

Market Outlook

Indian markets are likely to open flat to negative despite positive Asian cues on the back of Moody's decision to downgrade India and rising US, China tensions. Global news flows, domestic earnings and outcome will be key monitorables.

Markets Yesterday

- Domestic markets ended sharply higher on the back of easing lockdown restrictions and positive global cues
- US markets ended higher amid hopes of an economic recovery as states continue to reopen

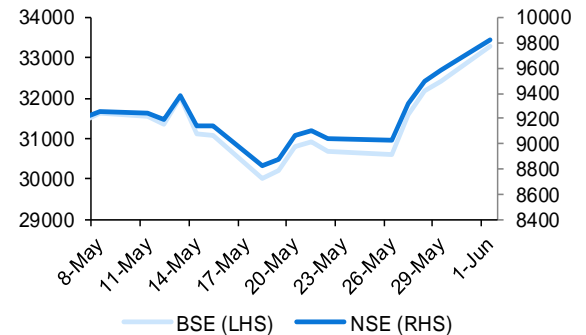
Key Developments

- The Cabinet Committee on Economic Affairs (CCEA) approved an increase in minimum support prices (MSPs) for all mandated Kharif crops, including paddy, pulses and cotton, for the 2020-21 marketing season. Further, IMD has retained its forecast for normal monsoon in India this year at 102% of long-period average. We believe this should improve rural sentiments thereby auguring well for consumption of agri input like fertiliser and agrochemicals
- As per media sources, electricity generation in India fell 14.3% in May. However, the fall was less compared to a 24% decline in April. Primary reason for a slower pace in fall is attributed to higher temperature, partial lifting of lockdown and resumption of industrial activities
- Kia Motors has introduced the updated Seltos SUV at prices between ₹ 9.89 lakh and ₹ 17.34 lakh/unit

Today's Highlights

Results: Britannia, Interglobe Aviation, Dhampur Sugar Mills, Granules India, TCI Express, Zydus Wellness, Motherson Sumi

Index Movement



	Close	Previous	Chg (%)	MTD (%)	YTD (%)	P/E (1yrfwd)
Sensex	33,304	32,424	2.7	2.7	-19.3	18.2
Nifty	9,826	9,580	2.6	2.6	-19.2	17.5

Institutional Activity

	CY18	CY19	YTD CY20	Yesterday	Last 5 Days
FII (₹cr)	-68,503	40,893	-74,367	1,575	6,842
DII (₹cr)	1,07,388	44,478	92,458	-459	6,018

World Indices – Monthly performance

Index	Value	Chg (%)
Nikkei	22,062	12.5%
Nasdaq	9,552	11.0%
Dow Jones	25,475	7.4%
U.K.	6,166	7.0%
Germany	11,587	6.7%
Kospi	2,065	6.0%
France	4,763	4.2%
Shanghai	2,915	1.9%
NSE	9,826	-0.3%
BSE	33,304	-1.2%

Nifty Heat Map

Bajaj Finance	2,161 10.6%	Bajaj Finserv	4,763 8.1%	Titan	959 7.7%	Tata Steel	315 6.8%	M&M	461 5.7%
SBI	170 5.4%	JSW Steel	194 5.3%	Coal India	149 5.1%	HDFC Ltd	1,738 4.8%	Indusind Bank	410 4.2%
Reliance Ind.	1,520 3.8%	HDFC Bank	988 3.8%	TCS	2,045 3.7%	IOC	86 3.5%	UPL	419 3.3%
Maruti	5,794 3.3%	Axis Bank	397 3.1%	Tata Motors	90 2.9%	Eicher	16,986 2.6%	HUL	2,109 2.5%
TechM	544 2.5%	ICICI Bank	339 2.2%	Kotak Bank	1,248 2.0%	Bajaj Auto	2,758 1.8%	HCI Tech	560 1.7%
Adani Ports	329 1.7%	Britannia	3,435 1.7%	ITC	201 1.6%	Vedanta	94 1.6%	Zee Ent.	186 1.3%
Infosys	700 1.2%	Bharti Airtel	559 1.2%	Wipro	215 1.1%	BPCL	346 1.0%	ONGC	84 0.9%
Power Grid	159 0.8%	Shree Cement	21,025 0.8%	Asian Paints	1,693 0.6%	Hindalco	139 0.2%	NTPC	98 0.1%
GAIL	92 -0.4%	L&T	928 -0.4%	Cipla	643 -0.9%	Grasim Ind	584 -1.0%	Hero Moto	2,326 -1.5%
Sun Pharma	465 -1.9%	Nestle	17,183 -2.0%	Ultratech	3,816 -2.3%	Bharti Infratel	224 -2.5%	Dr Reddy	3,954 -2.9%

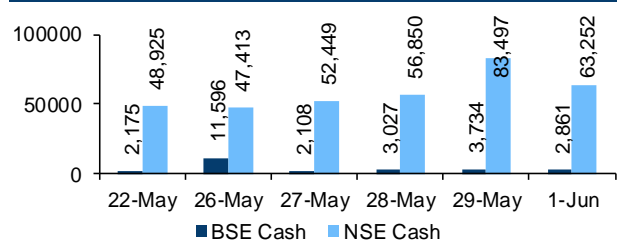
Markets Today

Commodities	Close	Previous	Chng (%)	MTD (%)	YTD (%)
Gold (₹10 gm)	47,100	47,104	0.0	0.2	19.6
Silver (₹kg)	50,535	50,118	0.8	0.3	7.6
Crude (\$/barrel)	38.6	38.3	0.6	6.7	-42.9
Copper (\$/tonne)	5,484	5,377	2.0	0.0	-13.0
Currency					
USD/INR	75.5	75.5	0.1	0.1	-5.5
EUR/USD	1.1	1.1	0.1	0.1	-0.9
USD/YEN	107.7	107.6	0.1	0.1	0.9
ADRs					
HDFC Bank	41.8	41.1	1.8	0.0	-34.0
ICICI Bank	8.7	8.5	2.6	0.0	-42.3
Tata Motors	5.7	5.8	-0.7	0.0	-55.8
Infosys	9.1	9.2	-1.0	0.0	-11.8
Dr Reddys Labs	53.4	51.4	3.9	0.0	31.7
Wipro	3.3	3.1	8.2	0.0	-11.7

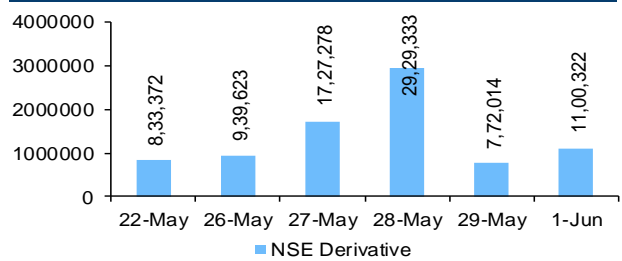
Key Data Points

Key Economic Indicator	Period	Latest	Prior Values
RBI Cash Reserve Ratio	N/A	3.00%	4.00%
RBI Repo Rate	N/A	4.00%	4.40%
RBI Reverse Repo Rate	N/A	3.35%	3.75%
CPI YY	Mar	5.84%	6.58%
Current Account Balance	Q4	-1.4bln \$	-6.5bln \$
Exports - USD	Apr	10.36%	21.41%
FX Reserves, USD Final	Apr	485.31 bln\$	479.5 bln\$
GDP Quarterly yy	Q1CY20	3.10%	4.70%
GDP Annual	FY20	4.20%	6.10%
Imports - USD	Apr	17.1 bln \$	31.2 bln \$
Industrial Output yy	Mar	-16.70%	4.60%
Manufacturing Output	Mar	-20.60%	3.10%
Trade Deficit Govt - USD	Apr	6.8 bln \$	9.8 bln \$
WPI Food yy	Mar	4.91%	7.80%
WPI Fuel yy	Mar	-10.12%	-1.76%
WPI Inflation yy	Mar	1.00%	2.26%
WPI Manuf Inflation yy	Mar	0.34%	0.42%

Exchange Cash Turnover (₹ crore)



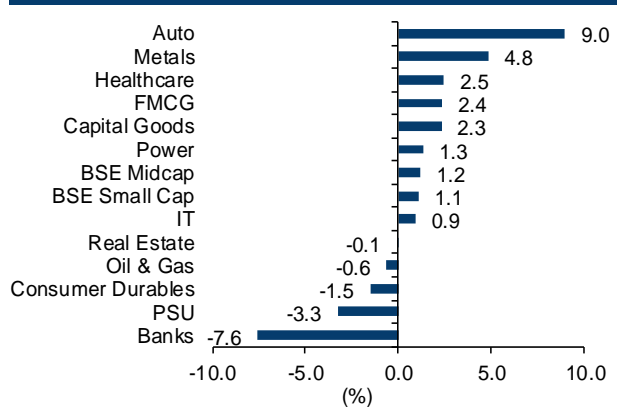
NSE Derivative Turnover (₹ crore)



Corporate Action Tracker








Security name	Action	Ex Date	Record Date	Status	Price (₹)
Sun Pharma	Buyback			Ongoing	425.00
Sterlite Technologies	Buyback			Ongoing	150.00
Kalpataru Power	Buyback			Ongoing	275.00
NIIT Technologies	Buyback			Ongoing	1,725.00
Infosys	Dividend	29-May-20	01-Jun-20		9.50
Colgate Palmolive	Dividend	01-Jun-20	02-Jun-20		16.00
TCS	Dividend	03-Jun-20	04-Jun-20		6.00
Kewal Kiran Clothing	Dividend	04-Jun-20	05-Jun-20		6.00




Sectoral Performance – Monthly Returns (%)



Key News for Today

Company/ Industry	News	View	Impact
V-Guard	V-Guard Industries' performance in Q4FY20 was severely impacted by Covid-19 related lockdown. The topline fell ~28% YoY while net profit declined 45% during the same period mainly due to lower EBITDA margin	The lockdown situation has hurt the overall performance of the company in Q4FY20 and FY20. The lockdown led to a revenue loss about ₹ 250 crore in FY20. Adjusted with Covid-19 impact, the revenue would have been up ~6% YoY (against a decline of 3% YoY at ₹ 2482 crore). We believe while revenue and earnings in FY21 are likely to be hit by Covid-19 related shutdown, V-Guard is better placed among competitors (in term of strong supply chain and prudent working capital management) to reach normalcy in the business cycle with opening up of the economy	↕

Kotak Mahindra Bank	In a move to lower the promoter stake, Uday Kotak would be offloading 5.6 crore shares worth ₹ 6800-6900 crore on June 2, 2020 via offer for sale(OFS). The OFS is expected to be in a price range of ₹ 1215-1240 and would lower the promoter holding by 2.83% to 26.1%	Reduction in promoter stake from 28.9% to 26.1% would be an overhang on the stock. Recent capital raised through QIP would strengthen capital adequacy for delinquencies and future business growth	
Tata Consumer Products, HUL	Tea consumption in India has fallen 25-30% during the lockdown period owing to reduced availability of the beverage and a sharp decline in out-of-home consumption at roadside tea stalls, restaurants, cafes, hotels, offices and factories	Despite tea being part of essentials, consumption has come down by ~25% largely due to reduced out of home consumption, which is ~40% of total sales. Though we believe this would impact smaller & regional brands to a large extent, negative impact on bigger brands is imminent	
Oil marketing companies	Petrol sales of downstream PSUs declined 36.5% YoY in May compared to 61% YoY decline in April. Diesel sales declined 31% YoY vs. 56.5% decline in April	Petrol and diesel sales increased 63.4% and 48% MoM in May, which is a positive. With further relaxations in lockdown, sales are likely to pick up further in June	
Auto sector (PV)	In May 2020, market leader Maruti Suzuki reported 86.2% YoY drop in total volumes to 18,539 units (domestic volumes down 89%, exports down 49%). M&M's PV segment volumes fell 81% YoY to 3,867 units	The performance was broadly along expected lines as supply chain issues and poor demand prospects limited production activities despite plants becoming operational, to some extent. M&M said 70% of its dealerships are now open	
Auto sector (2-W)	Hero MotoCorp's total May volumes were at 112,682 units, down 86.7% YoY. Eicher Motors' Royal Enfield volumes, on the other hand, came in at 19,113 units, down 69% YoY	The 2-W segment did modestly better than PV space, largely due to higher rural stint in the case of Hero MotoCorp and greater exposure to higher per capita income states in case of Royal Enfield. Royal Enfield's performance was particularly noteworthy on account of apprehensions around discretionary spends. Hero MotoCorp said that it retailed 1.5 lakh units during the month. Two thirds of Royal Enfield dealerships are now open and the company recorded nearly pre-Covid level bookings towards the end of the month. We expect the 2-W outperformance over PV to sustain, going forward	
Auto sector (CV)	In the CV space, Ashok Leyland's total volumes fell 89% YoY to 1,420 units during May. M&M's M&HCV division recorded 94% drop to 39 units. VECV sold 686 units in domestic and export markets combined	M&HCV sales were at a near standstill, down 98% for Ashok Leyland. The company reported zero bus sales although LCV volumes fell slower at 73% YoY. CV (M&HCV in particular) will continue to be a laggard vs. other segments owing to extremely weak freight movement and system overcapacity	
Auto sector (Tractors)	Market leader M&M posted 2% YoY rise in domestic volumes (with total volumes down 1% YoY to 24,341 units). Escorts' total volumes came in at 6,594 units, down 3.4% YoY. Its domestic volumes dipped 0.5% YoY	Tractor volumes were a positive surprise despite expectations of slower volume decline than wider auto space. We continue to believe that the space would lead other segments during the rest of the year on account of lower pressure on customer incomes, predominant rural slant and expectations of a normal monsoon	

Mahindra Finance	Mahindra & Mahindra Finance has informed exchanges that its board has approved capital raising worth ₹ 3500 crore via rights issue, subject to shareholder's approval	This move will strengthen the capital adequacy amid an uncertain economic situation. However, it entails higher dilution as capital raising remains substantial at nearly 35% of current network	
Mutual funds	Post the fall in March 2020, government measures have supported debt markets and mutual funds to return to normalcy. Net flows in debt MF schemes as on May 2020 were at ₹ 94224 crore against ₹ 43432 crore in April 2020	Flows normalising to bring business as usual for AMCs. However, MTM reversal may take time	
India logistics sector	As per media sources, if the current demand-supply situation does not improve, as many as 50% fleet operators from single truck owners and those with more than five trucks, may be forced to liquidate and exit the business in six to eight months	Small fleet operators (own ~85% of total Indian trucks) continue to operate under low utilisation, mainly due to unavailability of drivers, lack of cargo to ferry around and EMLs to be paid. As per Crisil, 30-35% of all trucks are operational at the moment. Listed asset light players are mostly dependent on these small fleet operators for conducting their business. A steep decline in their numbers would impact the entire supply chain	

Key developments (Continued...)

- For May 2020, NMDC reported a decline in its volumes. Iron ore production fell 24.7% YoY to 2.29 million tonne (MT) (3.04 MT in May 2019) & sales volume declined 24.3% YoY to 2.55 MT (3.37 MT in May 2019). Furthermore, it reported production and sales YTD (April–May 2020) of 4.09 MT (5.94 MT in May 2019) & 3.93 MT (6.07 MT in May 2019), respectively
- For May 2020, Coal India reported a decline in its volumes. Coal Production declined 11.3% YoY to 41.43 million tonne (MT) (46.69 MT in May 2019) while offtake declined 23.3% YoY to 39.95 MT (52.10 MT in May 2019). Furthermore, production, sales YTD (April–May 2020) were at 81.81 MT (91.99 MT in May 2019) & 79.02 MT (104.52 MT in May 2019), respectively
- Punjab Chief Minister gave the go-ahead to the imposition of Covid-19 cess on liquor with effect from June 1, in the range of ₹ 2 to ₹ 50 (highest for 750 ml imported foreign liquor) depending upon the type of liquor
- Moil has revised prices of all grades of ferro, SMGR grades (Mn 30% & Mn 25%), fines and chemical grades by reducing it by about 10% from June 1, 2020 on prices prevailing since May 1, 2020
- SBI Cards has informed exchanges details regarding business impact amid Covid-19. As on May 22, 2020, 11.8% customers have opted for the moratorium. With the easing of zone based relaxations, new cards daily issuance rate recovered to ~ 2500 cards per day in May 2020 against less than ~1000 cards per day in April 2020. Daily average spends stood at ₹ 175 crore in May 2020 vs ₹ 290 crore in March 2020. Online spends in departments and groceries, utilities, fuel and health witnessed increased card spends traction. The corporate card spends witnessed a moderate recovery with partial resumption of domestic air travel since May 25, 2020
- SpiceJet, which operates 38 cargo flights, added Kyrgyzstan and Egypt to its international cargo network. It is actively using Ras Al-Khaimah hub (UAE) for cargo flights to African and CIS countries and the company expects the partnership to grow in the times to come
- Ratnamani Metals & Tubes has received new domestic order for stainless steels tubes of ₹ 35.0 crore and an export order for stainless steels tubes of ₹ 22.0 crore to be completed by January, 2021
- Aster DM has launched a new 50 bed critical care hospital in Muhaisnah, Dubai. This facility will add incremental capacity to treat Covid-19 patients in UAE. With this addition, Aster has strengthened its healthcare presence in UAE with 8 hospitals (4 Aster + 4 Medcare)
- IGL has increased CNG prices by ₹ 1/kg to ₹ 43/kg in Delhi and ₹ 48.8/kg in Noida, Greater Noida and Ghaziabad while PNG price has remained same. The price increase is likely on account of increased fixed costs in the lockdown period
- Amara Raja Batteries has tied up with Grindtential Energy of US to collaborate on bipolar battery technology. The technology is designed to enhance lead acid battery performance and would be used in existing as well as new product categories.
- NTPC has incorporated a joint venture company named NTPC EDMC Waste Solutions Private Ltd with East Delhi Municipal Corporation having equity participation of 74:26 respectively to develop and operate state of the art waste management & energy generation facility

Key developments (Continued...)

- As per media sources, PFC and REC have decided to offer 10-year loans to state distribution utilities at 9.5% for the next 60 days under the ₹ 90000 crore liquidity infusion package while the government is also considering relaxing working capital borrowing limits of power distribution companies
- As per media reports, JK Tyres has set up a marketing arm in the US (Western Tires Inc.) to enhance sales, service and network expansion in that geography
- PVR will consider fund raising via equity in its board meeting on June 8. The fund raising will be through a rights issue, public issue, preferential issue or QIP
- TV Today will discontinue the Delhi Aaj Tak channel from June 30. The likely reason for this is unsustainability of business due to fall in ad revenues

Nifty Daily Charts



Technical Outlook

Equity benchmarks started the June 2020 on a cheerful note on the back of positive global cues. The Nifty ended the Monday's session at 9826, up 246 points or 2.6%. In the coming session, Nifty futures is likely to open on a flat to positive note tracking firm global cues. The formation of higher high-low signifies elevated buying demand. Hence, intraday dip towards 9745-9770 should be used to create long position for 9864. Key point to highlight during the ongoing up move is that, Nifty has witnessed a faster retracement on smaller degree time frame as it entirely retraced past sixteen sessions corrective phase in just four sessions. Faster pace of retracement signifies inherent strength, auguring well for durability of ongoing up move near psychological mark of 10000. The formation of higher peak and trough supported by improving market breadth indicates rejuvenation of upward momentum that makes us confident to revise support base upward at 9500 being 50% retracement (8997 - 9032), at 9464.

Pivot Points

Index/Stocks	Trend	Close	S1	S2	R1	R2
SENSEX	Positive	33303.5	32896	32488	33693	34082
Nifty 50	Positive	9826.2	9712	9597	9937	10047
ACC Ltd	Positive	1283.8	1268	1252	1305	1326
Axis Bank Ltd	Positive	397.0	391	383	407	417
HINDALCO INDS	Positive	139.2	137	134	143	148
SBI	Positive	170.1	165	160	173	176
HINDUSTAN PETRO	Positive	195.7	194	191	199	203
MUTHOOT FINANCE	Positive	885.4	865	844	907	928
Tata Motors	Positive	89.6	89	87	92	93
MRF LTD	Positive	61446.1	59784	58123	62688	63931
BAJAJ AUTO LTD	Positive	2758.3	2726	2693	2791	2823
TCS	Positive	2045.3	1998	1950	2077	2108
ITC LTD	Positive	200.6	199	196	205	208
CIPLA LTD	Positive	642.5	633	625	651	661
PIRAMAL ENTERPRI	Positive	1111.5	1013	916	1179	1248
Reliance Industries	Positive	1520.4	1486	1450	1548	1574
BHARTI AIRTEL	Neutral	559.1	552	546	564	569
EQUITAS HOLDINGS	Positive	45.6	44	42	47	48

CNX Nifty Technical Picture

Nifty 50	Intraday	Short Term
Trend	Up	Up
Support	9750-9700	9500
Resistance	9880-9935	10000
20 day EMA	0	9273.0
200 day EMA	0	10602.0

Advances/Declines

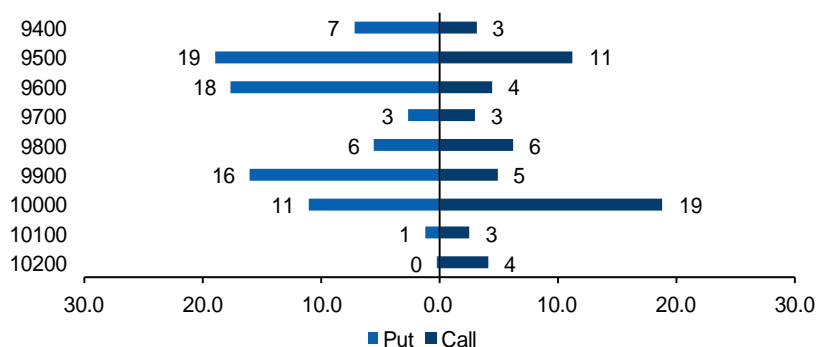
	Advances	Declines	Unchanged
BSE	1884	605	140
NSE	1501	344	107

Daily Technical Calls

- Daily Technical Calls**
- Buy Dr Reddy Laboratories in the range of 3955.0-3960.0
 - Buy Bata India in the range of 1386.00-1390.00
- All recommendations of June Future

[See Momentum Pick for more details](#)

Nifty Call - Put Strike (Number of shares in lakh) - June 2020



Intraday Derivative Strategy

i) Apollo Tyres

Buy APOTYR JUN Fut at |105.00 - |105.50
 CMP: 105.5
 Target 1: 107.3 Target 2: 110.3
 Stop Loss : 103.3

ii) Indraprastha Gas

Sell INDGAS JUN Fut at |467.00 - |468.00
 CMP : 468
 Target 1: 462.5 Target 2: 455
 Stop Loss: 472.5

[See Derivatives view for more details](#)

Results/Events Calendar

18	May Monday	19	May Tuesday	20	May Wednesday	21	May Thursday	22	May Friday	23	May Saturday
Bharti Airtel Delta Corp Ltd. Bajaj Finance AstraZeneca Ltd. Dr.Lal Path Labs		Bajaj Finance Ltd. Larsen & Turbo Info. Ltd. Gabriel India, Nesco Sanofi India,MPS Apollo Tyres, LTI		Dr.Reddy's,Kalpataru (KPTL) UltraTech Cem,Grindwell Ajanta Pharma,Chennai Petro. Mahindra Logis.,Bajaj Auto GHCL,JK Lakshmi Cement		Bajaj Finserv,HawkinCook. Tata Metaliks VST Indus. Colgate,Apcotex Hindustan Zinc		Supreme Industries,BASF Essel Propack,IDFC First Bosch,Bayer CropScience Wabco,Trent,Birla Corp Orient Cement,JSW Steel		Avenue Supermart Chambal Fertilisers DCB Bank Nucleus Software	
25	May Monday	26	May Tuesday	27	May Wednesday	28	May Thursday	29	May Friday	30	May Saturday
Music Broadcast JSPL Astral Poly Bata		Firstsource Solutions Deepak Nitrite Torrent Pharma Wonderla Holidays Blue Dart,VIP Industries		Dabur,Quess Corp Sun Pharma KPIT,Adity Birla Fashion Tube Investments United Spirits		Lupin,Heidelberg Cement Radico,Ceat Prism Johnson TVS Motors Federal Bank		Jagran Prakashan,NCC Symphony,Majesco Sagar Cement,Volta Lemon Tree, Metropolis KEC Inter.,Jubilant Life		Kanpur Plastipack Amara Raja Affle,Amber Enterprise Polycab India, MCX CH Non-Manufacturing PMI	
01	June Monday	02	June Tuesday	03	June Wednesday	04	June Thursday	05	June Friday	06	June Saturday
V-Guard,Orient Electric Srikalahasthi Pipes Ltd.x Vidhya Telenik Ltd. Welspun , Universal Cables Capital India Finance Ltd.		Granules India,Britannia TCI,Zydus Wellness Motherson Sumi Dhampur Sugar Interglobe Aviation		Oriental Hotels Aurobindo Pharma BPCL IN Nikkei Services PMI UK Services PMI		PI Industries,NIIT SRF UK Construction PMI EU Retail Sales US Trade Balance		Larsen & Toubro,SBI Greaves Cotton Gujarat Gas,Sumitomo Chem. Timken,Exide Industries Jyothy Labs,Saregama		Divis Lab Jindal Stainless Limited Relaxo Footwear CH Imports,CH Exports CH Trade Balance	
08	June Monday	09	June Tuesday	10	June Wednesday	11	June Thursday	12	June Friday	13	June Saturday
Abbot India EIH Associated Hotels PVR JP M3 Money Supply		Hero MotoCorp Teamlease Gujarat Pipavav CH CPI YoY CH PPI YoY		EIH Limited Mahanagar Gas US CPI MoM US Fed Int Rate Decision		US PPI MoM US PPI MoM		Eicher Motors Castrol UK Trade Balance IN CPI YoY IN Industrial Production		CH Industrial Production CH Retail Sales	
15	June Monday	16	June Tuesday	17	June Wednesday	18	June Thursday	19	June Friday	20	June Saturday
TATA Motors,Intellect IN WPI Inflation (YoY) EU Trade Balance IN WPI Manuf. Inflation EU Reserve Assets Total		US Retail Sales (MoM) US Industrial Prod (MoM) JP Exports,JP Imports JP Trade Balance		UK CPI (YoY) EU CPI (YoY)		Thermax JP Natl CPI YoY		UK Retail Sales (MoM) EU Current Account			

Major Economic Events this Week

Date	Event	Country	Period	Actual	Expected
01-Jun	Manufacturing PMI	EU	May	39.40	39.50
01-Jun	Manufacturing PMI	UK	Jun	40.70	40.70
Date	Event	Country	Period	Expected	Previous
02-Jun	Services PMI	JP	May	25.30	21.50
03-Jun	Composite PMI	UK	May	28.90	28.90
03-Jun	Services PMI	UK	May	28.00	27.80
03-Jun	Unemployment Rate	EU	Apr	8.2%	7.4%
04-Jun	Retail Sales(MoM)	EU	Apr	-15.0%	-11.2%
04-Jun	Exports	US	Apr	--	187.80B
04-Jun	Imports	US	May	--	232.20B
04-Jun	Initial Jobless Claims	US	May	1,800K	2,123K
04-Jun	Trade Balance	US	Apr	-44.30B	-44.40B
05-Jun	FX, Reserves, USD	IN	Apr	--	490.04B
05-Jun	Unemployment Rate	US	May	19.7%	14.7%

Result Preview

Company	Revenue	Chg(%)			EBITDA	Chg(%)			PAT	Chg(%)		
Crore	Q4FY20E	YoY	QoQ	Q4FY20E	YoY	QoQ	Q4FY20E	YoY	QoQ			
TCI Express	276.5	4.0	3.0	31.8	-5.9	-7.3	23.3	7.2	-8.8			

Recent Releases

Date	Report
June 1, 2020	Result Update – Sagar Cement.
June 1, 2020	Company Update – Majesco
June 1, 2020	Company Update – Affle India
June 1, 2020	Result Update – NCC Limited.
June 1, 2020	Result Update – Jubilant Life Sciences.



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