



Market Outlook

The Week That Was

Key indices logged strong gains in the truncated trading week as lockdown norms were relaxed. The Sensex closed a tad below 38,700 mark. The Nifty index ended above 11,400 level. Meanwhile, renewed US stimulus hopes kept the global markets lifted.

In the week ended on Thursday, 1 October 2020, the Sensex gained 1,308.39 points or 3.50% to settle at 38,697.05. The Nifty 50 index jumped 366.70 points or 3.32% to settle at 11,416.95. The BSE Mid-Cap index spurted 476.57 or 3.32% to settle at 14,813.25. The BSE Small-Cap index rallied 474.86 points or 3.28% to settle at 14,970.44.

Indices ended with stellar gains on Thursday, 1 October 2020. Positive global cues, better-than-expected domestic macro numbers and decent auto sales in September 2020 supported buying. The barometer index, the S&P BSE Sensex, added 629.12 points or 1.65% at 38,697.05. The Nifty 50 index rallied 169.40 points or 1.51% at 11,416.95.

President Ram Nath Kovind on Sunday, 27 September 2020 gave assent to three farm bills recently passed by the parliament. The bills are Farmers' Produce Trade and Commerce (Promotion and Facilitation) Bill, 2020, the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill, 2020 and the Essential Commodities (Amendment) bill, 2020. The act is aimed at transforming agriculture in the country and raising farmers' income.

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 permits the electronic trading of farmers' produce and allows setting up of transaction platforms for facilitating direct online buying and selling of farm products.

The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020 provides for a farming agreement prior to the production or rearing of any farm produce. A guaranteed price to be paid for the purchase of farming produce will be mentioned in such agreements.

The Essential Commodities (Amendment) Act, 2020 allows the central government to regulate the supply of certain food items only under extraordinary circumstances such as war and famine.

Total COVID-19 confirmed cases worldwide stood at 3,39,76,447 with 10,14,266 deaths. India reported 9,40,705 active cases of COVID-19 infection and 98,678 deaths while 52,73,201 patients have been discharged, according to the data from the Ministry of Health and Family Welfare, Government of India.

Ratings agency ICRA after market hours on Monday, 28 September 2020 revised its forecast for the contraction in the gross domestic product (GDP) for FY 2020-21 to -11% from -9.5% as fresh COVID-19 infections remaining elevated at the end of the second quarter. The rating agency however retained its earlier forecast of a 12.4% contraction in GDP in the second quarter.

The Reserve Bank of India (RBI) announced India's balance of payments (BoP) figures for the first quarter of FY21 (April - June). India's current account balance (CAB) recorded a surplus of US\$ 19.8 billion (3.9% of GDP) in Q1 June 2020 on top of a surplus of \$0.6 billion (0.1% of GDP) in the preceding quarter. India recorded a deficit of \$15 billion (2.1% of GDP) in the corresponding period last year. The surplus in the current account in Q1 of 2020-21 was on account of a sharp contraction in the trade deficit to \$10 billion due to steeper decline in merchandise imports relative to exports on a year-on-year basis.

The gross Goods and Services Tax (GST) revenue collection for September stood at Rs 95,480 crore, breaching Rs 95,000 crore level for the first time this fiscal, the government data showed on Thursday. The revenue for the month is 4% higher than Rs 91,916 crore collected in the same month last year.

The headline seasonally adjusted IHS Markit India Manufacturing Purchasing Managers' Index (PMI) increased from 52 in August 2020 to 56.8 in September 2020, signalling back-to-back improvements in the health of the sector. Moreover, the latest reading was the highest in over eight-and-a-half years.

India's Eight Core Industries output contracted by 8.5% in August 2020. Contracting for the sixth consecutive month, the output of eight core infrastructure sectors dropped by 8.5% in August 2020, mainly due to decline in production of steel, refinery products and cement. The production of eight core sectors had contracted 0.2% in August 2019, showed data released by the Commerce and Industry Ministry on Wednesday. Barring coal and fertiliser, all sectors crude oil, natural gas, refinery products, steel, cement and electricity recorded negative growth in August 2020.

The Ministry of Home Affairs (MHA), on 30 September 2020, announced the Unlock 5.0 guidelines, further relaxing curbs on activities outside of containment zones. Cinemas, theaters and multiplexes will be permitted to open with upto 50% of their seating capacity from 15

October 2020, in areas outside the containment zones. For re-opening of schools and coaching institutions, State and Union territories Governments have been given the flexibility to take a decision after 15 October 2020, in a graded manner.

Social, academic, sports, entertainment, cultural, religious, political functions and other congregations have already been permitted with a ceiling of 100 persons, outside containment zones only. In closed spaces, a maximum of 50% of the hall capacity will be allowed, with a ceiling of 200 persons. Wearing of face masks, maintaining social distancing, provision for thermal scanning and use of hand wash or sanitizer will be mandatory.

Meanwhile, the Reserve Bank of India announced that the Monetary Policy Committee (MPC) meeting scheduled during 29, 30 September and 1 October 2020 has been rescheduled. The dates of the MPC's meeting will be announced shortly. In last meeting, the six-member MPC kept repo rate untouched at 4%; and reverse repo rate at 3.35% while maintaining the accommodative stance.

On the global front, China's industrial profits rose 19.1% in August, the country's National Bureau of Statistics announced over the weekend. Chinese economic data has been watched by investors for signs of the country's continued recovery from the coronavirus pandemic.

China's official manufacturing Purchasing Managers' Index (PMI) for September came in at 51.5 on Wednesday as compared to 51 in August, according to the country's National Bureau of Statistics. Meanwhile, a private manufacturing survey also showed manufacturing activity expanding in September, with the Caixin/Markit PMI coming in at 53 from 53.1 in August.

The headline large manufacturers index in the Bank of Japan's quarterly tankan business sentiment survey came in at minus 27. Still, that was better than the minus 34 reading in June.

In the US, President Donald Trump and Joe Biden, the Democratic nominee, faced off in their first Presidential debate on Tuesday night. Three debates between the presidential candidates have and will take place on 29 September, 15 October, and 22 October 2020. The US Presidential election is scheduled on Tuesday, 3 November 2020.

The US economy plunged at a record rate in the spring. The Commerce Department reported Wednesday that the gross domestic product, the economy's total output of goods and services, fell at a rate of 31.4% in the April-June quarter, only slightly changed from the 31.7% drop estimated one month ago.

Week Ahead

Macro data, movement of rupee against the dollar, Brent crude oil price movement and investments by foreign portfolio investors (FPI) and domestic institutional investors (DII) will be watched. Stock market will remain closed on Friday, 2 October 2020 on account of Gandhi Jayanti.

Global cues will continue to be in focus as a resurgence in virus cases around the world, leads to more restrictions and more pressure on economic recovery. Updates related to COVID-19 will be closely watched. Also on the radar will be news on Covid vaccine development. From here on the pace of the improvement of economic indicators along with outcomes of a possible vaccine or cure for COVID-19 would determine the movement of the market.

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Volatility may remain high. US President Donald Trump and Joe Biden, the Democratic nominee, wrapped up their first presidential debate on 29 September with heated exchanges. Two more debates between the presidential candidates are scheduled to take place on 15 October and 22 October 2020. The US Presidential election is scheduled on Tuesday, 3 November 2020.

Among key result, Tata Consultancy Services will declare its July - September quarterly result on 7 October 2020.

On the macro front, Markit Services PMI for September will be declared on 6 October 2020.

Overseas, China will announce the Caixin Composite PMI and Caixin Services PMI for September on 9 October 2020.

The US Non Farm Payrolls data for September will be announced on 2 October 2020.

The US Markit Composite PMI and Markit Services PMI for September will be declared on 5 October 2020.

The Euro Area Markit Composite PMI and Markit Services PMI for September will be declared on 5 October 2020.

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Particulars	Nifty	Sensex
52 Wk High	12430.50	42273.87
52 Wk Low	7511.10	25638.90
Close	11417	38697.05

Currency Update

Currency	CMP	Net Change
USDINR	73.34	-0.52%
EURINR	86.23	0.49%

Institutional Activity (Cr.)

	FII	DII
Week	-563.97	1787.77
Month (Sep)	-9778.84	669.76
Year (2020)	-65433.09	68747.21

Primary Market Update

Company	Date	Price Band
Likhitra Infrastructure Ltd	29 Sep to 07 Oct 20	116 - 120

Sensex Outlook (38697): During the last week Sensex has made a higher bottom formation and closed above 20 DEMA of 38170. Its immediate support is likely to be seen around 38100 to 37900 for next week. Its resistance is likely to be seen around 39100 to 39350 for next week. If it sustain above 39350 it can go up to around 39950 to 40250

Nifty Outlook (11417): Indian markets settled with a gain at the end of a volatile week. The benchmark index Nifty ended with a gain of 3.32% whereas Bank Nifty has ended 6.02% higher. During the last week Nifty has made a higher bottom formation and closed above 20 DEMA of 11290. Its immediate support is likely to be seen around 11290 to 11170 for next week. Its resistance is likely to be seen around 11490 to 11550 for next week. If it sustain and closes above 11550 it can go up to around 11650 to 11730.

Bank Nifty Outlook (22246): During the last week Bank Nifty has made a higher bottom formation and closed above 20 DEMA of 21890. Its immediate support is likely to be seen around 21900 to 21600 for next week. Its resistance is likely to be seen around 22750 to 23200 for next week. If it sustain and closes above 23200 it can go up to around 23550 to 23900.

USDINR Outlook (73.34): During the last week USDINR has made a lower top formation and closed below 20 DEMA of 73.70. Its immediate support is likely to be seen around 72.90 to 72.50 for next week. Its resistance is likely to be seen around 73.90 and 74.30 for next week.

EURINR Outlook (86.23): During the last week EURINR has made a lower top formation and closed below 20 DEMA of 86.70. Its immediate support is likely to be seen around 85.90. If trades or closes below 85.90 next support is likely to be seen around 85.30 to 84.70 for next week. Its resistance is likely to be seen around 86.90 and 87.50 for next week.

Dollar Index Outlook (93.76): During the last week DX has made a high of 94.79 and given a correction from this level up to 93.56 and took support at 20 DEMA of 93.70 on closing basis. Its immediate support is likely to be seen around 93.50 to 92.90 for next week. Its resistance is likely to be seen around 94.50 and 94.90 for next week.

Technical View



Commodity	Month	LTP as on 01.10.2020	Strategy	Resistance	Support	Technical Comments
Chana	Nov	5540	Buy on declines	5590/5650	5230/5050	It has made a higher bottom formation and closed above 20 DEMA of 5210. Traders can buy on declines with SL 5390. Closes below this level it can correct up to around 5210. It can also bounce from these levels. Near resistance levels it can give some correction.
Guar Gum	Nov	6337	Buy on declines and sell near resistance levels	6470/6690	6190/6110	It has made a higher bottom formation and closed above 20 DEMA of 6230. Traders can buy on declines with SL 6190. Closes below this level it can correct up to around 6110. It can also bounce from these levels. Near resistance levels it can give some correction.
Guar Seed	Nov	4121	Buy on declines	4190/4250	4070/4010	It has made a higher bottom formation and closed above 20 DEMA of 4010. Traders can buy on declines with SL 4070. Closes below this level it can correct up to around 4010 to 3970. It can also bounce from these levels. Near resistance levels it can give some correction.
Jeera	Nov	13890	Buy around support levels and sell near resistance levels	14150/14500	13500/13250	It has made a higher bottom formation and closed above 20 DEMA of 13870. Traders can buy on declines with SL 13750. Closes below this level it can correct up to around 13500. It can also bounce from these levels. Near resistance levels it can give some correction.

Soyabean	Nov	3920	Buy around support levels and sell near resistance levels	3990/4050	3870/3810	It has made a higher bottom formation and closed above 200 DEMA of 3820. Traders can buy on declines with SL 3810. Closes below this level it can correct up to around 3750 to 3720. It can also bounce from these levels. Near resistance levels it can give some correction.
RMSeed	Nov	5536	Buy on declines	5590/5650	5450/5390	It has made a higher bottom formation and closed above 20 DEMA of 5460. Traders can buy on declines with near SL of 5450. Below this level it can correct up to around 5390. It can also bounce from these level. Near resistance levels it can give some correction.
Soya Oil Ref.	Nov	905	Buy around support levels and sell near resistance levels	915/920	895/885	It has made a lower top formation and closed below 20 DEMA of 906. Traders can sell on bounce near resistance levels with SL 920. If it sustain and closes above this level it can go up to around 930 to 940. It can also correct from these levels. It can also bounce from support levels.
Cocud(N)	Dec	1827	Buy around support levels and sell near resistance levels	1870/1910	1810/1770	It has made a higher bottom formation and closed above 20 DEMA of 1810. Traders can buy on declines with SL 1810. Below this level it can correct up to around 1770. It can also bounce from this level. Near resistance levels it can give some correction.
Dhania	Nov	6848	Buy around support levels and sell near resistance levels	6930/7050	6720/6630	It has made a higher bottom formation and closed above 20 DEMA of 6730. Trades can buy on correction with SL 6720. If trades or closes below this level it can correct up to around 6630 to 6550. It can also bounce from these levels. Near resistance levels it can give some correction.

TMC	Nov	5892	Buy around support levels and sell near resistance levels	5950/6130	5770/5720	It has made a lower top formation and closed at 20 DEMA of 5895. Traders can sell on rise with SL 5950. If it sustain and closes above this level it can go up to around 6130. It can also correct from these levels. Near support levels it can give some bounce.
Mentha oil (MCX)	Oct	947	Sell on rise and buy near support levels	970/990	930/910	It has made a lower top formation and closed below 50 DEMA of 970. Traders can sell on rise with SL 970. Above this level it can go up to around 990. It can also correct from this level. It can also bounce from support levels.
CPO (MCX)	Oct	757	Buy around support levels and sell near resistance levels	770/780	750/730	It has made a lower top formation and closes below 20 DEMA of 770. Traders can sell on rise with SL 770. If it sustain and closes above this level it can go up to around 780 to 790. It can also bounce from support levels.

Non - Agri Commodities

Commodity	Month	Price as on 01.10.2020	Strategy	Resistance	Support	Technical Comments
Gold	Dec	50570	Buy around support levels and sell near resistance levels	50850/51050	50350/50100	Gold has made a higher bottom formation and closed above 100 DEMA of 49730. Traders can buy on correction near support levels with SL 50100. If trades or closes below this level it can correct up to around 49750. It can also bounce from these levels. It can also correct from resistance levels.
Silver	Dec	61145	Buy around support levels and sell near resistance levels	61500/62300/63500	59500/59100	Gold has made a higher bottom formation and closed above 100 DEMA of 59230. Traders can buy on correction near support levels with SL 59100. If trades or closes below this level it can correct up to around 57650 to 56500. It can also bounce from these levels. It can also correct from resistance levels.
Copper	Oct	497.5	Sell on rise and buy near support levels	507/513	492/475	Copper has broken trend line support of 525 and given a sharp correction from 537 to 495 and took support at 100 DEMA of 493. From this level it can bounce up to around 507 to 513. It can also correct from these levels. If trades or closes below 492 it can correct up to around 475 to 470.
Aluminum	Oct	142.35	Sell on rise and buy near support levels	145/146	141/139	It has made a lower top formation and and closed below 20 DEMA of 144.50. Traders can sell on rise with SL 145. If it sustain above this level it can go up to around 146 to 147. It can also correct from this level. It can also bounce from support levels.

Lead	Oct	143.35	Sell on rise and buy near support levels	148/149	142/140	It has made a lower top formation and and closed below 20 DEMA of 146.50. Traders can sell on rise with SL 147. It can also bounce from support levels.
Zinc	Oct	184	Sell on rise and buy near support levels	189/192	180/177	It has made a lower top formation and and closed below 50 DEMA of 189. Traders can sell on rise with SL 193. It can also bounce from support levels.
Nickel	Oct	1047	Sell on rise and buy near support levels	1060/1070	1030/1020	It has made a lower top formation and closed below 50 DEMA of 1070. Traders can sell on rise with SL 1080. It can also bounce from support levels.
Crude Oil	Oct	2837	Sell on rise and buy near support levels	2930/2970/ 3050	2750/2710/ 2590	Crude oil has made a lower top formation and closed below 20 DEMA of 2930. Tradres can sell on rise with SL 2970. If it sustain above this level it can go up to around 3050. It can also correct from this level. Near support levels it can give some bounce.
Natural Gas	Oct	183	Buy around support levels and sell near resistance levels	190/195	180/170	It has made a high of 208 and given a correction from this level up to 179. Traders can buy on correction near support levels and consider near support level as SL. Traders can also sell on bounce near resistance levels and consider near resistance levels as SL.