

CRYSTAL BALL

MONTHLY INVESTMENT RESEARCH

Thursday
01st July, 2021

SENSEX

NIFTY

GOLD

SILVER

CRUDE OIL

USD / INR



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Price Forecast

INSTRUMENT	30th June 2021.	1 Month	2 Month	3 Month	1 year
SENSEX	52483	53751	50501	49251	56751
NIFTY	15722	16100	15050	14751	17001
USD \$ / INR	74.32	74.5	73.5	73.01	75.5
GOLD	46850	49627	51251	52001	56191
SILVER	69106	73501	77949	74001	79501
CRUDE OIL	5502	5651	5875	4795	5000



Dear Valued Reader,

To start with, the negative adages associated with stock markets like 'June Swoon' and 'Sell in May' are not working. Hopefully, the trend continues in July too!

Yes, the street is now setting its bullish eyes on July 2021 after a holding pattern witnessed in June where the benchmarks Sensex & Nifty were up mere 0.89%. These gains still mark an impressive recovery from Nifty's & Sensex March lows' at 7511 & 25639 respectively. Nifty has gained around 12.50% in the first half of the year 2021 and 7.07% for the second quarter.

At Wall Street, the S&P 500 booked an 8% gain for the second quarter and a 15% rise over six months.

The optimist illustrates that the fiscal and monetary policy remain decidedly supportive, with additional measures to boost the recovery on the way. The positive takeaway is that bulls' performance continues to be admirable as is despite overbought technical conditions and amidst uncertainties on backdrop of concerns about the spread of the highly contagious COVID-19 delta variant.

Investors not seen deterred by the perma-bears and the longtime skeptics camp that expects demand not to return to pre-virus levels.

The backdrop is highly uncertain and the said uncertainty should result in rise and fall like a yo-yo in the investment portfolios. Investors really need to have the stomach to withstand the gyrations.

Having said that, to achieve Dalal Street's bigger happiness, love and wisdom, investors' will have to keep their attention squarely only on three catalysts:

1. Flow of liquidity.
2. The present pandemic crisis.
3. Rebound in global economy.

Now, before we start a brand new-innings of trading this July 2021, let's review how the major indices listed at Dalal Street fared in June, May and April 2021 and also their performance in the year 2021.

Yes, we are ready with our July-August-September 2021 forecast but before that, we wish great health and good luck to all our clients and their families during these trying times.



Market recap:

Instruments	Prices as on 30th June 2021	June 201 % Change	May 2021 % Change	April 2021 % Change	2021 % Change
Sensex	52483	+1.05%	+6.5%	-1.47%	+9.76%
Nifty	15722	+0.89%	+6.5%	-0.41%	+12.05%
BSE Auto Index	23772	+0.98%	+8.64%	-2.62%	+13.92%
BSE Bankex Index	39350	-2.47%	+8.15%	-0.65%	+10.30%
BSE Capital Goods Index	22949	+2%	+11%	-4.00%	+21.37%
BSE Consumer Durables	35575	+6.55%	+1.72%	-1.53%	+14.74%
BSE FMCG	13518	+2.95%	+4.97%	-2.85%	+8.66%
BSE Healthcare	25589	+4.30%	+15.04%	+10.33%	+28.04%
BSE Metal	18665	-1.13%	+5.92%	+24.18%	+52.69%
BSE Mid-Cap	22536	+3.57%	+7.82%	-0.65%	+23.22%
BSE Small-Cap	25232	+6.93%	+8.89%	+4.95%	+34.87%
BSE Power	2755	-2.16%	+13.80%	+0.25%	+32.12%
BSE Realty	2741	+2.26%	+0.37%	-7.56%	+2.82%
BSE Oil/gas	16176	-1.80%	+9.84%	-3.52%	+9.7%
BSE IT	30136	+9.25%	+4.86%	-0.86%	+22.71%



The Back Story: Nifty Polishes Off a Productive First Half...

Dalal Street was seen closed June on a jumbled note -- one that investors have become accustomed to over the past couple months -- but the positive take away is that Nifty has still capped a positive month and most importantly, it has inarguably been a fruitful first six months of 2021.

The street was seen bolstered by the agreement in Washington on a roughly \$1 trillion infrastructure plan, which includes around \$579 billion in new spending on roads, bridges, rail and other physical infrastructure, analysts said, though President Joe Biden and congressional Democrats have signaled they will push for additional spending on education, child care and clean energy in a separate package.

The other key positive catalysts which kept bullish momentum intact:

1. Dramatic fall in virus cases acted as the biggest positive catalyst.
2. The remarkable strength of the U.S. economic recovery and the global economy.
3. The technical landscape looks robust each passing trading day. Nifty is way above its 200DMA at 13937 mark. The technical landscape is quite enticing and very much in favor of bulls.
4. A retreat in U.S Treasury yields.
5. Vaccine rollouts are also expected to get faster.
6. Hopes of the lockdown being lifted sooner.
7. Good corporate results.
8. The recent crackdown on commodity speculation in China has pared gains for copper and iron ore prices.
9. Short covering backed with fear of missing out (FOMO) ruling traders' mindset.
10. Strong global cues.

However, bullish sentiments were dented after the Inflation risks were seen on the front pages. Long story short, rate hikes are coming – perhaps only in 2023, but that is ahead of the Federal Reserve's previous projections of hiking borrowing costs only in 2024.

It will be interesting to see if investors' still can brush-off inflation rise.



Let's now have a look at other key catalysts from last month:

- **Active cases see steady decline.** On June 30th, India reported a net reduction of 15,595 in active coronavirus cases to take its count to 537,064. India's share of global active coronavirus cases now stands at 4.69 per cent (one in 21). The country is third among the most affected countries by active cases and its Covid-19 death toll reached 398,454, or 1.31 per cent of total confirmed infections. India's total count of vaccine shots so far reached 332,854,527. The count of recovered coronavirus cases across India, meanwhile, reached 29,427,330 – or 96.92 per cent of total caseload – with 60,729 new cured cases being reported on Wednesday.
- After a bumper start this June, the southwest monsoon has weakened in the past week, or taken a 'break', as weather scientists put it. Experts say the 'break monsoon' phase happens when the monsoon has already covered the entire country. The country recorded a "large deficiency" of rain on Tuesday 29th June 2021, which was 60% less than normal, due to the 'break monsoon' period that began on Monday, according to the India Meteorological Department (IMD)
- India FY21 GDP contracts 7.3%: The 2020-21 GDP contraction is much better than the forecasts of the Reserve Bank of India and the Ministry of Statistics and Programme Implementation, both of which had expected GDP for the full year to contract by 8%.
- Owing to COVID led localized lockdowns, automobile companies posted extremely muted sales figure, with high double-digit month-on-month (MoM) decline across segments. This was for the second straight month that the auto sales figures took a hit and analysts expect volumes to remain subdued in June too amid Covid-led disruptions.
- Federal Reserve's plans to eventually scale back its easy-money policies re seen taking a back seat. Fed left its benchmark policy rate unchanged at zero to 0.25% and said it would continue to buy \$120 billion of bonds monthly until "substantial further progress" had been made on employment and inflation. The significant upgrade comes as the economy is healing, and as Fed officials penciled in stronger growth in 2021, faster inflation and slightly quicker labor market progress next year. The Fed in its statement has said "Progress on vaccinations has reduced the spread of Covid-19 in the United States."
- Consumer Price Index-based inflation (CPI) in India for the month of May came in at 6.30%, much higher than April's 4.23%, and outside the Monetary Policy Committee's inflation targeting range of 4 (+/-2) percent for the first time since November 2020.



The higher inflation month-on-month was primarily on the back of a substantial hardening of food prices. Food inflation (CFPI) was 5.01% in May compared with 1.96% in April, official data showed.

- ITC Q4 consolidated net profit falls 3%, declares final dividend of Rs 5.75.
- Tata Power Company: Subsidiary Tata Power Solar received EPC orders for Rs 686 crore from NTPC to set up solar PV projects.
- Lupin has launched an authorised generic version of Brovana (arformoterol tartrate) Inhalation Solution 15 mcg/2 mL, unit-dose vials, of Sunovion Pharmaceuticals Inc, in the United States. The drug is used for the maintenance treatment of bronchoconstriction in patients with chronic obstructive pulmonary disease.
- IndiGo Q4 loss widens to Rs 1,147 cr as higher fuel costs, virus hit business. The country's largest airline's revenue from operations fell 25 per cent to Rs 6,223 crore as compared to Rs 8,299 crore in the corresponding quarter of the last year.
- Four of the 10 most valued companies together added Rs 68,458.72 crore in market valuation last week, with Hindustan Unilever Limited and Infosys emerging as the biggest gainers. The market valuation of Hindustan Unilever Limited (HUL) zoomed Rs 26,832.3 crore to reach Rs 5,82,874.25 crore. The valuation of Infosys jumped Rs 24,628.79 crore to Rs 6,41,108.34 crore.
- Norwegian pension fund KLP is divesting from Adani Ports and Special Economic Zone Limited on the grounds the company's links with the Myanmar military breach the fund's responsible investment policy, KLP told Reuters on Tuesday.
- Hero MotoCorp in a press release has said that starting July 1, the Indian motorcycle manufacturing company will be raising prices across its range. Prices are expected to go up by up to Rs 3,000. And the upward revision is a direct result of the increase in commodity prices.
- Bharat Electronics reported higher consolidated profit at Rs 1,368.15 crore in Q4FY21 against Rs 1,046.97 crore in Q4FY20, revenue jumped to Rs 6,917.47 crore from Rs 5,816.77 crore YoY.



- At Reliance Industries AGM , the firm announced that it was announced that Saudi Aramco chairman and head of the Kingdom's cash-rich wealth fund PIF Yasir Othman Al-Rumayyan will join the board of Reliance Industries Ltd as a precursor to a USD 15 billion deal that is now expected to conclude this year. RIL chairman and Asia's richest man Mukesh Ambani told shareholders that a deal to sell a 20% stake in the company's oil-to-chemical unit to Saudi Aramco was expected to conclude this year.
- Shyam Metalics and Energy (SMEL) made a strong debut on the bourses with the stock listing at Rs 380, a 24% premium over its issue price, on the National Stock Exchange (NSE). The stock ended the session at Rs 375.50.
- Meanwhile, Sona BLW Precision Forgings (Sona Comstar) made a quiet debut on the bourses, with the stock getting listed at Rs 302.40 -- a 4% premium over its issue price of Rs 291 per share on the BSE. The stock, however, extended gains in intra-day deals to end the session at Rs 362.85 apiece.
- Power Grid Corporation posted over six per cent rise in its consolidated net profit to Rs 3,526.23 crore for the March 2021 quarter, mainly on the back of higher revenues. The company's consolidated net profit had stood at Rs 3,313.47 crore in the quarter ended on March 31, 2020, according to a BSE filing.
- WTI Crude Oil Prices ended the month on a positive note, up 9.74% at \$ 73.50 a barrel. Market players await OPEC+ allies today for further direction. The organization will discuss production policy for August as some member nations want to increase output.
- Comex Gold was down 7.15% for the month ended at \$1769 an ounce. The hawkish Fed forced gold prices downwards during last month.
- Indian Rupee weakened by 2.56% against US Dollar at Rs. 74.36 in the wake of the surprisingly hawkish shift in tone from the Fed earlier last month.



Gainers over 1-Month

Stocks	LTP (30th June 2021)	Change %	52 Week H/L
INFOSYS	1581.25	13.5%	1591/725
TITAN	1732.10	8.6%	1800/942
TECHMAHINDRA	1095.10	7.2%	1110/536
BAJAJFINANCE	6016.15	7%	6250/2806
MARUTI	7513.80	6.0%	8400/5684

Stocks at 52 Week High

Stocks	LTP (30th June 2021)	52 Week High
APOLLOHOSP	3618.15	3659.35
BEL	178.00	178.90
CENTURYTEX	614.50	622.80
CIPLA	971.95	997.20
COFORGE	4157.15	4172.00
DIVISLABS	4405.85	4430.00

Losers over 1-Month

Stocks	LTP (30th June 2021)	Change %	52 Week H/L
ITC	202.75	-6.4%	239/163
KOTAKBANK	1706.4	-5.6%	2049/1231
ICICIBANK	630.85	-4.7%	679/334
M&M	778.35	-3.7%	952/495
HDFC	2474.25	-3.1%	2895/1623

Stocks at 52 Week Low

Stocks	LTP (30th June 2021)	52 Week Low
KIMS	946.75	938.05
RJSHAH	662.25	662.25
SHYAMMETL	369.45	360.95
-	-	-

FII / DII - monthly break up and compared to April 2021.



FII (June) Rs. In Cr.	FII (May) Rs. In Cr.	DII (June) Rs. in Cr.	DII (May) Rs. In Cr.
-25.89	-6015.34	+7043.51	+2067.23

Looking Ahead: Dalal Street likely to waver...

Sensex: 52,482.

Nifty: 15,722.

After a powerful start, stocks at Dalal Street are likely to grind higher in the second half of 2021. That said, investors have to watch out for curveballs.

Well, Dalal Street could wobble on backdrop of a hawkish stand by the Federal Reserve. Markets remain sensitive to more central banks debating the withdrawal of emergency stimulus.

That might be an excuse for the market to take a bit of profits.

Dalal Street could also waver as trading sentiments could be dented by concerns about a spike in coronavirus infections in Asia as Australia's Sydney plunges into a lockdown after a cluster of cases involving the highly contagious Delta strain ballooned. Indonesia too is battling record high cases while a lockdown in Malaysia is set to be extended. Thailand too announced new restrictions in Bangkok and other provinces.

So, it is only the momentum which is critical for further attraction on the upside. Interestingly, the benchmarks have more than doubled from the lows of March 2020. The remarkable strength has seen India's stock markets outperforming global peers in said rally from the March 2020 lows amidst the outbreak of the pandemic.

The key positive catalysts remain the same:

- The sentiments are likely to be buoyed by better-than-expected Q4 earnings from India Inc.
- Normal monsoon on cards.
- Goods and services tax (GST) collections on the rise since October 2020.
- The technical landscape looks robust— as the sequence of higher high intact on all time frames. Nifty is also way above its 200DMA at 13935 mark.



The big question: Nifty 16000 possible?

Well, the benchmarks are likely to carry the positive baton from last month's trade. We expect, the benchmark Nifty to aim the psychological 16000 mark.

The most probable worst scenario could be that the benchmarks take a breather. This also sounds understandable as Nifty & Sensex are up around 108% from the March 2020 lows. **Honestly speaking, if the stock market takes a breather then it's most likely that investors are going to put more money to work — Buy-the-dip gyan mantra to prevail.**

Bullish looking stocks	Bearish looking stocks
ADITYA BIRLA FASHION AND RETAIL (ABFRL), AARTI INDUSTRIES, ACC, ASHOK LEYLAND, CAMS, ESCORTS, JINDAL STEEL & POWER, HINDALCO, ICICI BANK, VEDANTA, MINDTREE, MPHASIS BFL, SIEMENS, INFY, RAMCO CEMENTS, TATA STEEL, COROMANDEL INTERNATIONAL, CDSL, TATA ELXSI, BALAJI AMINE, BIRLA CORPORATION, SAIL, UBL and MCDOWELL (USL)	INDIGO, COAL INDIA, RBL BANK, PVR.



Daily chart of Nifty:



Our **call of the month** says investors will continue to wrestle with the implications of expected 3rd wave of coronavirus as the highly contagious Delta strain seen ballooning while on the positive side are better-than-expected March quarter earnings from India Inc, a economy which is most likely to open as coronavirus cases subside, normal monsoon on cards and most importantly record high GST revenue.

The ice likely to crack on this bull market only any move below Nifty 15449 mark with downside risk on Nifty at 15151 mark. Alternatively, Nifty poised for fresh uncharted territory and ready to shoot the moon as long as 15449 support is held.

Preferred Trade on Nifty:

CMP
15722

Technically speaking, from a chartist standpoint, extremely overbought technical conditions prevail. That said, the long term landscape remaining in a super-bullish mode with all investors' eye now at Nifty's next hurdles at 16000 mark. The near term price action for Nifty is suggesting that we are likely to see a 15001- 16200 range in near term with positive bias. Please note, Nifty's 200DMA at 13459 mark.

Buy on dips between 15450-15500 zone. Targets at 15921 mark and then at 16000-16250 zone with strict stop at 14901.



The single-most conviction idea for July 2021.

Theme: Reopening Stocks to Watch...

Buy UNITED SPIRITS LTD (USL) (CMP 665. Targets at 817):



UNITED SPIRITS LTD (USL) is a subsidiary of Diageo plc- a global leader in beverage alcohol with portfolios including brands such as McDowell's No.1, Royal Challenge, Signature, and Antiquity, among others. It also imports, manufactures and sells Diageo's iconic brands such as Johnnie Walker, VAT 69, Black & White, Smirno and Ciroc in India.

In addition, the Company holds the perpetual right to the Bangalore Franchise of Board of Control for Cricket in India - Indian Premier League (BCCI-IPL).

The positive catalyst in favor of USL is the YoY strong pick-up in demand amidst improved consumer sentiments and focus on newer trend of consumption at home premises. Amidst ongoing pandemic, USL preferred strategy appears to be to reinvest and renovate its biggest core brands i.e. McDowell's No. 1 and Royal Challenge with an innovative packaging and new blends. The management has as

well indicated that McDowell's No 1 renovation received a good response from customers. The strategy of investing in increasing its brand strength and boosting its premium brands is seen boding well as is materializing to higher share of its revenues. USL also continues to focus on its premiumisation strategy. Improving trends for premium portfolio in FY21 is a positive sign.

The management is also focused its resources on capitalising latest trends such as consumption in home premises. Potential new distribution model like online ordering and home delivery can be a structural positive for USL. Advertisement spends are expected to play a significant the firm to drive its premiumisation strategy over the longer term.



USL is also set to benefit from the unlocking of movement restrictions across states as Covid cases come down.

Technically, brace yourselves for a major rebound play on the daily charts with recent sequence of higher high intact on the daily charts. An impulse uptrend is seen forming on the weekly time scale, with positive SAR series, as the price pattern has just been confirmed on its close above the Jan 2021 highs at 663 mark.

Add to that a bullish divergence and a rising stochastic signal (on weekly charts) with recent increase in volumes signaling a larger rebound. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 573 zone.

Simply buy at CMP, and on dips between 613-621 zone, targeting 707/750 mark and then at all-time-high at 817. Stop 571. Holding Period: 3 Months+. Aggressive 1-year targets seen at psychological 1000 mark.





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Disclosure of interest statement – • Analyst interest of the stock / Instrument(s): - No. • Firm interest of the stock / Instrument (s): - No.