

Market Outlook

Indian markets are expected to open negative tracking weak global cues. With the earnings season largely done, the focus now shifts back to global newsflows along with FII flows trend.

Markets Yesterday

- On Friday, domestic markets ended in the red as falling crude prices were outweighed by weak global cues
- US markets ended lower on Friday on the back of interest rate concerns

Key Developments

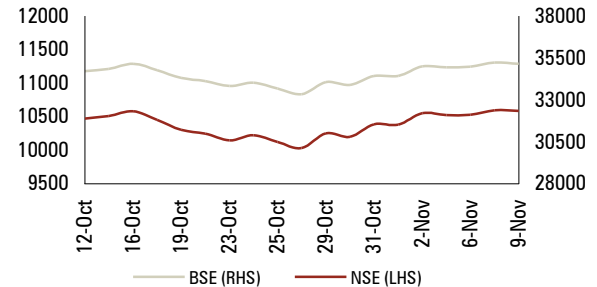
- Aurobindo Pharma's revenues are expected to grow ~5% YoY to ₹ 4639 crore mainly due to currency tailwinds. The US business is expected to grow a mere 3% YoY on a higher base. EBITDA margins are likely to decline 440 bps to 20.8% due to a higher base and higher raw material cost owing to China supply constraints. Net profit may decline 23% YoY to ₹ 602 crore due to a below expected operational performance and higher tax rate (25% vs. 20.2% in Q2FY18)
- For Q2FY19, Eicher Motors (EML) is expected to report a stable performance. Its 2-W business in the form of Royal Enfield sales volumes grew 3.6% YoY to 2.1 lakh units, amid supply disruption at one of its key facilities (volume lost: 10,000 units). Its CV sales at the VECV business grew 24% YoY to 18,940 units. Consequent net sales are expected at ₹ 2396 crore, up 11% YoY. EBITDA is expected at ₹ 761 crore with EBITDA margins at 31.8%, down 10 bps YoY. PAT in Q2FY19 is expected at ₹ 589 crore, up 15.3% YoY. Consolidated PAT also includes profit from JV, which is expected at ₹ 73.1 crore

Nifty Heat Map

Yes Bank	227.9 5.5%	HPCL	241.3 5.1%	IBULHSG FIN	862.2 3.6%	Asian Paints	1,295.6 3.6%	Adani Ports	337.6 3.5%
BPCL	296.9 2.8%	Sun Pharma	597.5 2.6%	Hero Moto	2,956.7 2.4%	Maruti	7,283.5 2.2%	IOC	141.7 1.9%
HUL	1,672.6 1.7%	TECHM	707.2 1.4%	UPL	740.0 1.4%	Power Grid	191.7 1.4%	Bajaj Finserv	5,688.5 1.2%
Bajaj Finance	2,375.4 1.1%	Grasim	868.0 1.1%	Axis Bank	613.2 1.0%	Ultratech	3,817.9 0.9%	Indusind Bank	1,494.9 0.7%
Zee Ent.	450.2 0.7%	Coal India	268.5 0.6%	Lupin	854.9 0.3%	M&M	795.3 0.3%	ICICI Bank	356.9 0.3%
Bharti Infratel	265.9 0.3%	Tata Motors	195.3 0.2%	L&T	1,368.6 0.2%	Kotak Bank	1,135.6 0.1%	Bajaj Auto	2,693.1 0.0%
HDFC Ltd	1,816.1 0.0%	Wipro	324.9 -0.2%	NTPC	154.5 -0.3%	Titan	847.7 -0.3%	Vedanta Ltd	209.1 -0.3%
HCL Tech	1,027.9 -0.4%	ONGC	156.4 -0.4%	HDFC Bank	1,945.4 -0.6%	Eicher	22,495.3 -0.7%	ITC	277.3 -1.0%
SBI	283.3 -1.2%	Cipla	527.0 -1.2%	Tata Steel	572.2 -1.4%	RIL	1,093.5 -1.6%	TCS	1,909.2 -1.7%
GAIL	367.4 -2.1%	Bharti Airtel	299.8 -2.1%	Hindalco	238.8 -2.2%	Dr Reddy	2,400.0 -2.2%	Infosys	659.5 -2.4%

Today's Highlights

Results: OIL, Aurobindo Pharma, Eicher, Shree Cement, Gulf Oil, Dredging Corp, Greenply Industries, Star Cement, NCL Industries

Index Movement (past month)


	Close	Previous	Chg (%)	MTD(%)	YTD(%)	P/E (1yr fwd)
Sensex	35,159	35,238	-0.2	2.1	3.2	21.1
Nifty	10,585	10,599	-0.1	1.9	0.5	19.9

Institutional Activity

	CY16	CY17	YTD CY18	Yesterday	Last 5 Days
FII (₹ cr)	14,049	-40,663	-74,224	614	809
DII (₹ cr)	11,320	91,032	107,602	-337	-588

World Indices – Monthly performance

NSE	BSE	Nikkei	Dow Jones	U.K.
10,585	35,159	22,270	25,989	7,105
2.8%	2.5%	0.8%	-1.7%	-1.8%
Germany	France	Nasdaq	Shanghai	Kospi
11,529	5,107	7,407	2,601	2,079
-3.7%	-4.0%	-4.3%	-4.5%	-7.4%

Markets Today

	Close	Previous	Change (%)	MTD(%)	YTD(%)
Commodities					
Gold (₹/10 gm)	31,773	31,773	0.0	0.2	8.6
Silver (₹/kg)	38,205	38,205	0.0	0.8	-0.4
Crude (\$/barrel)	70.9	70.2	1.0	-6.1	6.0
Copper (\$/tonne)	6078.5	6172.5	-1.5	0.7	-15.7
Currency					
USD/INR	72.50	73.00	-0.7	2.0	-11.9
EUR/USD	1.13	1.13	-0.1	0.2	-5.6
USD/YEN	113.98	113.83	0.1	-0.9	-1.1
ADRs					
HDFC Bank	92.1	92.2	-0.1	3.5	-9.5
Tata Motors	13.1	13.1	0.5	7.4	-60.4
Infosys	9.5	9.5	-0.2	0.2	17.0
Dr Reddys Labs	33.3	33.8	-1.5	-2.2	-11.4

Key Data Points

KEY ECONOMIC INDICATORS

Key Economic Indicator	Period	Latest	Prior Values
RBI Cash Reserve Ratio	N/A	4.00%	4.00%
RBI Repo Rate	N/A	6.50%	6.25%
RBI Reverse Repo Rate	N/A	6.25%	6.00%
CPI YY	September	3.77%	3.69%
Current Account Balance	Q2	-15.8bln \$	-13bln \$
Exports - USD	September	27.95bln \$	27.84bln \$
FX Reserves, USD Final	w/e	393.52bln \$	394.47bln \$
GDP Quarterly yy	Q1	8.20%	7.70%
GDP Annual	12M	6.60%	7.10%
Imports - USD	September	41.98bln \$	45.24bln \$
Industrial Output yy	August	4.30%	6.60%
Manufacturing Output	August	4.60%	7.00%
Trade Deficit - RBI	Q2	-45.7bln \$	-41.6bln \$
Trade Deficit Govt - USD	September	13.98%	17.39bln \$
WPI Food yy	September	-0.21%	-4.04%
WPI Fuel yy	September	16.65%	17.73%
WPI Inflation yy	September	5.13%	4.53%
WPI Manufacturing Inflation yy	September	4.22%	4.43%

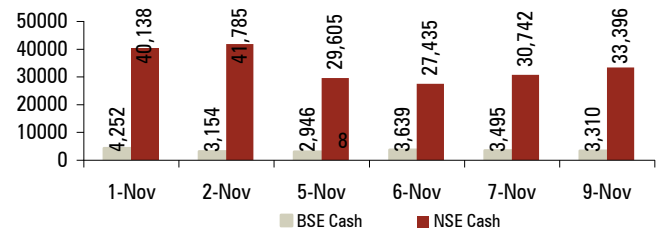
Sectoral Index

Sector	Close	Previous	Change	% Change	Volume
Auto	20845.2	20730.76	114.44	0.55	4510000
Banks	29098.32	29039.13	59.19	0.20	13090000
BSE Small Cap	11792.74	11901.39	-108.65	(0.91)	66926000
Capital Goods	18246.28	18196.16	50.12	0.28	4066000
Consumer Durables	19512.03	19347.47	164.56	0.85	8332000
FMCG	8304.6	8368.14	-63.54	(0.76)	1023000
Healthcare	17870.57	18140.06	-269.49	(1.49)	1830000
IT	11396.98	11501.95	-104.97	(0.91)	1254000
Metals	12863.1	12993.6	-130.5	(1.00)	2858000
Mid Cap	10993.02	11070.76	-77.74	(0.70)	64406000
Oil & Gas	13584.52	13520.52	64	0.47	2504000
Power	1977.57	1968.98	8.59	0.44	6541000
PSU	7220.64	7196.1	24.54	0.34	25155000
Real Estate	1762.76	1768.27	-5.51	(0.31)	1834000

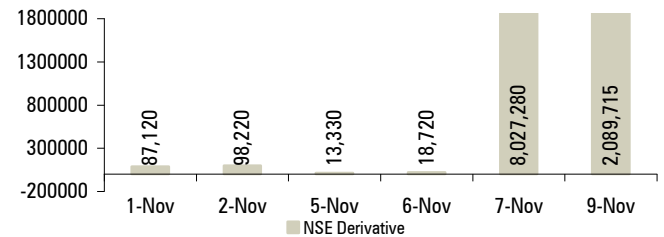
Key News for Today

Company/ Industry	News	View	Impact
Tata Motors	The company's overseas subsidiary i.e. JLR reported retail sales for October 2018. Total JLR sales were at 44,282 units, down 4.6% YoY. Jaguar sales were at 13,764 units, up 11.6% YoY while Land Rover sales were at 30,518 units, down 10.5% YoY	The pace of sales decline has slowed to 4.6% in October 2018 vs. 12.3% in September 2018 and 4.9% in August 2018. Retail sales rose significantly in the UK (46.9%) and North America (24.1%) while it declined in China by 49.0% as market conditions remain challenging amid tariff changes and continued trade tensions with the US	↑

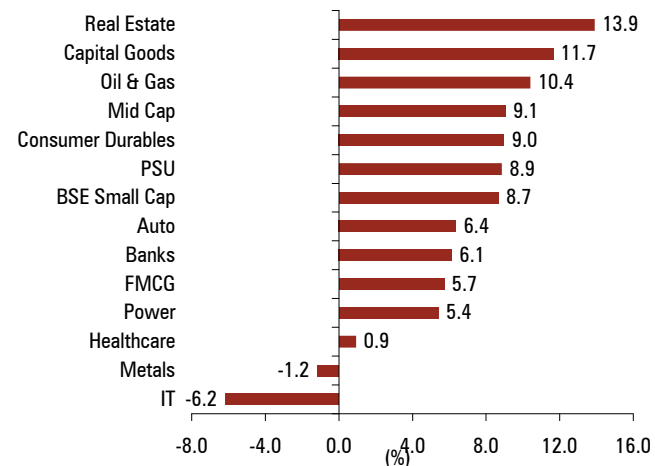
Exchange Cash Turnover (₹ crore)



NSE Derivative Turnover (₹ crore)



Sectoral Performance – Monthly Returns (%)



Key developments (Continued...)

- We expect Shree Cement to post revenue growth of 19% to ₹ 2543 crore backed by strong volume growth. However, EBITDA and PAT are expected to decline 12.7% and 6.8% to ₹ 489 crore and ₹ 197 crore, respectively
- Star Cement's revenue numbers are anticipated at ₹ 342 crore, registering growth of 31.8% YoY. EBITDA is expected to be 2% higher YoY at ₹ 79.3 crore while PAT is estimated to be up 28.4% YoY to ₹ 33.1 crore
- Gulf Oil Lubricants' revenues are expected to increase 18.4% YoY mainly on account of higher volumes and realisations. We expect strong volume growth of 13% YoY. However, due to a rise in base oil (raw material) prices, EBITDA per litre is expected to decline to ₹ 23.6/litre vs. ₹ 27/litre in Q2FY18. PAT is expected to decline 5.3% YoY to ₹ 38.3 crore
- Titan Company reported a mixed set of Q2FY19 numbers, with revenues and EBITDA coming in above our estimates. PAT was below our estimates due to various one-off expenses. Overall topline grew 27% YoY to ₹ 4567.2 crore (I-direct estimate: ₹ 4160.2 crore). Adjusted EBITDA margins declined 20 bps YoY to 11.6% (I-direct estimate 11.4%). PAT for the quarter grew 8% YoY to ₹ 301.1 crore (I-direct estimate: ₹ 328.1 crore). Adjusted PAT grew ~29% YoY to ₹ 357 crore
- Amara Raja's (ARBL) Q2FY19 results were below our estimates on the operational front. Revenues came in at ₹ 1,753 crore (up 22.8% YoY), above our estimate of ₹ 1,691 crore. EBITDA margin fell 318 bps YoY to 13.5%, below our estimates of 14.7%, due to higher raw material cost impacting its gross margin (down 309 bps YoY) and higher other expenses. Subsequently, reported PAT was at ₹ 120 crore (down 5.5% YoY) below our estimate of ₹ 131 crore
- VA Tech Wabag is expected to report topline growth of 14% YoY to ₹ 1010.3 crore on the back of continued execution in both domestic and overseas orders. Key monitorable for Wabag would be receivable-days position. Wabag is likely to report lower EBITDA margins of 8.2%, due to currency headwinds during the quarter. Absolute EBITDA is likely to grow 6.9% YoY to ₹ 82.8 crore. We expect PAT to grow 9.7% to ₹ 40.5 crore for the quarter
- India Cements' Q2FY19 results were operationally ahead of our estimates. Revenues increased 9.4% YoY to ₹ 1,387 crore in Q2FY19 led by 14% growth in volumes. EBITDA margin declined 315 bps YoY to 11.2% mainly led by higher power & fuel cost. However, net profit reduced to ₹ 1.4 crore vs. ₹ 23.7 crore (Q2FY18) led by a reduction in EBITDA by 14.7% YoY to ₹ 154.8 crore and higher interest expenses (up 7.6% YoY). Interest cost was higher on account of loss of ₹ 11.81 crore due to foreign currency fluctuation
- VST Tillers & Tractors reported a dismal Q2FY19 performance. Net sales for the quarter were at ₹ 144.6 crore, down 17.6% YoY. EBITDA in Q2FY19 came in miniscule at ₹ 2.7 crore with corresponding EBITDA margins at 1.9%. EBITDA margins were substantially lower tracking high raw material as well as other expenses. PAT in Q2FY19 was at ₹ 9.2 crore, primarily supported by higher-than-expected other income, which for the quarter were at ₹ 16.0 crore
- In a further development on the merger of Bharat Financial Inclusion (BFI) and IndusInd Bank, BFI has informed the exchange that meeting of equity shareholders and secured creditors is scheduled on December 11, 2018, in accordance with NCLT order, to approve merger of company with IndusInd Bank. The NCLT issued a directive on October 31, 2018, to hold meeting of equity shareholders for approving composite scheme of amalgamation
- Media reports say DoT is seeking legal opinion on whether flat spectrum usage charges (SUC) at 4.5% could be applied for spectrum airwaves to be auctioned in the future and also whether same charges could also be applied on a retrospective basis
- Saudi Arabia plans to reduce oil supply to world markets by 0.5 million barrels per day in December, its energy minister said on Sunday, as Opec faces uncertain prospects in its attempts to persuade other producers to agree a coordinated output cut
- As per media reports, up to ₹ 65000 crore has been approved for a host of rail infrastructure projects in the suburban network in Mumbai and its surrounding areas. These projects include new works and upgradation of existing facilities on the rail network
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Key developments (Continued...)

- As per media sources, India is planning export 2 MT of raw sugar to China in the 2018-19 sugar season
- As per media reports, the government is mulling selling as many as 149 small and marginal oil and gas fields of ONGC to private and foreign companies and allow the state-owned firm to focus only on big fields
- As per media sources, India has contracted to export 8 lakh tonnes of sugar to Middle East and Sri Lanka
- As per media reports, the department of town planning (DTCP) has cancelled licences of 31 ongoing real estate projects across Haryana for violation of norms. The licences have been cancelled for a range of reasons such as non-payment of external development charges & bank guarantee, missing deadlines, non-renewal of licence, non-compliance with DTCP's building norms, etc
- As per media reports, NRI inflows in the Indian real estate sector have touched more than \$10 billion (₹ 73000 crore) so far in FY19E (vs. \$8.9 billion in FY18 for the same period). Until last year, NRIs were mostly interested in Delhi and NCR region. Pune and Bengaluru have since emerged as preferred destinations for investment

Nifty Daily Chart



NIFTY Index (NSE Nifty 50 Index) NIFTY momentum pick Daily 111
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Technical Outlook

Equity benchmarks edged marginally lower as the Nifty settled at 10585, down 13 points or 0.1%. The price action formed a small bear candle with long lower shadow highlighting supportive efforts at lower levels. The Nifty behaved precisely in line with our expectations as it entered a sideways consolidation phase after the previous week's 602 points rally from recent lows (10005 to 10607) led to overbought reading of 91 on the daily stochastic oscillator which has now eased to 85 zone. We believe the index is undergoing a healthy consolidation by witnessing extended time wise correction and limited price wise correction. In coming sessions, we expect the Nifty to breach the intermediate resistance of 10620 (on a closing basis) that would lead to an acceleration of positive momentum towards our earmarked target of 10760 as it is confluence of 78.6% retracement of last decline (11035-10005) at 10815, bearish gap (10858-10755) on October 4, 2018 and 200 days SMA placed at 10761.

Pivot Points

Index/Stocks	Trend	Close	S1	S2	R1	R2
S&P BSE SENSEX INDEX	Negative	35158.6	35017.0	34741.0	35293.0	35569.0
Nifty 50	Neutral	10585.2	10546.0	10472.0	10621.0	10696.0
ACC LTD	Neutral	1465.0	1452.0	1431.0	1474.0	1495.0
AXIS BANK LTD	Neutral	613.2	602.0	579.0	625.0	648.0
HDFC BANK LTD	Negative	1945.4	1934.0	1911.0	1958.0	1981.0
STATE BANK IND	Negative	283.3	281.0	275.0	286.0	291.0
HOUSING DEV FIN	Neutral	1816.1	1787.0	1735.0	1840.0	1893.0
MARUTI SUZUKI IN	Neutral	7283.5	7111.0	6837.0	7385.0	7659.0
TATA MOTORS LTD	Neutral	195.3	191.0	183.0	200.0	209.0
MAHINDRA & MAHIN	Positive	795.3	788.0	773.0	803.0	818.0
BAJAJ AUTO LTD	Neutral	2693.1	2663.0	2592.0	2735.0	2806.0
TATA CONSULTANCY	Neutral	1909.2	1888.0	1831.0	1945.0	2002.0
INFOSYS LTD	Neutral	659.5	651.0	628.0	675.0	698.0
CIPLA LTD	Negative	527.0	522.0	510.0	534.0	546.0
OIL & NATURAL GA	Neutral	156.4	156.0	153.0	159.0	162.0
RELIANCE INDS	Negative	1093.5	1080.0	1051.0	1109.0	1138.0
BHARTI AIRTEL	Negative	299.8	291.0	276.0	305.0	320.0
DLF LTD	Neutral	174.4	173.0	169.0	177.0	181.0

CNX Nifty Technical Picture

Nifty 50	Intraday	Short Term
Trend	Range bound	Up
Support	10540-10500	10300
Resistance	10620-10652	10750
20 day EMA		10466
200 day EMA		10708

Advances/Declines

	Advances	Declines	Unchanged
BSE	1321	1225	133
NSE	940	843	77

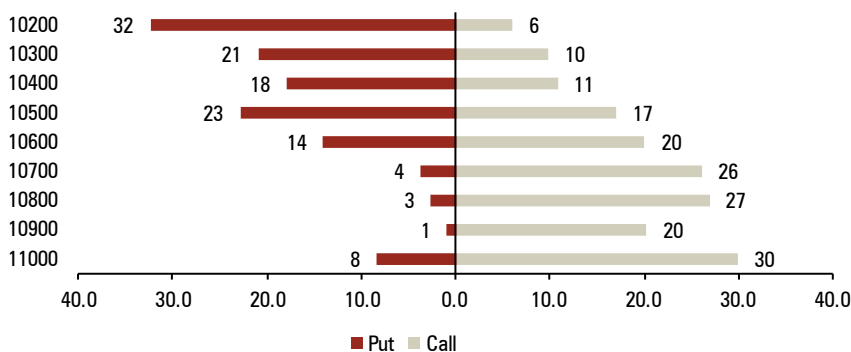
Daily Technical Calls

1. Buy Berger Paints in the range of 308.00-309.00
2. Buy RBL Bank in the range of 550.0-552.00

*All recommendations are of November Future

See Momentum Pick for more details

Nifty Call – Put Strike (Number of shares in lakh) – November 2018



Intraday Derivative Strategy

i) Axis Bank

Buy AXIBAN NOV Fut at ₹ 617.00-617.60

CMP: 613.4

Target 1: 622.3 Target 2: 629.8

Stop Loss: 612.3

ii) Tata Steel

Sell TATSTE NOV Fut at ₹ 568.00-568.40

CMP: 575

Target 1: 562.7 Target 2: 554.3

Stop Loss: 574.1

See Derivatives view for more details

Results/Events Calendar

29	October Monday	30	October Tuesday	31	October Wednesday	01	November Thursday	02	November Friday	03	November Saturday
Colgate, Hester Bio Action Const., Sagar Cement Swaraj Engines, Wonderla CPCL, BPCL, LIC Housing Supreme Ind, Solar Ind		Tech Mahindra, ABB, IRB Infoedge, Bank of Baroda Ramco Cem, Birla Corp Pidilite, Nocil, Teamlease Concor, JK Tyre, Talwalkar		Dabur, BlueDart, Jagran EIH Asso., Tata Motors EPC Ind, HEG, AIA, L&T Vedanta, Kalpataru, Lupin United Spirits, Escorts		Trent, Marico, Mah. Seam Firstsource, VST Industries Taj GVK, Eclerx, HPCL Bajaj Elec, Greaves Cotton GSK Cons, Somany		Axis Bank, TCI, IOC, NTPC Sonata Software, ENIL TV Today, Hindalco, KEC ABFRL, Elgi Equipments Bharat Forge, D-Link		TCI Express Gujarat Gas, GSPL Torrent Pharma, Linc Pen Cadila, JK Cement ONGC, Ashoka Buildcon	
05	November Monday	06	November Tuesday	07	November Wednesday	08	November Thursday	09	November Friday	10	November Saturday
Wabco India, GAIL, Bosch Cipla, Exide, Indraprastha Gas Timken India, PGCIL Balkrishna Ind, Goodyear SBI, Century Plyboards		Voltas Graphite India EU PPI YoY		China Foreign Reserves		China Trade Balance Japan BoP Current Account Ba US Initial Jobless Claims		Amara Raja, Sobha Titan, India Cements VST Tillers & Tractors China CPI YoY US Wholesale Inv MoM			
12	November Monday	13	November Tuesday	14	November Wednesday	15	November Thursday	16	November Friday	17	November Saturday
Oil India, Greenply Ind Shree Cement, Star Cement Aurobindo Pharma, NCL Eicher Motors, Gulf Oil Dredging Corp		Mahanagar Gas, Glenmark Ineos Styrolution, Nesco Sun Pharma, NCC, Abbott Indoco, Greenply, Gati Ashok Leyland, Tata Steel		Motherson Sumi, NBCC Thermax, UB, JK Lakshmi Prabhat Dairy, CESC PNC, Simplex Infra Vodafone, Apollo, Pfizer		India Trade Balance US Initial Jobless Claims		US Industrial Prod MoM EU CPI YoY			
19	November Monday	20	November Tuesday	21	November Wednesday	22	November Thursday	23	November Friday	24	November Saturday
Japan Trade Balance ECB Current Account SA		US Housing Starts		US Initial Jobless Claims Japan All Ind Activity Index		Japan Natl CPI YoY EU Consumer Confidence		Nikkei Japan PMI Mfg Markit US PMI Mfg Markit Eurozone Mfg PMI			
26	November Monday	27	November Tuesday	28	November Wednesday	29	November Thursday	30	November Friday	01	December Saturday
Chicago Fed Natl Act Index		China Industrial Profits YoY Japan PPI Services YoY		US Wholesale Inv MoM US GDP Annualized QoQ		Japan Retail Trade YoY US Personal Income US Initial Jobless Claims EU Industrial Confidence		India GDP YoY India GVA YoY India Fiscal Deficit China Mfg PMI Japan Industrial Prodn YoY			

Major Economic Events this Week

Date	Event	Country	Period	Actual	Expected
12-Nov	CPI YoY	IN	Oct	--	3.60%
12-Nov	Industrial Prod YoY	IN	Sep	--	4.3%
12-Nov	PPI YoY	JN	Oct	2.9%	2.8%
Date	Event	Country	Period	Expected	Prior
13-Nov	Wholesale Prices YoY	IN	Oct	4.93%	5.13%
13-Nov	GDP SA QoQ	JN	3Q P	-0.3%	0.7%
13-Nov	CPI YoY	US	Oct	2.5%	2.3%
14-Nov	CPI YoY	UK	Oct	2.5%	2.4%
14-Nov	Retail Sales YoY	CH	Oct	9.2%	9.2%
14-Nov	Industrial Prod YoY	CH	Oct	5.8%	5.8%
14-Nov	Industrial Prod YoY	JN	Sep F	--	-2.9%
15-Nov	Trade Balance	IN	Oct	-\$16.00 B	-\$13.98 B
15-Nov	Initial Jobless Claims	US	Nov	--	214,000
16-Nov	Industrial Prod MoM	US	Oct	0.2%	0.3%
16-Nov	CPI YoY	EC	Oct F	2.2%	2.1%

Result Preview

Company	Revenue		Chg(%)		EBITDA		Chg(%)		PAT		Chg(%)	
	Q2FY19E	YoY	QoQ	Q2FY19E	YoY	QoQ	Q2FY19E	YoY	QoQ	Q2FY19E	YoY	QoQ
Gulf Oil	382.2	18.4	-2.1	61.3	-1.0	-5.0	38.3	-5.3	-4.6			
Shree Cement	3,016.5	17.3	10.0	662.2	-7.2	-8.0	353.1	-19.8	-21.0			
Aurobindo Pharma	4,638.9	4.6	9.1	964.3	-13.7	35.6	601.9	-23.0	32.1			
Eicher Motors	2,395.6	10.7	-5.9	761.4	10.3	-7.4	588.9	15.3	2.2			
Dredging Corp	143.0	-5.0	2.2	31.5	-22.7	-3.5	1.0	-94.8	-66.3			
Greenply Industries	440.3	-1.3	8.8	60.6	-5.0	31.9	21.6	-40.6	-9.2			
Star Cement	466.2	8.8	0.4	126.2	-20.6	-20.9	71.6	-33.4	-30.6			

Revenue = NII; EBITDA = PPP for Banks and NBFC

Recent Releases

Date	Report
November 9, 2018	Result Update – Petronet LNG
November 9, 2018	Result Update – Maharashtra Seamless
November 9, 2018	Result Update – State Bank of India
November 9, 2018	Result Update – Bata India
November 9, 2018	Result Update – Cipla



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