when Dow fell another 600 points, street thought that Sensex will open another 700 points gap down. Here is the role of our market drivers. They opened market 300 plus on FRIDAY and closed at 700 plus. Even normally seen volatility of 500 600 points was missing on FRIDAY. Short sellers were trapped on the wrong foot on the last day of the week.

Only CNI said firmly that market will not breach 10000 and maintained even when Sensex opened 900 down on Thursday. This prediction was not a rocket science. We try to read the F and O data and in absence of physical settlement this is cash cow of the market drivers. The range was visible 10000 to 11000 on the basis of call and put writing. Still 8 more sessions to go and hence how the data change we need to monitor.

The colossal damage was already done. Many PMS got largely affected. Stocks like ASHAPURA INTIMATE started hitting lower circuits after co filed with exchange that their M D is missing. Analysis of data suggests IIFL lent funds against promoters stake and the pledge was as high as 32%. Logically IIFL will have to find a buyer of business where they can sell their 32 pc and wash hands and buyers will definitely offer less than the potential value. Alternatively they carry the new business and make open offer.

Another stock which started correcting from Rs 300 and kept on hitting lower till Rs 105 was BOMBAY DYEING. Friday the selling got absorbed and stock hit upper circuit with 62 Lac shares buying. Some HNI who used broker funding got washed away.

This is why we say this time many big HNI's were targeted. There many stocks which had taken the 4 years savings of many HNI's and brought them at 2014 levels. They will to have start a fresh innings all the way. One more message is sent to MARKET is that USE MF route instead of direct investment where your NAV can be at the most correct by 10 to 15% instead of losing 50 to 80% of the capital. The message and loud and clear. This will also give hint at the people behind the crash.

When Nifty fell in FEB to 10000 it was mid caps carnage. Then shifting took place from mid caps to small caps. So logically mid cap funds, mid cap investors, mid caps operators all were washed away which wiped off their 4 years gains. Even MF and DII got affected as they are showing 10 to 15% negative returns.

When Nifty fell again in Oct, ILFS was compared with LEHMAN. In 2008 first fall was in JAN and second was in OCT. This time first fall was in FEB and second was in OCT hence direct comparison started.

Market become oversold, investors sold even delivery in panic and/or for mark to market and rest of the damage is done by brokers. Brokers triggered margins and in some cases asked clients sell without any reason. Those who are in cash and want to deploy it is not happening as brokers are not giving limits. Asking RTGS first and you can see how markets behave. Even before investor decide to make RTGS markets are up 700 points where they can not dare to buy.

So conclusion is that no one can time the market.

We believe that replica will happen before elections. Nifty not only will cross earlier high of 11800 but scale to 12500 12750 before elections for following reasons.

Indian economy is robust.

Earnings are improving quarter after quarter.

TRUMP will withdraw trade wars and sanctions within next 2 months as CHINA has started redeeming the US debt. CHINA posted record trade surplus of 34 bn usd which US cannot ignore.

US Dow fall was after TRUMP comments on FED which will be softened or retracted which will take DOW past 27000. Our target of 28000 is intact.

Markets are very light as sellers are missing now. At the same time they are in oversold state hence there has to be sharp bounce.

First target is the complete the SQUARE that is fall started from 11000 and rise has to reach 11000 first. Then the built up and participation.

Only strong HNI's who hold positions and are in a position to add more will drive the market and for them there will be very less obstacles.

Even after this kind of fall the inflow in MF is rising. The amount withdrawn by CORPORATES will come back in MF and so the markets will rise.

Finally the last 20 years witness that market rise 24% annually just six months ahead of election to next 18 months. This leads to clear direction that in next 24 months Nifty should test 15000. Our target is 14000.

CNI members are less affected compared to the world as we have never picked a stock which is overvalued. We follow bottom up approach. Yes some F and O stock are down covered by us but F and O is always dangerous as you commit more. It is a clear gate way to the market drivers deep pockets.

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Global Indices

Country	Indices	Date	Index	Net Change	Change %
Hong Kong	Hang Seng	13/10	25,801.49	+535.12	+2.12
Singapore	Straits Times	13/10	3,069.17	+21.78	+0.71
United States	NASDAQ	13/10	7,496.89	+167.83	+2.29
United States	DJIA	13/10	25,339.99	+287.16	+1.15
United States	S&P 500	13/10	2,767.13	+38.76	+1.42
Japan	Nikkei 225	13/10	22,694.66	+103.80	+0.46
United Kingdom	FTSE 100	13/10	6,995.91	-11.02	-0.16
Malaysia	KLSE Composite	13/10	1,730.74	+22.25	+1.30
Indonesia	Jakarta Composite	13/10	5,756.49	+53.67	+0.94
Thailand	SET	13/10	1,696.16	+13.27	+0.79
France	CAC 40	13/10	5,095.98	-10.39	-0.20
Germany	DAX	13/10	11,523.81	-15.54	-0.13
Argentina	MerVal	13/10	29,598.18	+1,985.09	+7.19
Brazil	Bovespa	13/10	82,921.06	-758.05	-0.91
Mexico	IPC	13/10	47,444.05	-114.18	-0.24
Austria	ATX	13/10	3,201.13	-2.98	-0.09
Belgium	BEL-20	13/10	3,505.03	+2.25	+0.06
Netherlands	AEX General	13/10	516.29	-1.60	-0.31
Spain	Madrid General	13/10	901.65	-10.24	-1.12
Switzerland	Swiss Market	13/10	8,660.38	+21.19	+0.25
Australia	All Ordinaries	13/10	6,006.56	+13.08	+0.22
China	Shanghai Composite	13/10	2,606.91	+23.45	+0.91
Philippines	PSE Composite	13/10	7,004.77	+120.39	+1.75
Sri Lanka	All Share	13/10	5,815.03	-23.45	-0.40
Taiwan	Taiwan Weighted	13/10	10,045.81	+239.70	+2.44
East Israel	TA-100	13/10	1,435.24	-15.29	-1.05

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