

TECHNICAL OUTLOOK

NIFTY WEEKLY CLOSE – 9136.85 (↓ 114.65)

Last week, Nifty began on a mild note and attempted to move higher. However, Nifty faced resistance and closed the week at 9136 with a loss of 114 points.

On daily chart, Nifty now is below its 55-day EMA and its 13-day EMA. On weekly chart, Nifty remains below all its key averages. Daily RSI is below average while weekly RSI is above its average.

Going ahead, 9500 remains an immediate resistance while 9970 remains a resistance at higher level. A move above this would face resistance near 10100. On the other hand, Nifty would seek support near 9000. We maintain a cautious approach.



WEEKLY MARKET REVIEW**Market drops for second straight week**

Local stocks ended lower as developments on the coronavirus front likely continued to weigh on investor sentiment. This is the second straight week that the Indian equity indices ended in the red.

In the week ended on Friday, 15 May 2020, the Sensex fell 544.97 points or 1.72% to settle at 31,097.73. The Nifty 50 index declined 114.65 points or 1.24% to settle at 9,136.85. The BSE Mid-Cap index rose 76.51 or 0.67% to settle at 11,500.32. The BSE Small-Cap index gained 50.16 points or 0.47% to settle at 10,688.86.

On the equity front, ICICI Bank declined 4.47%. The private lender said that its net profit rose 26.04% to Rs 1,221.36 crore on 12.09% rise in total income to Rs 23,443.66 crore in Q4 March 2020 over Q4 March 2019. Net interest income (NII) increased by 17% year-on-year (Y-o-Y) to Rs 8,927 crore in Q4 FY20 from Rs 7,620 crore in Q4 FY19. The net interest margin was at 3.87% as on 31 March 2020 as compared to 3.72% as on 31 March 2019.

Two-wheeler major Hero MotorCorp surged 11.86%.

Cement manufacturing major Shree Cement rose 1.97% after consolidated net profit jumped 57.6% to Rs 535.93 crore on 2.1% decline in net sales to Rs 3,415.14 crore in Q4 March 2020 over Q4 March 2019.

Index heavyweight Reliance Industries (RIL) lost 6.59%.

Maruti Suzuki India jumped 9.51%. PAT fell 28.1% to Rs 1,291.70 crore on a 17.1% decline in net sales to Rs 17,185.70 crore in Q4FY20 March 2020 over Q4FY19. The auto maker attributed the decline in profitability to lower capacity utilisation and higher sales promotion expense, partially offset by lower operating expenses, cost reduction efforts and reduction in corporate tax rate.

Kotak Mahindra Bank slipped 3.35%. Net profit fell 10.03% to Rs 1,266.60 crore on 8.10% rise in total income to Rs 8,294.07 crore in Q4FY20 over Q4FY19

FMCG major Nestle India dropped 7.95%. Net profit rose 13.5% to Rs 525.43 crore on a 10.8% rise in net

sales to Rs 3,305.78 crore in Q1FY20 over Q1FY19. The net profit was boosted by lower tax rates.

Dr. Reddy's Laboratories skid 6.27%. The company's formulations plant in Andhra Pradesh received the Establishment Inspection Report from USFDA. Inspection classification of this facility is determined as "No Action Indicated".

Cipla slipped 3.66%. The company has signed a non-exclusive licensing agreement with Gilead Sciences, Inc. for the manufacturing and distribution of the investigational medicine Remdesivir, which has been issued an Emergency Use Authorization by the USFDA to treat COVID-19 patients. As part of the agreement, Cipla will be permitted to manufacture the API and Finished product, and market it in 127 countries including India and South Africa under Cipla's own brand name.

In the economic front, the Government of India plans to borrow Rs 12 lakh crore in the fiscal year to March 2021, up from the previously budgeted Rs 7.8 lakh crore to cushion the blow from the new coronavirus pandemic.

Following this, a foreign brokerage steeply cut India's FY2021 GDP forecast from -0.4% to -5.2%. The brokerage reportedly cited that the government's decision to borrow Rs 12 lakh crore means that the fiscal deficit, by the official math, can be pegged at 5.5-6% of GDP.

Prime Minister Narendra Modi announced a special economic relief package in light of the ongoing situation due to the COVID-19 outbreak. He said the economic measures earlier announced by the government to tackle the COVID-19 pandemic, steps taken by the Reserve Bank of India (RBI), and this latest package will come up to a total of Rs 20 lakh crore, nearly 10% of India's gross domestic product (GDP). Following the announcement, Finance Minister Nirmala Sitharaman has unveiled a series of relief packages.

Source: www.capitalmarket.com



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