

## Indian Market View

Stocks in Asia kicked off the final quarter in muted fashion, in a holiday-affected start to the week. Volumes are likely to be thin Monday, with Labor Day in Australia, Hong Kong's market shut and China's closed through Oct. 7. Asian shares got off to a slow start amid further signs of weakness in China. The world's share markets had rallied in September on hopes that China and the United States will eventually work out a deal on trade, but talks proposed for around the end of the month collapsed after the two sides launched more tit-for-tat tariffs. The yield on 10-year Treasuries was little changed at 3.05 percent.

Nikkei 225 opened slightly high and trading up 0.60%, ASX200 opened flat, trading down 0.61%. Kospi opened flat and was down 0.11 percent. Markets in China and Hong kong are closed for holiday.

Oil prices opened firmly on Monday, with Brent hovering close its highest in nearly four years ahead of U.S. sanctions against Iran that kick in next month. Brent crude oil futures were trading at \$83.04 per barrel, up 31 cents, or 0.4 percent, from their last close and near the \$83.07 level reached during the last session - the highest since November 2014. U.S. WTI crude futures were up 23 cents, or 0.3 percent, at \$73.48 a barrel.

In this week, investors will focus on the RBI's policy review on October 5, where it is likely to raise the repo rate by 25 bps. The rate hike could help stabilise USD/INR volatility and INR could gain ground upto 71 level on arrest of FPI outflows. The rate hike would reflect growing upside risks to medium-term inflation, even though CPI inflation is expected to remain soft in the shorter term. Automobile sales numbers for September will be out on Monday, and we could see a slowdown in some segments due to higher insurance premium and higher fuel prices. Besides religious belief (Pitru Pakhsy) could have dented demand for auto. On the macro front, manufacturing PMI for September will be announced on Monday and Nikkei Services PMI for September will be announced on Thursday. On the macro front, the government announced a massive 700 billion rupee cut in its planned market borrowing programme in an attempt to ease liquidity concerns. The economic affairs secretary said the government's fiscal maths are very much in order and was confident of ending the financial year with the targeted fiscal deficit of 3.3 percent of GDP. RBI has decided to conduct purchase of Government securities under Open Market Operations (OMOs) for an aggregate amount of ₹ 360 billion in the month of October 2018. The auctions would be conducted during the 2nd, 3rd and 4th week of October. This measure along with IL&FS plan to raise Rs150bn risk capital, would help revive weak September sentiment. Overall, for past many quarters we have seen rally prior to earnings season, (unlike in US), which fizzles out during the earnings. This time during the current fortnight we could see minor relief rally on expectation of earnings improvements.

Expect NIFTY Future to open flat on subdued sentiment prevailing in Asian market due to series of holidays. However, RBI's measure and IL&FS development could improve sentiment. But due to holiday tomorrow, investors risk appetite would be low. Trade setup: \*NIFTY Fut\* Pivot:10982, R1:11072, R2:11190, S1:10864 BANK Nifty: Pivot:25265, R1:25480, R2:25746, S1:25000

## Noted Corporate Development

- Bandhan Bank said its promoters will look at various options, including acquisitions, to bring down shareholding in line with the Reserve Bank of India's norms after the central bank placed restrictions on its operations.
- Yes Bank's debt instruments worth Rs 21,371 crore have been placed under 'credit watch with developing implications' by CARE Ratings. The instruments include infrastructure bonds, tier-II bonds, additional tier-I bonds and perpetual bonds.
- Vakrangee has received an order from the Ministry of Corporate Affairs for inspection of books of accounts for three financial years.
- Aurobindo Pharma is scouting for suitable acquisitions in the domestic market for Rs 3,000 - 4,000 crore. This is as per a report in the Business Standard.
- ONGC expects to break-even in its gas business after the price hike. Chairman Shashi Shanker says that the company hopes to decide a partner for its OpAL unit by February next year. ONGC Videsh's Managing director NK Verma also added that ONGC Videsh expects Venezuela to clear its oil dues.
- Bharat Petroleum Corporation's board has approved setting up of facilities for production of Polyols, Propylene Glycol and Mono Ethylene Glycol at its Kochi Refinery. The estimated investment for the same is pegged at Rs 11,130 crore.
- Tata Power's subsidiary Coastal Gujarat Power has completed the refinancing of its outstanding ECB loans amounting to Rs 5,500 crores. The company's interest costs post this refinancing will be lessened, according to their statement.
- NMDC has hiked the prices of lump iron ore by 8.45 percent to Rs 3,850 per tonne and for fines ore by 6.4 percent to Rs 3,310 per tonne. The above mentioned price revisions took effect on Sept 26.
- Kalpataru Power Transmission has secured infrastructure orders worth Rs 1,145 crore. The company says that the orders have come for transmission lines in Africa and CIS regions and a railway infra order from the Rail Vikas Nigam Ltd.
- Dilip Buildcon's board has approved to take strategic initiatives by way of backward and forward integration which will add value addition to the company as well as to the stakeholders
- Ajanta Pharma's Ranitidine Hydrochloride has received ANDA approval from U.S. FDA.
- IRB Infrastructure Developer's arm has achieved financial closure for its Rs 2,203 crore four-laning project on the Poondiyankuppam- Sattanathapuram stretch.
- Engineers India has received orders worth Rs 5,000 crore for execution of HPCL's Rajasthan Refinery Project. The project's mechanical completion will be completed by October 2022.
- ONGC, Oil India: India raises gas prices by 10 percent to \$3.36 per mmBtu for H2FY19; prices hiked for third consecutive time and now at three-year high.
- InterGlobe Aviation, Jet Airways and SpiceJet: Aviation turbine fuel prices for October hiked by 7 percent to Rs 76,000 per kilolitre pan India; Prices hiked for third consecutive month and now at near 5-year high.
- ITI Ltd.: Board approves DRHP for proposed follow-on public offer by the company. It looks to issue 18 crore equity shares, according to its DRHP, to raise funds for working capital requirement and for debt repayment. As per Friday's closing price, the company can raise Rs 1,470 crore, according to BloombergQuint's calculation. Issuing 18 crore equity shares would dilute government holding to 78.1 percent from current 93.8 percent.
- Infibeam Avenues says that it had given interest free unsecured loan to its wholly owned subsidiary NSI Infinium Global. These loans are short-term loans which are repayable on demand and have been utilized by the arm solely for its business and operations.

## SGX Nifty: Daily and Weekly Chart



## Contact Person Detail

**SURYA NARAYAN NAYAK**  
HEAD-Research & Sales  
Email-[surya.nayak@kcsecurities.com](mailto:surya.nayak@kcsecurities.com)  
Contact No-+9122 - 67236089

**KantilalChhaganlal Securities Pvt Ltd**  
Wilco Center, 'A' Wing, Near Garware House, 8,  
Subhash Road, Vile Parle (E), Mumbai 400 057 Tel  
No: +91 022-6723 6000/6001 Fax: +91 22 6723 6088

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