



Editorial

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From today be ready for heavy volatility as weekly Nifty expiry is introduced. More you trade more you lose in F and O for sure now. Only positional play will help traders. Even now if you do not resist trading in F and O by happy with tons of losses.

In f and O valuation does not matter. e g JAIN IRRGIATION the price is still falling though pe is as low as 7 ...? Where would the fall arrest..? Unless market drivers decide.

So if you want to be on winning side in F and O search for entry in the group of people who control the market.

For me Cash is KING. Many co's have reported superb nos and prices have corrected for weak hands exiting. Take this opportunity have conviction and buy in size.

Maximum waiting period is now reduced to only 45 days as this will be adjustment period of profits and losses. No surveillance measures will work as those who want to change hands will change hands at any cost.

Nifty has come down below 10900 but it will bounce back to 10980 today. Overall also I feel Nifty will bounce to 11160. The game will be on for a while where Nifty rally will continue and stock correction will continue as FPI are long in stocks and short in Nifty.

The day FPI cut shorts in Nifty Nifty will top out and stocks will start rising. Many FPI and overseas investors are now squaring off stocks as they are tired. So this seems to be the first step where things are getting settled. This process will continue till March end. Another reason is that many overseas investors have parked shares in P note or some benami names and due to new SEBI circular they will have to disclose the beneficial owner which they will never do and hence they are squaring off stocks even in losses.

Finally who is buying.....?

The one who was buying in 2013 ahead of election. Then big rally was set. Now even the same hands are buying. Rally will set for sure.

Change of the week

	15-Feb-19	Rise /Gain
Sensex	35808	716
Nifty	10724	214

Net Investments (` Cr)

	FII	DII
11-Feb-19	(404.8)	(232.5)
12-Feb-19	1169	(122.6)
13-Feb-19	(856.3)	713.1
14-Feb-19	(671.5)	1225.2
15-Feb-19	(966)	853.25
Total	(2729)	2437.5

Turnover (` Cr)

	FII	DII	
15-Feb-19	48.180	29.953	78,133

15-Feb-19	Advances	Declines	Ratio
BSE	883	1650	0.53

You take your call what you want to do. If you are in A gr F and O stocks you will have to bear the pain.

On valuations we have clarified that 14000 is the correct target of Nifty which will happen only when rally is set that should happen with B gr participation.

Weekly settlement is a dangerous game for retail traders and we suggest preserve capital and invest in quality stocks even though they are falling now. OPTIONS is clear drag for sure as you will tend lose weekly premium.

As regards stocks downgrade and big fall could be the first trigger to buy. Tata Motors had been falling from 400 to 150 on this premise. TAMO wrote off Rs 28000 crs of diesel technology. This clears the deck of much awaited JLR IPO. It seems someone is now accumulating TAMO when big fishes has downgrades TAMO. DOWNGRADE is generally used for accumulation. We had seen this INFOSYS also. Hence TATA MOTOR should rise in coming months though the journey will be painful.

Many stocks even though not in pledge list had been hammered by some vested interest in order to accumulate the same. RDB RASAYAN seems to be one of them. One investor from JAIPUR has brought down the price to halve by just selling 50000 shares as per my information. Now they will start buying big slowly. This is like STORE ONE where price first crashed to Rs 25 from 54 and then went on to cross Rs 300 mark. Co has done reasonably well in Q3 and first 9 months saw profit before tax at Rs 12 crs and could cross rs 17 crs. Q4 should be still better as OIL fall will be reflected in Q4 sales. Q3 were with higher price inventory hence profit was subdued. Q4 profits should good leap. I would warrant a clear buy on the stock.

Nifty will rise to 11050 again this week. As told to you I do not see big fall in Nifty for following 3 reasons...

Heavy short by FPI in hedge...

Nifty is under valued ...

Time gap for rally is getting reduced....

5 Top Gainers			
Stock	15-Feb-19	11-Feb-19	% Gain
DILIP BUILD	445.1	335.7	32.59
SHANKARA BLG	425.4	333.4	27.59
YES BANK	218.7	174.8	25.11
REDINGTON	82.15	67.6	21.52
INFIBEAM	39.5	33.1	19.34

5 Top Losers			
Stock	15-Feb-19	11-Feb-19	% Loss
INDO COUNT	32	41	21.95
GUJARAT NARMA	250.5	318.4	21.33
UFLEX LTD	202.05	249.6	19.05
NALCO	48.7	59.25	17.81
CG POWER	29.3	35.2	16.76

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
COSCO
RDB RASAYAN
WIM PLAST

Agony of the market is so saviour that FEB and MAR will notice only change of hands. Eg Tata Motors had announced IPO of JLR at Rs 400 around and stock kept on falling. Then came a day when TAMO wrote of rs 28000 crs assets and stock bottomed out at rs 150 with huge volumes which could be nothing but change of hands. Accumulation happens in some other hand and stock changes hand. Same thing is noticed in JAIN Irrigation. We had reported co will post good nos and it did. But stock market has different idea. At Rs 69 there was volume of over 1.5 crs shares stock went into BAN. Today it crossed that volume again. Logically looks like some hands have changed.

With this kind of robust nos stock can fall 10% which means INDIAN stock market is nothing to do with nos. Sometimes it defies the logic of market is slave of earnings. In fact, good nos are used to dump the stock in a big way.

Well, this has to happen and is happening in A gr shares. Where would B gr shares stand the test. Only investors who can make money are patient investors. Please avoid seeing your mark to market losses in these 2 months in delivery stocks. For sure in course of time you will be better off.

So enjoy whatever you have and be patient.

Elections are taking major turns as RAHU's attack, Priyanka's entry and mahagatbandhan will keep on creating doubts in the minds of investors. But for me BJP will form the Govt and those who take calculated risk will be benefited. If you focus of good stocks say SBI Yes PNB BOB you can pick these stocks in the fall and wait for the tide to turn in your favour.

Fall in B gr stocks where promoter holding is intact, there is no debt or minimum manageable debt ROCE is above 15% good earnings and good sector and the price is fallen without any reason such as debt, pledge etc that should be considered as major buying opportunity. Stocks in such cases fall for few reasons such as triggering margin due to F and O losses, panic selling by some investors on fear, brokers forcefully liquidating some investors position and finally to bring the price intentionally down by HNI's so that they can corner major chunk at lower prices

What can help you is your detailed analysis, discount value to fair value and your conviction.

Maximum another 15 days that is FEB settlement is the last day of the weakness. Yesterday after RAFELCAG clarification and failure of PRIYANKA to appease voters, the scene is getting clearer in turn of NAMO. As I told you earlier valuations are so compelling if FPI do not buy now even they will not get it cheaper. Market is oversold and expecting a spring pressed for long time is out of question. There cannot be a case of negative prices in stock market.

Those agree with me start buying. Those contradict go for short selling. What happens in short selling is seen YES BANK twice. We buy dips and hence made money most of times in Yes Bank. What happened with YES will happen with every stock.

Today is expiry that is first weekly expiry. Tom fresh settlement starts and Nifty has to move up come what it may. RIL is found big shorts from 1320 levels on JIO issue. CMP 1230 and traders are expecting Rs 1180. Any positive announcement in JIO will take stock to 1335 plus without giving chance to cut short. This happens GAP up kind scenario. JAIN Irrigation another classical example. Yesterday on results huge furious shorts got trapped. Stock had 3 cr shares volume a rare sight. Now stock can do Rs 65 70 very fast.

SBI PNB and BOB have fallen down with Nifty fall and will rally with Nifty rise. Today is the day of picking these stocks for 10% gain.

Before I write today's column I strongly condemn the attack on CRPF jawan and request all parties not to do politics on its. We are first INDIAN and our soldiers are our life line.

After the expiry of the first settlement yesterday Nifty has opened week as they want to build positions at lower level. Now as told to you earlier this will become a cash cow for the operators and people who control the market. Volatility will rise as they have to milk through options every week now instead of every month. It is better you refrain from trading in Nifty and F and O.

The only role left for you to invest. But by and large I am seeing 3 situations...

- 1 that investors are fully invested and not left with any money
- 2 investors sitting on cash and do not have confidence
- 3 fear of further fall not allowing investors to buy any more.

FPI and DII are busy churning portfolio to remove laggard and add large caps hence there will not perceptible buying in mid caps.

Earlier managements were supporting stocks through promoters pledge and golden shake hands with operators. Now even managements are at the back foot as they landed buying more than warranted. They are unable to top up with margins and hence many operators are dumping stocks in the open market.

What you have learn from this...

Stay cool, even if you do not buy hold stocks which you have.

Wait for the reversal.

Shorting is giving good returns, for the time being, to many traders but for sure they will get trapped one day or the other which we had seen in Yes Bank 3 times. Jain could be another case where street went short on result day till 149 with heavy volume and stocks rose 10 % yesterday. Watch this stock carefully where the sudden rise in volumes has become an indicator to watch.

Global Story

How stock markets get manipulated we can explain very well to you. Metal prices were 480 USD when Tata Steel was reeling at Rs 470. In last 30 days metal prices rose from 480 USD to 512 USD on Friday that is a jump of 11% whereas TISCO price is still reeling below 470 which suggest that howsoever long you go the stock will not rise unless the driver of TISCO desires. CHINA yesterday announced that they will not raise steel prices. At the same time INDIA's steel association has demanded rise of steel prices as raw material prices are shooting. Iron ore prices and pallet prices are on rise. Tisco is the largest beneficiary as it owns mines. Yet the stock prices will not move until the drivers decide. This suggest that one should not gamble in the market but invest on these inputs and wait patiently as they cannot continue price manipulations for long. There could be some long only funds which will enter market with positive view and absorb the selling.

Another example is that pallet prices are shooting post VALE accident in brazil. Vale announced closure of plants. More than 100 people died. Enquiry is on. Earlier also there was closure in 2015 which as of date has not re commenced. Thus the impact is last longing. As against 7 MN tons INDIAN capacity (all put together) the VALE capacity alone was 12 MN tons which clearly suggest that there will be short supply of pallets. CHINA cannot increase the supply for sure. This will benefit INDIAN co's. Though GODAVARI power has reacted positively after we first reported this story and stock moved from 200 to 260, Jindal Saw another co in pallet is falling after hitting high of Rs 90. Normally this stock too should have rose along with Godavari power. But in INDIA the stocks are controlled by few hands and they will not allow the price to move up.

Third example is Tata Motors where they had announced IPO of JLR a year back when the stock prices kept on falling. Off course the JLR sales too were weak. But recently stock was downgrades and fell 20 pc in a single day when TATA MOTORS announced a write off Rs 28000 CRS. This write off was JLR assets and this opens the deck of IPO again. With just Rs 50000 CRS market cap it seems co was well staged to digest the cleanup of books. Post downgrade stock in fact started moving up against the market trend. We should see signal of bottomed out only when this stock cross Rs 220 in coming months.

All the three examples clearly suggest that investors should always take a long term view if they have to make money in stock market. Invest and sit tight is the only way of making money.

Weekly settlement of Nifty will kill your appetite now as you have to strike to target for only 5 days. If you are so great to strike a target in 5 days every alternate building should be yours. The volatility will increase and the drivers have 4 objects in month instead of 1. It is very difficult to read the F and O data of calls and put for just 5 days.

This situation will continue till OCT 2019 when all the stocks in F and O will come under physical settlement. Even post OCT 19 we would suggest try to restrict yourself with stock hedging if at all instead of Nifty for the weekly settlement. Post Oct 19 chances are not ruled out to see even stocks getting weekly settlement if that happens more and more gambling will evolve suggesting investors to become only investors and gamblers only gamblers.

With every week end our comfort is rising in the market as the time gap is reducing. As suggested earlier market may remain in limbo till 31st March 19 due to cross border transactions for tax evasion and for performance. We are in the world of cosmetism. It is necessary for funds AIF DII MF CORPORATE and even HNI's to clean the books as far as records are concerned either through direct exit or by changing accounts if exit is not possible. By doing this the purpose of tax evasion can be achieved, loss making stocks can be moved out of the portfolio, cost is re engineered by changing schemes etc.

So let us focus what could be the scene post March 31. One view is that till elections means till MAY mid there may not be big up move. That means another 45 days you will have to slog. Thereafter what.... We are sitting on another TIME BOMB. If NAMO loses there could one knee jerk and market will settle somewhere near 10000 and start recovering in the course of time as market will never get closed. If NAMO wins then this time BOMB will explode. Why...?

Post Oct 18 SEBI circular all funds were in SELL boat except 10 large cap stocks which manage Nifty. Top constituents by weightage HDFC Bank Ltd. 10.31 Reliance Industries Ltd. 9.69 Housing Development Finance Corporation 7.31 Infosys Ltd. 6.57 I T C Ltd. 5.51 ICICI Bank Ltd. 5.42 Tata Consultancy Services Ltd. 4.88 Kotak Mahindra Bank Ltd. 3.87 Larsen & Toubro Ltd. 3.74 Axis Bank Ltd. 2.96. Thus these 10 stocks have weightage of 60.26 pc on Nifty. Hence these 10 stocks generally do not fall when Nifty was to be shown high. On 15th FEB the Nifty pe 26.53 which really looks expensive. This is historical pe based on MARCH 18 earnings. Hence if you take your call based on this pe the destination is fixed. Most of the analyst will show you only this pe. The trailing pe is available on bloomberg which shows pe of 24. Now you see what difference is. Now both these pe are on standalone nos.

Now you tell us whether you can value Bajaj Auto on standalone or for that matters the 10 stocks referred above..? If yes then you are right to rely on the PE given above. But if not then what is the consolidated pe. The consolidated pe on historical valuation of 26.53 (NSE) is 21.22 (25% higher earnings in case of consolidation) and trailing valuations of 24 per (Bloomberg) is 19.2.

May 31 is the last day for announcing the annual and Q4 results. Hence the new data of PE will be replaced only after MAY 31.

Therefore instead panicking we should wait for another 90 days having seen 385 bad days so far. The tunnel is near end and there will be bright light after the end of the tunnel. Indian valuations when are more compelling in NIFTY alone then the battered mid caps and small caps are even cheap and cannot see further fall from the current prices. Or even if it falls it is only an opportunity to investors. Here we would like to explain very simple maths to all of you. Those who sell shares at losses will lose shares from their DMAT whereas those who do not sell shares their DMAT position is intact and will benefit as and when market rises. Those who are sitting on cash will have 90 days window.

On elections we are of firm view that BJP will succeed on facts and calculations hence we go with risk taking. In any case, investors will benefit over a period of time whichever Govt comes to power as our PE is just 19.2 and have scope to rise to 28 where correction comes. 28 pe means Nifty 15500 plus. Risk Reward ratio favours brave ones.

Global Indices

Country	Indices	Date	Index	Net Change	Change %
Hong Kong	Hang Seng	16/02	27,900.84	-531.21	-1.87
Singapore	Straits Times	16/02	3,239.74	-13.42	-0.41
United States	NASDAQ	16/02	7,472.41	+45.46	+0.61
United States	DJIA	16/02	25,883.25	+443.86	+1.74
United States	S&P 500	16/02	2,775.60	+29.87	+1.09
Japan	Nikkei 225	16/02	20,900.63	-239.08	-1.13
United Kingdom	FTSE 100	16/02	7,236.68	+39.67	+0.55
Malaysia	KLSE Composite	16/02	1,688.83	-0.23	-0.01
Indonesia	Jakarta Composite	16/02	6,389.09	-30.93	-0.48
Thailand	SET	16/02	1,636.94	-15.70	-0.95
France	CAC 40	16/02	5,153.19	+90.67	+1.79
Germany	DAX	16/02	11,299.80	+210.01	+1.89
Argentina	MerVal	16/02	37,469.97	+84.22	+0.23
Brazil	Bovespa	16/02	97,525.94	-489.15	-0.50
Mexico	IPC	16/02	42,988.72	+263.50	+0.62
Austria	ATX	16/02	3,023.76	+62.37	+2.11
Belgium	BEL-20	16/02	3,567.98	+47.08	+1.34
Netherlands	AEX General	16/02	539.62	+5.38	+1.01
Spain	Madrid General	16/02	920.32	+16.49	+1.82
Switzerland	Swiss Market	16/02	9,242.12	+99.41	+1.09
Australia	All Ordinaries	16/02	6,148.58	+8.99	+0.15
China	Shanghai Composite	16/02	2,682.39	-37.32	-1.37
Philippines	PSE Composite	16/02	7,908.89	-82.36	-1.03
Sri Lanka	All Share	16/02	5,909.30	-23.15	-0.39
Taiwan	Taiwan Weighted	16/02	10,064.78	-24.23	-0.24
East Israel	TA-100	16/02	1,418.98	-1.83	-0.13

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