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Our **call of the day** suggests a little bit of good news on Thursday's inflation front could send the Nifty even higher towards 22500 mark.

All in all, we still suspect the prevailing trend for inflation is lower.



Daily Research Reports

Good Morning & Welcome to Wednesday's trading session at Dalal Street, dated February 28th 2024.

Nifty closed modestly higher in yesterday's trade.

It's worth noting that the benchmark Nifty moved up and most importantly, ringed a strong session without any substantial positive catalyst.

Our **call of the day** suggests a little bit of good news could send Nifty even higher.

Looking ahead, all eyes will be on this Thursday's release of the January Personal Consumption and Expenditures (PCE) index, the Fed's preferred measure of inflation that tracks consumer spending.

Honestly speaking, the key PCE inflation data could suggest the narrative of when and by how much the Federal Reserve could cut interest rates this year.

Long story short: All in all, we still suspect, the prevailing trend for inflation is lower. So, any uptick here and there does not really change things.

Hopefully, short covering and FOMO could propel Nifty higher towards 22500 mark.

But for the day, consolidation shall be the preferred theme.

Outlook for Wednesday: An up-and-down session is quite likely.

Volatility is likely to be hallmark of this week's trading amidst monthly expiry of February F&O contracts scheduled on February 29.

US economic growth numbers for the 4th quarter ended December 2023 to trickle on February 28.

All eyes on the India's GDP numbers for the quarter ended December 2023 due on February 29.

Investors will be keeping a close eye on the auto sales data for February, which will be announced on Friday, March 1st.

Vodafone Idea plans to raise about Rs 45,000 crore via equity and debt; promoters to participate. (The company said it will call for a meeting of its shareholders on April 2, 2024 and expects to complete Rs 20,000-crore equity fund raise in the coming quarter).

STOCKS TO WATCH:

SECTORS:

Bullish Sectors: PHARMA, METALS, AUTO, IT

INDICES

Nifty	22198	0.34%
Bank Nifty	46588	0.02%
Nifty Auto Index	20789	0.71%
Nifty FMCG Index	54306	-0.02%
Nifty Infra Index	8201	0.26%
Nifty IT Index	37870	0.72%
Nifty Media Index	2143	-0.63%
Nifty Midcap Index	13932	-0.33%
Nifty Metal Index	8001	0.36%
Nifty Pharma Index	19064	0.57%
Nifty Reality Index	929	1.07%
Nifty Smallcap Index	16178	0.28%
Sensex	73095	0.42%
SGX Nifty	22171	-0.10%

Outlook for the Day

Volatile session likely

Nifty Outlook

Intraday	Neutral (22000-22350)
Medium Term	Positive (21300-22500)
Long Term	Positive (20050-23000)

Key Levels to Watch

Nifty Support	22150/21857
Nifty Resistance	22350/22751

Pivot Level

Nifty	21821
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Bearish Sectors: FMCG, PRIVATE BANKS.

BULLISH STOCKS: TATA MOTORS, TCS, POWERGRID, INDUSIND BANK, SUN PHARMA, JSW STEEL, HAL, DR REDDYS LAB, LARSEN.

BEARISH STOCKS: DIVIS LAB, BAJAJ FINANCE, BAJAJ FINSERV, HEROMOTO CORP,

Our **chart of the day** suggests value buying and bargain hunting shall be the preferred theme and gain traction at Dalal Street. We are quite bullish on HAL, EICHER MOTORS, and TATA MOTORS with inter month perspective.

The 1 stock to buy right now: Buy TATA MOTORS (CMP 963). Buy at CMP. Stop at 931. Targets 981/997. Aggressive targets at 1017. (Interweek Strategy). Rationale: Momentum Play.

Meanwhile, five new stocks will be part of the MSCI Global Standard Index when the rejig comes into effect on February 29. These 5-stocks are:

1. BHEL
2. GMR Airports Infrastructure
3. NMDC
4. Punjab National Bank
5. Union Bank of India.

FII/DII & OPTIONS DATA:

The Put-Call Open Interest Ratio was at 0.90 for Nifty.

In yesterday's session, FIIs were net sellers to the tune of Rupees 1509 crores.

DIIs however bought to the tune of Rupees 2862 crores.

Stocks banned in F&O segment: ABFRL, CANARA BANK, INDUS TOWER, SAIL, ZEEL.

WHAT TECHNICALS TELLS US

Daily chart of Nifty:



Nifty: In yesterday's trade, Nifty witnessed a nice rebound and the positive takeaway was that benchmark ended on a positive note.

In the process, Nifty snapped a two-day losing streak with a slight bullish candlestick pattern.

Nifty's all-time-high continues to be at 22249.40 mark.

Meanwhile, the recent sequence of higher high/low is intact on time frames.

The technical landscape suggests Nifty's major support at 21875 mark. Interweek support seen at 21530 mark.

Nifty's 200 DMA at 20011 mark.

Daily chart of Bank Nifty:



Bank Nifty: In yesterday's trade, Bank Nifty witnessed volatile movements and ended a tad above the dotted lines.

Digging deeper, bulls were not enthusiastic at amidst slight overbought conditions and the bias remained mostly neutral.

Bank Nifty was mostly seen underperforming benchmark Nifty's bullish move.

Bank Nifty ended with 0.02% gains as against Nifty's 0.34% gains.

Interestingly, in Tuesday's trade, Nifty PSU Bank index ended 0.56% lower while Nifty Private Bank index ended 0.24% higher.

Bank Nifty's fresh new all-time-high continues to be at 48636.45 mark.

Intraday support for Bank Nifty now seen at 46226/45575 and then at 44221 on closing basis.

In today's trade, Bank Nifty is likely face resistance at 47000/47500 mark and then hurdles are placed at 48636. Bank Nifty's 200-DMA is placed at 45084 mark.

ECONOMIC CUES:

The FOMC Minutes suggests that more evidence needed to certify that inflation is trending lower before they budge on interest rates.

The Fed officials do not expect rates to go any higher this economic cycle, but they aren't ready to cut.

Furthermore, the economic outlook was firmer than the December projections.

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Furthermore, the economic outlook was firmer than the December projections.

The People's Bank of China (PBoC) slashed its reference for mortgages, the 5-year loan prime rate, by 25bps to 3.95% at the February fixing, more than market forecasts of a reduction of 15bps.

It was the first rate cut since June 2023 and the largest since that rate was introduced in 2019, as the board ramped up efforts to spur credit demand and reverse a property downturn. Meanwhile, the 1-year rate was retained at 3.45%, defying consensus of a drop of 15bps. Both key lending rates are at record lows.

GLOBAL STOCK MARKETS:

Overnight, US stocks were mostly lower after starting the week with a decline ahead of inflation data that will be key for the Federal Reserve.

Stocks remain near record levels as solid earnings and optimism that artificial intelligence will bolster revenue give shares a boost. Investors also expect the Federal Reserve to start lowering interest rates later this year, which is helping to drive stocks higher.

Expectations for cuts may be affected by new data out Thursday showing the latest readings for the Fed's preferred inflation index. Markets are currently pricing in the first reduction in June, compared with March at the start of the year, according to the CME Fedwatch tool.

There will also be a spate of officials from the Fed delivering remarks in the coming days, which investors will scrutinize for hints of what the central bank will do when its monetary policy committee next meets over March 19-20.

RECAP OF PREVIOUS DAY'S TRADING SESSION:

The benchmarks recoup Monday's losses and end on higher note. Snaps two-days losing streak.

NIFTY (+76, 22198)

Sensex (+305, 73095)

Nifty defied negative overnight Wall Street cues and ended just below the psychological 22200 mark. Robust buying was seen in sectors like Realty, Consumer Durables, Auto and IT, which aided the bounce.

However, broader markets were a bit underperformers, where Nifty Midcap 50 Index was 0.33% down and Nifty Smallcap Index was up by only 0.28%.

BUZZING STOCKS FOR THE DAY:

Top Index Gainers: TATAMOTORS (+2.73%) TCS (+2.49%) POWERGRID (+1.81%)

Top Index Losers: HEROMOTOCORP (-1.69%) BAJFINANCE (-1.32%) SBIN (-1.24%)

Adv-Dec 28—22

INDIA VIX 15.72 (+0.77%)

Nifty PCR (29th FEB) 0.90

BANKNIFTY PCR (29th FEB) 0.78

Nifty MidCap 50 (-0.33%, 13932)

NiftySmallC (+0.28%, 16178)

BANK Nifty (+0.025%, 46588)

Nifty IT (+0.72%, 37870)

USD/INR (-0.009%, 82.96)

Market Summary:

- Nifty February Futures ended Tuesday's session at a premium of +06 vs premium of +16.
- The 29th February expiry Put-Call Open Interest Ratio was at 0.88 for Nifty whereas it was 0.78 for Bank Nifty.
- The 29th February expiry Put-Call Volume Ratio was at 0.83 for the Nifty and 0.93 for Bank Nifty.
- For Nifty, Maximum Call Open Interest (OI) stands at 23000 Strike Price, followed by 22500 Strike Price for 29th February Series. Short Buildup was seen at strike prices 22200-23100.
- Maximum Put Open Interest (OI) was seen at strike price 21500 followed by 22000 strike prices for 29th February series. Short Buildup was seen at strike prices 21500-22200.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 47000 Strike Price and Maximum Put Open Interest stands at 45000 Strike Price.
- As per Tuesday's provisional data available on the NSE, FII sold shares worth Rs. 1509.16 crores in the Indian Equity Market. DIIs on the other hand, bought shares worth Rs. 2861.56 crores.
- Long Buildup: ICICIBANK, VOLTAS, ICICIGI.
- Short Buildup: SHRIRAMFIN, HEROMOTOCORP, POLYCAB.
- Short Covering: TCS, SUNPHARMA, AUBANK.
- Long Unwinding: PFC, NMDC, HINDALCO, ADANI PORTS.
- Stocks banned in F&O segment:** ABFRL, CANBK, INDUSTOWER, SAIL, ZEEL.
- New in Ban: INDUSTOWER.
- Out of Ban: BALRAMCHIN.

Changes in Open Interest (OI) in yesterday's trade.

Nifty Spot	22198.35 (+0.34%)
Bank Nifty Spot	46588.05 (+0.025%)
VIX	15.72 (+0.77%)
Premium	+06 vs +16
Nifty Future OI	0.68 crores (-25.40%)
Bank Nifty Future OI	18.26 lakhs (-8.19%)

Cash Volumes (INR in Cr.)	Yesterday	Day Before Yesterday
BSE Cash Vol. (Rs. in Cr)	9698.71	7173.34
NSE Cash Vol. (Rs. in Cr)	97,554.75	97,405.00
NSE Derivative Vol. (Rs. in Cr)	4,673,603	3,734,013

Derivatives Vol. (INR in Cr.)	No of contracts	Turnover (Rs. In cr.)
Index Future Volumes	150,572	12,654
Stock Future Volumes	2,601,278	212,836
Index Option Volumes	52,070,108	4,365,166
Stock Option Volumes	940,749	82,948
Total	55,762,707	4,673,603

Major Changes in Nifty Options (OI)

Calls	in lakhs (% Change)
22700	1.37 (+22%)
22800	1.54 (+45%)
22900	0.56 (-39%)

Puts	in lakhs (% Change)
22000	1.73 (+30%)
22100	1.2 (+40%)
22200	1.03 (+41%)

Stock	CMP	Support	Resistance	21 DMA	200 DMA	Intraday	Short Term	Long Term
ALUMINIUM 1	199	193	205	200	202	DOWN	DOWN	DOWN
COPPER 1	725	710	739	719	719	UP	UP	DOWN
CRUDEOIL 1	6527	6396	6658	6349	6445	UP	UP	DOWN
GOLD 1	62320	61074	63566	62326	60249	DOWN	DOWN	UP
LEAD 1	176	171	182	179	184	DOWN	UP	DOWN
NATURALGAS 1	151	146	155	156	220	DOWN	UP	DOWN
NICKEL	1432	1404	1461	1634	1950	DOWN	DOWN	DOWN
SILVER 1	69185	67801	70569	71101	72114	DOWN	DOWN	DOWN
STEEL 1	42680	41826	43534	42820	45286	UP	UP	DOWN
ZINC 1	215	208	221	216	220	DOWN	UP	DOWN
		0	0					
CASTOR 1	5764	5649	5879	5793	5946	DOWN	DOWN	UP
DHANIYA 1	8190	8026	8354	7722	7113	UP	UP	UP
GUARGUM5 1	10321	10115	10527	10217	11246	UP	UP	DOWN
GUARSEED10 1	5349	5242	5456	5315	5620	UP	UP	DOWN
JEERAUNJHA 1	24075	23594	24557	26618	46716	DOWN	DOWN	DOWN
MENTHAOIL 1	905	887	923	908	926	DOWN	DOWN	DOWN
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