

Editorial
Vol -1, No-I, 29 Sep, 2018, 08 pages

You decide whether you believe in INDIA story or be part of bear cartel or at losing end. My call is simple market has to rally again and will rally for the reasons wrote yesterday.

Next 3 days will belong to recovery. Why is market bottomed out..? Maximum panic calls I have received yesterday. Some were callers after gap of 2 years. No one does bottom fishing. Operators will not allow you buy cheap. The last reason is that target 9000 is back before expiry.

I will cheer.

It was no brainer to predict the rally. After yesterdays recovery of 380 today it opened up 284 wiping out Mondays loss in 2 days. Having seen Sensex open at 284 plus some volatility will be there but chances of seeing in red is remote. This will be to trap intraday traders. Closing has to be in green.

In the entire process of 2000 points up and down tickets of many HNI's is gone leave apart the small traders. We know a small timer trader has lost Rs 16 lacs whereas he has no capacity to bear such loss. There are few large one have lost 1 cr to 5 crs in just matter of time. Many fund managers are worried that their fund will get closed.

This is what precisely planned. The same mayhem we had seen at 10000 and now at 11000. Market corrected from 11800 to 10800 which is too much and hence now more correction is ruled out. Market is lighter and those who invest now will make money again.

Economy is growing as told by FM and NPA recovery is Rs 1.8 lac crores. Do not you think this is a great sign..? Yes for the economy nothing is better than this.

BJP has sealed the victory 2019 as RG has labelled the HONEST PM as CHOR. This is like other congress leaders barking in PAKISTAN helped BJP. We have clarified the RAFELL issue which now appeared in BUSINESS LINE where the capability of the co is already established since 2007.

Change of the week

	29-Sep-18	Rise /Gain
Sensex	36227	615 ↓
Nifty	10930	207 ↓

Net Investments (Cr)

	FII	DII
24-SEP-18	(1057.9)	1527.5
25-SEP-18	(3682)	2284.5
26-SEP-18	(699)	1555.4
27-SEP-18	621	(186.5)
28-SEP-18	(1057)	3256
Total	(5874)	8435

Turnover (Cr)

	FII	DII	
29-Sep-18	62,367	54,174	1.16541

29-Sep-18	Advances	Declines	Ratio
BSE	473	2184	0.21

Now on stock picking...? If you feel that EICHER FORCE are safe bets then yes they are safe bets but fully controlled counters hence you will benefit only if you are old shareholders. See MARUTI from Rs 9500 to 7700 they have shame is selling the stock and you will be sucked. These stocks are momentum stocks and can be traded with stop loss. If invested then you forget for 5 years and then see returns.

In that case you must study upcoming multi baggers. We had offered few stocks as multi baggers. They too have corrected 20% in synch with market but I am very sure they will see new high before DIWALI and hence adding these shares will benefit you. If you hold for 3 years they will become GOLD. Now it is up to investor what view he has to take. Only LION hearted investor can have vision to see these stocks becoming multi baggers. In these LION hearted investors I have found some U S investors who have full faith in CNI research and they have bought. In the past also they were benefited. That is what I have learnt from their EMAILS.

OI is 75 lac VS 189 lacs which means 30 lacs reduced from Sept and 6 lacs added in OCT. See the ratio and decide where market is heading. OCT has to reach 2 cr whereas Sept will go down to max 1.3 crs where positions will die down.

Hold with conviction and stocks at will wherever you feel confident.

5 Top Gainers			
Stock	28-SEP-18	24-Aug-18	% Gain
ILFS TRANS	22.55	20.05	12.47
INDIAN HOTEL	135.45	126.85	6.78
CYIENT	741.5	703.1	5.4
DB CORP	216.5	207.7	4.24
UNITED BRE	1363	1308.5	4.16

5 Top Losers			
Stock	31-Aug-18	27-Aug-18	% Loss
INFIBEAM AVEN	58.8	181.35	67.58
INDIA BULL REAL	88.8	123.25	27.91
CENTRUM CAPI	33.3	44	24.32
PNB HOUSING	888.8	1173.1	24.24
JAIN IRRIGATION	60.95	79.85	23.67

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
POKARNA
PODAR PIGMENT
RDB RASAYAN
DFM FOODS

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In the engineered fall of market there is no worry. With today's expiry the expiry pain will be over and will start new settlement on new note. The markets are either heavily short or no positions. best part is traders are talking about 9000 Nifty in next 30 days that is good for me.

Let us talk on valuations. I had given calculations earlier that at 10000 Nifty is at less than 20 pe X 2019 and hence if we have to take Nifty to 9000 the PE will be close to 17 which means India is a default country. In 1991 PE was 11 whereas in 2013 pe was at 11 hence if PE has to fall to 16 17 levels means a JUNK country. If you feel we are JUNK you must sell. If you feel we are strong one and warrant investment rationale at 21 pe then investment will come in INDIA.

So my call is stay calm and invested. Do not panic.

Market will rise. 11000 will hold for this expiry and 11130 could be the closing today.

Above 11300 trend will change and short covering will start. Let us see HOW we celebrate DASREHA and DIWALI.

Stocks which have corrected offers good opportunity. Next rally will see change of sectors. Metal could be one for the bulls. Vedanta and Tisco will be favoured stocks. RIL will lead the rally. Banking will rise selectively. NBFC nothing wrong but the over owned sector may see some consolidation. Auto may see further correction. Tata Motor could see rs 200 but will reverse the TISCO way and hence not to lose hopes. Cement could be another sector which may rise the rising demand. Ultratech is good but INDIA cement could be a value buying at cmp.

We have a list of stocks which is in AVOID category but we will not write here.

Once again market was exposed to high amount speculation and gambling in the F and O segment thanks to no physical settlement. Recently when JP counter shown a bloc deal at Rs 25 by Big BULL street thought that stock can rise to Rs 100 but it collapsed. Same is the fate of SUZLON Energy.

Infibeam collapsed 55% in single day still we feel it is avoid stock.

So what that you can invest..?

F and O stocks no one has a control and you should be prepared to take big risk. If MARUTI can collapse by 30% pc then why not Srie JAIN and others....? The difference in cash is the great earnings.

This lead to again my conclusion that you should buy stocks where FII are absent. They come and create value and you get rewarded. But when you buy at the peak or higher valuations seeing FII holding you are washed out as FII are biggest destructor of that stock.

Quality, Swan Energy, Infibeam, yes Bank, Vakrangee, IB real estate, DHFL, KPIT and CRIDHAN all have been the victims of such targets. Out of this ONLY KPIT is one co which is really is good and warrants investment but this too got corrected because the rally was very sharp and one sided. We too had given buy in KPIT at 170 for 240 and after 240 we were never bullish. Now below 200 could be again a great buy.

As against this there are many stocks where FII holding is zero. Who will break this stocks..? At the same time these are growth stocks where EPS will rise many fold making these co as multi baggers in time to come. You should invest there.

Crash is part of the market. After every fall stocks rise 3X in next 2 years. So my conviction is very clear certain stocks will rise 5X in next 2 years. Have vision add and sit tight.

As regards Nifty 11000 is fair value and hence I do not see big fall. Above 11300 the trend will reverse. My guys is that we will close above 11100 today and then the march will continue.

Having gone short and short I do not think operators are fool to cut their short at higher market and hence volatility. At lower levels they are building positions. Market will realise only when Nifty cross 11300. Till that time the word PANIC will create MAGIC for operators in terms of getting positions and retail will become more fearsome. FEAR and GREED works perfectly and this is a classical example.

Global Story

This was a blood bath for sure and in this blood bath all leveraged players were on way out to nowhere where the largest sufferers were promoters who had structured deals. Apart from promoters, operators were caught on wrong foot again the reason is leveraging. Then comes F and O traders got screwed again due to leveraging. Finally even some investors who use their shares physically bought as margin for leveraging and even they are affected. The only class which is not affected is GENIOUS and GENIUNE investors who buy shares only after proper research and buy only to the extent of their pockets.

You need to understand what the first category. In INDIA almost all stocks are managed by some jockeys whether it is A grade share of B grade shares. Those which are not managed by any jockey will lie low for years even after great fundamentals. The difference is in the jockey. If JOCKEY is strong nothing is going to happen to the co. Now apart from JOCKEY the promoters involvement in the stock management is the key. Most of the promoters are hands in glove with the operators.

Now wherever co's have strong business model you will find DII FII and ultra HNI investing in the co. This could be hardly 10% of the listed space. Then comes the midcaps and small caps. In this space first the market is created and they try for the placements. Placement is not an easy cup of tea. Earlier placements used to happen at ease with some hidden costs e g GEETANJALI GEMS. But nowadays there is strict vigil on INSTITUTIONS. FII nobody have checks and hence only their internal surveillance has to monitor such transactions. There are greater systems in place now which makes the process rigid and transparent. Thus deals still happen but of good quality companies and not paper made companies.

So how are things managed..? Well, here comes the role of middlemen who do structured deals with the FUNDS. What is structured deal. This could in the form of equity, mezzanine and or FCD. These middlemen arrange FUNDS who buy shares from the promoters (from side accounts) at a price with an exit clause. Wherever there is EXIT clause it is structure. Fund buys shares in their name and settle the account in defined ways after lapse of agreed period. If it is vanilla deal then they sell and promoters buy (in side accounts) or own accounts with disclosure. If FCD then on agreed period the FCD gets converted into equity and the underlying shares change hand in the prescribed manner.

Pre 2007 FCCB was issued to be the instrument and you have seen most of the co's which had used this instrument had failed to honour the commitment creating havoc in the street.

The risk of failure to honour the commitment in the structured deal is also going to create havoc in these companies at some point in time. Unless they use the structure period to genuinely place these shares to indenting long term investors. Recently a co had raised Rs 200 crs to retire old bank debts only through structured deal. have they not done this there were on default. Now they got the lease of life. If they get a buyer well and good. But if they fail then HORROR scene will be seen.

Today's screen was part of HORROR show where A gr company saw 70% crash in no time. Had the SEBI intended timing of 12 midnight for derivatives applicable the stock could have been 1% by midnight. Best part of this game is foreign consultants from reputed names are hired for this kind of business and volumes games are set by local jockey.

In India except NAMO every one likes imported whether it is female, wine, consumables or for that matter consultants. Consultant has nothing to lose because he acts like a PUNDIT for marriage. He has to charge his fees for everything.

Why are we writing this...?

When a stock like Srie falls from Rs 90 to 30, JAIN from 150 to 60, Jindal Saw from Rs 190 to 76, Tata Motors from Rs 400 to 220 obviously investors starts doubting the credibility of good bad and ugly. BAD and UGLY are understood and deserves such treatment but good companies are also affected by investors sentiments.

The mid cap carnage is thanks to this situation. After SEBI circular first DII have started offloading mid caps. Falling axe did not boost confidence of the HNI's and they too started making exit. Then the steep fall of over 50% triggered the margins in many cases where the structure has failed leading to sell trigger from the structure funds. Therefore this mayhem. The simple rationale is that if the promoters had capability to save the day then probably they could not have gone for the structure itself as it involves cost. Promoters inability is leading to distress sell of stocks under structure in the open street.

Good companies will bounce back. Fraud companies will be addition to 14000 suspended companies. The common modus operandi in fraud co's is to use a powerful distributor who creates volumes, generates tip and finally stock become NAUGHT with promoters stake too at NAUGHT. Then this becomes addition to suspended company.

Therefore the objective should be to invest in companies with strong cash flows, good earnings, great management, no pledge. It is well said that market has to salute to earnings sooner than later.

Coming back to Nifty we had already expressed that the valuations are in line. The steep fall in midcaps is only an opportunity to buy. Nifty is trailing at 26.5X 18 hence discounting FY 19 the PE is just 22.4 which is fair and in synch with global markets. Therefore there is no truth that nifty will travel to 9000. This is baseless and hence investors should sit tight on their holdings.

We generate trading calls in A grade where stop losses are given. But apart from this we give BUY guidance in B grade stocks which only will create wealth for you. We have negative list of stocks but we can't go against market and display AVOID list. But we have a system to help our members to guide what to buy and what not to.

Very soon we will be starting ONLINE WEB based learning classes for CNI members on subjects like how to read Balance Sheet, how to identify stocks and Criteria for stock picking, derivatives learning's etc which will be strictly for CNI members and will be paid services.

Global Indices

Country	Indices	Date	Index	Net Change	Change %
Hong Kong	Hang Seng	29/09	27,788.52	+72.85	+0.26
Singapore	Straits Times	29/09	3,257.05	+20.79	+0.64
United States	NASDAQ	29/09	8,046.35	+4.38	+0.05
United States	DJIA	29/09	26,458.31	+18.38	+0.07
United States	S&P 500	29/09	2,913.98	-0.02	0.00
Japan	Nikkei 225	29/09	24,120.04	+323.30	+1.36
United Kingdom	FTSE 100	29/09	7,510.20	-35.24	-0.47
Malaysia	KLSE Composite	29/09	1,793.15	-5.49	-0.31
Indonesia	Jakarta Composite	29/09	5,976.56	+47.34	+0.80
Thailand	SET	29/09	1,756.41	+3.46	+0.20
France	CAC 40	29/09	5,493.49	-46.92	-0.85
Germany	DAX	29/09	12,246.73	-188.86	-1.52
Argentina	MerVal	29/09	33,461.77	-189.56	-0.56
Brazil	Bovespa	29/09	79,342.44	-657.65	-0.82
Mexico	IPC	29/09	49,504.16	-142.75	-0.29
Austria	ATX	29/09	3,344.04	-30.94	-0.92
Belgium	BEL-20	29/09	3,706.74	-34.44	-0.92
Netherlands	AEX General	29/09	549.62	-4.13	-0.75
Spain	Madrid General	29/09	951.07	-14.62	-1.51
Switzerland	Swiss Market	29/09	9,087.99	-24.23	-0.27
Australia	All Ordinaries	29/09	6,325.50	+26.17	+0.42
China	Shanghai Composite	29/09	2,821.35	+29.57	+1.06
Philippines	PSE Composite	29/09	7,276.82	-43.77	-0.60
Sri Lanka	All Share	29/09	5,862.18	-7.13	-0.12
Taiwan	Taiwan Weighted	29/09	11,006.34	-27.85	-0.25
East Israel	TA-100	29/09	1,484.82	-8.34	-0.56

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