Your Masters Voice

Nifty made a new high of 13150 and corrected to 12800 on Wed and Thursday morning before rising to 12998 on expiry day. Why did market correct and bounce back next day? Well it is interesting to understand statistics of Wed when market fell by 700 odd points. On Wed, DII sold Rs 1850 Crs stuff quiet understandable because they are in sell mode for almost last 60 days. But the fact remains FPI did not sell. The buying was just Rs 34 Crs. The first notion which hit traders mind that FPI buying has stopped and they started booking profits. But by evening the data was in the public domain that FPI did not sell.

On the same day Sgx was trading at 130 points up. Now it is a well known fact that Sgx is completely for tax avoidance as there is no ST no GST and the volumes too are very thin hence price manipulation becomes easy with just few contracts. Seeing Sgx, Sensex too opened 200 points up but fell immediately to become 200 minus . Now on the penultimate day of expiry if it happens there is no choice to traders than to square off the open positions. Brokers do the rest of the job by triggering the margin call.

When street was praying for possible recovery the issue hovering in their minds was Friday U S markets are shut for thanksgiving day and on Monday Indian markets on the eve of Gurunanak jayanti. The mere collapse on Wed from the life time high had created fear of "All Is Over" and the last ditch of Sgx gain became a real horror hoax on the next day giving a feel that could it be BLACK FRIDAY ...? Well that too a day when new settlement starts.

If that happens then market will open straight on Tuesday which could be a dark tunnel. Meanwhile as usual the rumour spreaders played the same old trick raising question mark on the health of Mukeshbhai. Of course it goes without saying that Friday did not happen a black friday and nifty before settling to 12965 did touch 13094.

To just brief up in between CNI did raise a buy call on Nifty around 12810 with target of 12970 on Thursday and Nifty closed at 12985 after testing 12998. This call was generated based on reading of derivatives data which is there for everyone to see on the website of CNI Research Ltd. This is not a rocket science but traders have deep pockets to lose money but have little time to read and understand. Let us continue....

Now the story takes a ugly turn. Generally DII are not hostile on either side as fund managers are accountable and not that dynamic like FPI fund manager. Hence Rs 1850 crs selling raise an eye brow. Their orders always are limit orders and they are least bothered if it remains unexecuted. FPI are exactly opposite. Now when FPI did not sell on Wed (plus 34 Crs) which DII sold Rs 1850 crs ....? How come the synergy came on that day where FPI were absent and someone broke the back of the market with 700 points fall..who were they? How the conspiracy was so fine tuned..?

This is the threat to the market integrity on the larger scale where the timings are picked (near expiry) with U S holiday and India holiday creating huge long weekend fear among the investors with conserted effort of FPI and DII with an ultimate motive to break market with some purpose. Logically it looks like some of the big powerful group must be enjoying the status of DII from where ruthless selling can be triggered. Also this could be the same set of group which control market finances which is the nerve of the market. We call liquidity in other words.

After a 400 point fall on Thursday Sensex recovered 900 points from the days low and figures for the day were read as under. FPI plus 2027 Crs DII minus 3400 Crs Effect nifty was close to touch to 13000. Net selling of 1400 odd Crs could have seen fall of another 700 points but in reality it was 900 points plus. In the second half of Thursday market become normal where many B gr stocks were firing through the roof after Sebi relaxed the margin requirement on cash stocks. Stocks like wockhardt hit upper circuit.

Friday fpi figures were 7700 crs plus and dii were 4900 minus yet market was down a bit. Well, Friday figures were for MSCI rebalancing trades. Hence there was nothing to analyze.

In short, the message is clear and loud for small investors and traders that please remain in limit , avoid leveraging and be happy with small bites. We have given different angles of market with different valuation models from time to time. We believe that the inflow from long only funds continues. The Lakshmi Vilas Bank hand over to DBS through a backdoor licencing to foreign bank and the Bpcl if goes to MNC like Shell Exxon or Adnoc could write a new chapter in Indian econony and capital market which you may call as next generation reforms.
This will change the face of the governance competeley demanding more FDI in India and here is where the 15 pc tax will catch the eyes of global manufacturers. We have already set our Nifty target to 14000 long back and will keep the trail how and when it reach destination.

Having said this journey from 13000 to 14000 will not be that smooth. It is time for B grade stocks catching momentum. We have not even trading at 50 pc 2008 values hence we see potential 10 baggers in many small stocks. Govt has announced to keep only 4 psb. They also announced that 4 big groups will be granted banking licences. If we co relate these two statements then we believe Govt will sell few pbs to these 4 big groups. From this perspective we believe they will invite EOI in Bank of Maharashtra which is being eyed by many big groups.

Team CNI…………………..