

## Your Masters Voice....

OIL has broken all record and came down to below 60 then why would stock markets not catch fire...? This means OIL at 86 was never a deciding issue for the market correction. How is OIL prices determined while India as a country buy OIL from the international suppliers..? This is important to understand because this is done with some understanding and contracts. e g METAL the daily variation in prices really does not affect Steel manufacturing companies as they sell steel at 6 monthly contract prices. If the price continuously change for 6 six month they then the next contract prices are revised upward or downward which affects the steel prices. Similarly the OIL pricing is done on the basis of 5 years average prices of oil. Which also means the rise or fall of OIL in short run will never affect. This is only for the OMC's that the profits affect on the basis of daily prices.

Anyways this is for the market which require some triggers for crating ups and downs. e g we had seen many bad reasons say DEMO, UP elections, US elections, North Korea, Spain, UK Brexit but after all market tested new highs defying the bear attacks on these occasions. This simply means market runs purely on the basis of longs and shorts. If market has to go up there has to shorts prevailing. We had given every time the calculations of shorts and upward targets of market.

Even this time markets are overly short for following reasons....

Trade wars between CHINA and USA

ILFS crisis creating huge liquidity issues in the market

State elections

and finally general elections

Ever since TRUMP lost majority in one of the house US markets have started falling and FPI are shifting back to INDIA ((higher priority to INDIA out of EM's ). This has reflected in Re. When Re topped out the flow has started rising as they play currency gains theme. Re is all set to test 68 69 which means FPI will make close of 5 pc profits which is much higher than global interest rates. They were waiting for Re to top out for start buying in INDIA.

ILFS crisis will be buries very soon. The involvement if many top cadre AIS officers itself will be saving devise for ILFS. Also the hits will taken by corporate who had invested in ILFS instruments whether it was Debt or CP.

State elections as told to you have no bearing on 2019 elections hence any negatives will have only a knee jerk reaction. But any surprises may take markets to new levels.

General elections though the WAR of cast is on the final calculations still stands in favour of NAMO as opposition is trying to fight on HINDU card which is not there bastion. North East, Orissa, Kerala to some extent and West Bengal set to help BJP match the losses projected elsewhere.

Thus market has to fall back on earnings and growth. As told to you the current PE of Nifty 50 is close to 17 on consolidated earnings and even we take 21 as fair price we arrive at 12750 as our next target of Nifty. Hence any fall should be always an opportunity to buy.

Based on the derivatives data we expect the Nifty range at 10500 and 10800 for Nov. For Dec 2 major triggers will drive the market and as of now the range is not decided. The range is decided and reflected in derivatives data. Our opinion is that it could be 10000 to 11300 for Dec. Crr cut is expected to infuse liquidity. The difference in RBI and Govt rose only after RBI refused to announce CRR cut in the last policy meeting. Market fell by almost 900 points post no rate tinkering which was quiet unusual. But this time it seems RBI will act as even inflation is supporting rate cut.

RBI policy meeting is ahead of opinion poll on 7th Dec hence the week of 5th Dec to 12 th Dec will be highly volatile for the market. Traders can use the swing for trading buy buying or selling high. For investors it could be the last opportunity before General elections.

The fall of US markets could be huge plus for the EM's. If Dow breaks 24000 we can even see 22000 but surely it will bounce back and travel towards 29000 is next destination. So even there the chances of good rally is not ruled out.

The best strategy for investors is to use the current uncertain times for searching and investing multi baggers which will give returns post June 2019 when everything gets settled.

TEAM CNI...