



Editorial

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After a smart move over 600 odd points some profit booking had to happen and is happening.

What we need to understand that whether the nbfc issue will have more bombing to see or the situation will come under control.. ? Undoubtedly the ilfs issue was bit serious for various reasons. We also need to understand why did this happen...? The reason for ilfs explosion was some 1 killing the C P rates to halt fresh issue of C P from ilfs. Once ilfs failed to generate fresh funds thr C P it had no option than raising their hands. Various funds banks had exposure to ilfs and they will take hit in their balance sheet sooner than later. Govt and Rbi doing their level best to pull ilfs out of crisis..

However insiders knows many things in the market which influences market. There was pressure on rbi to cut crr so that liquidity can be infused but rbi had to go by copy book style. Market tanked as information did not become reality.

Now still market believes that nifty can go to 10800 and then crash to 9800 and the reason behind it is their belief that ilfs may have more bomb shell. I believe that what is thought every time may not turn out. There could involvement of 200 plus AIS officers in the working of ilfs. May be some are in secretariat. They will do all necessary to salvage ilfs. Also corporate will play key role in doing so.

So if eventually nothing major turns out then nifty will cross 12000 very fast as markets are extremely oversold. The chances are in favour of 12000 side as other factors like oil re inflation wpi trump trade wars are turning favourable. Finally as told to you the consolidated p e on nifty stands at 17 and even at 21 being fair value (dow trades at 22) nifty had to trade at 12750.

Stock selection is an important criteria. e g INDUS IND first I suggested at 400 for rs 2000 which had seen the light of the day. Some correction was due and ILFS provided that. Punters expect 1250 and hence shorted heavily.

Change of the week

	10-Nov-18	Rise /Gain
Sensex	35158	140
Nifty	10585	32

Net Investments (Cr)

	FII	DII
05-Nov-18	81.95	(621.94)
06-Nov-18	(271.4)	118.69
07-Nov-18	31.02	27.11
09-Nov-18	614.1	(337.28)
Total	455.5	(813.4)

Turnover (Cr)

	FII	DII	
09-Nov-18	29,187	16,827	46,614

09-Nov-18	Advances	Declines	Ratio
BSE	1321	1225	1.07

Now again it is compelling buy with target 3000. why...? Stock is oversold on bad news. Second the dream of this is to cross HDFC, ILFS exposure is insignificant, CHOLA insurance tie up and finally if we have to travel to 5 tr USD economy banking has to shine and for that quality banks like HDFC and INDUS Ind has double at least. It also ranks in our top 10 picks hence this stock has to outperform again.

If you ride over fear you will be able to take proper investment decisions. I leave it to you.

SBI announced results slippages were lower provisioning was lower and profit was better. This was the last worst quarter for SBI and henceforth co will report profits as told by the chairman. SBI will be a game changer in the PSU banking.

This is seen in BOB as well PNB. After falling to 68 it bounced back to 70 plus and never tried to break the 65 mark which was considered as bad price before this results. It means PNB too has to bounce back with negatives built in.

IndusInd and Yes will be star performers on the street in coming weeks.

We have 2 multi baggers for you this DIWALI. I is RDB rasayan which should post Rs 21 crs PAT for Fy 18 19 and 19 20 could be huge. VIPUL is expanding cap from 20 to 1000 tons nos you only work out. Both these stocks have found buyers even in the falling market which clearly suggest they have huge upside.

Nifty will have last resistance at 10700. I feel it will cross. Reason is the ILFS will be saved. The exposure is divided and there will not be big hit on single bank. Also Govt machinery is working overnight to save it. Many IAS offices are working on it. My Nifty target 12750 is intact.

I expect 1 crr cut to infuse liquidity along with other measures. There is no Budget in FEB hence all measures will come now.

5 Top Gainers			
Stock	09-Nov-18	05-Nov-18	% Gain
INFIBEAM	58.3	37.9	53.83
LINDE INDIA	582.65	470.1	23.93
KWALITY	7.73	6.38	21.16
GATEWAY DISTR	155.5	132.75	17.14
UCO BANK	21.1	18.45	14.36

5 Top Losers			
Stock	09-Nov-18	05-Nov-18	% Loss
BALKRISHNA	933.75	1115.9	16.32
VENKY	2378.5	2820.9	15.69
CIPLA	526.8	608.5	13.43
INDIAN BANK	229.4	248.9	7.85
VEDANTA	208.85	225.75	7.49

Top 5 Picks By CNI 'A' Group
Company
ICICI BANK
BHARTI
TATA MOTORS
SAIL INDIA
BAJAJ AUTO

Top 5 Picks By CNI 'B' Group
Company
RDB RASAYAN
MULTI BASE
GALAXY SURFACTANT
GSFC
POKARNA

After 245 points rally on DIWALI SGX showing another 112 points up followed by 550 rally in DOW. Dow rose after mid term DEMOCRAT win. Nifty is trailing at 10715 but in all probability will open lower at 10650 or around as 10655 is the major resistance. If cross and sustain 10700 and 10900 is on cards. I had mentioned right from the word GO that Nifty will bounce back in the settlement itself. With 10900 in sight even new high is now clearly in sight.

TRUMP is put on back foot and hence TRADE WAR has to go soft.

With this DOW is now all set to cross my target of 28000 may be 29000 and with that you can imagine my target of 12750 coming very fast.

Those who have survived with stocks in hand will be the largest beneficiaries of this DIWALI. Those who followed CNI has survived and ready to cash the next bull rally.

You can buy many A gr stocks and earn 25% whereas there are few multi bagger ideas which can make you wealthy.

No major triggers left for market weakness except elections and liquidity. Loss of TRUMP in midterm is solution to TRADE wars. No rate hike by Fed is also positive.

Liquidity will be managed hence nothing to worry. Elections results no major drag. Now these 2 events made markets short and will remain short. This itself will take us to new high.

2019 new sectors will take centre stage as many stocks and sectors have seen corrections...

Power Mining Chemicals Metals API and PSB will be the new theme for 2019.

Stock selection left to you.

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Global Story

Diwali broke 10 years record. In 2008 thanks to LEHMAN fall; Nifty was closed 158 points positive on DIWALI and now only in 2018 Nifty again closed positive. Street has been for a while comparing 2008 Vs 2018 alike 2014 Vs 2019 for election purpose. The conditions vastly differ. The ILFS issue though have gravity, cannot be compared with LEHMAN. However, the DIWALI indication on both the occasions direct for a big rally. In 2008 when street fell due to LEHAMN there was only way to react later was BOUNCE and it happened. Similarly after big fall of around 15% the only way to react is BOUNCE. It will happen for sure.

ILFS issue is definitely grave which had created liquidity crunch and hence a correcting market had to reason to take such event in stride easily. Hence market corrected. But the leg of correction below 10200 was completely uncalled for. Anyways that was to create extra mile of fear and it did. One should not ignore that markets are controlled and if fall is engineered then the entry of common investors will never happen at bottom. This happened on the first day of the Nov settlement where Nifty tested 10030 and talks of 9000 caught fire. Street was short trapped and marked bounced to 10600.

Market rises only when enough shorts are built and there cannot be better market than this for the bulls to roar. We had seen in the past whether it was DEMO time, UP elections, US elections or North Korea issue; market dropped to rise only for new levels. These are GHOSTS which haunts only at weak investors and traders.

We had already mentioned that if more issues comes out of ILFS then there will be knee jerk reactions. However, to our belief nothing serious will come out now as stakeholders are strong groups, IAS officers, Under Secretaries and to some extent Govt and hence the effect we consider is already diluted. Market has over reacted and over expecting and hence if nothing comes out then Nifty will rise like a rocket. If more bad comes out then also 10200 will hold as most of the funds have realised that they have missed last bus at 10000. They have started cautiously adding and are ready to bell the cat this time if Nifty comes at 10200. This also has to take cue from the fact the highest collection in MF was in OCT 18 which means the Indian markets are not much reliant upon the foreign money.

10200 is the symbolic position where PUT have been written. More puts have been written at 10000 hence breaking 10000 seems very difficult.

Other factors which were worrying street were trade wars. With Democrat gaining, TRUMP is pushed back and all set to resolve the issue of trade wars. His wings are cut and hence solo decision making will be very difficult. State elections results will be announced in DEC that will change the course of market.

Again RAJ is considered as loss of BJP because BJP themselves know it that they will lose having seen no change in leadership in RAJSTHAN. This we had predicted 6 months back. So there will be no surprise. MP and CHATTISGHAD if BJP loses then there could be some knee jerk reaction again creating volatility. But if BJP wins then repeat of UP will be seen on street. This because at FUNDS levels they play conservative and cautious and generally negative. Speculators are role models. There are longs and shorts for that event and they decide the trend. But Funds do join once uncertainty is over.

For us, even loss in MP and CHATTISGHAR will not matter for 2019 elections. Reason the losses even if happens it will be marginal not big defeats hence LS will have no major impact. Secondly people of INDIA may vote differently for the states but in the CENTER they want only NARENDRA MODI. We had given calculations earlier where we had counted LOSS of RAJ and MP along with major seat loss in UP. Accordingly to our calculations NDA will lose around 60 seats from the last tally which will be compensated from North east, Kerala to some extent, Orissa and WB which comes to around 55 seats. Hence the net loss cannot be more than 5 to 10 seats. Finally you cannot rule out the MODI effect on elections where situation changes overnight like Gujarat was converted from loss the win and Karnataka made big stride forward from 40 seats to 106 seats only because of NARENDRA MODI.

Thus for us the fear of ILFS, elections, trade war is fully factored in the current valuations. Re and OIL are topped out. Hence micro factors are turning in favour of bulls.

As regards valuations, BUSINESS LINE has recently reported that the PE ratio of Nifty is 17 if you take into account consolidated earnings. There is SEBI regulation which does not make mandatory for the companies to announce consolidated earnings for quarters but it is mandatory for the yearly earnings. NSE announces PE based on standalone earnings that too on historical basis instead of trailing nos. While NSE website shows PE at 25.5 Bloomberg shows at 21.86 as they follow trailing nos. The point here is that what looks expensive at 25.5 looks cheap at 17 pe as for all practical purposes the consolidated earnings that matter not the standalone. This is not question of debate here.

What is important for us is to know whether market is overvalued or undervalued. We assign a fair PE of say 21 (consolidated and trailing) then we seen Nifty valuation at 12750. Hence we believe there is 20 pc upside to Nifty in next 9 months. By May 31, 2019 all companies will announce their FY 19 consolidated nos and we will come to know the new PE earnings ratio.

Market needed correction and this time it was much deeper correction hence the bounce has to be sharp and will take it to new orbit. Our calculations suggest 12750 with market extremely oversold on various reasons. It is well said that on long term market respect earnings whereas in short term positions decide the trend. Here both are in favour of bulls and hence some risk for any bad event which will create knee jerk should be taken and be invested.

Global Indices

Country	Indices	Date	Index	Net Change	Change %
Hong Kong	Hang Seng	10/11	25,601.92	-625.80	-2.39
Singapore	Straits Times	10/11	3,077.97	-15.27	-0.49
United States	NASDAQ	10/11	7,406.90	-123.99	-1.65
United States	DJIA	10/11	25,989.30	-201.92	-0.77
United States	S&P 500	10/11	2,781.01	-25.82	-0.92
Japan	Nikkei 225	10/11	22,250.25	-236.67	-1.05
United Kingdom	FTSE 100	10/11	7,105.34	-35.34	-0.49
Malaysia	KLSE Composite	10/11	1,708.09	-13.33	-0.77
Indonesia	Jakarta Composite	10/11	5,874.15	-102.65	-1.72
Thailand	SET	10/11	1,668.52	-13.21	-0.79
France	CAC 40	10/11	5,106.75	-24.70	-0.48
Germany	DAX	10/11	11,529.16	+1.84	+0.02
Argentina	MerVal	10/11	29,912.49	-823.92	-2.68
Brazil	Bovespa	10/11	85,641.19	+21.06	+0.02
Mexico	IPC	10/11	44,263.74	+73.49	+0.17
Austria	ATX	10/11	3,198.21	-25.40	-0.79
Belgium	BEL-20	10/11	3,556.31	+4.08	+0.11
Netherlands	AEX General	10/11	529.55	+1.07	+0.20
Spain	Madrid General	10/11	919.60	-5.76	-0.62
Switzerland	Swiss Market	10/11	9,074.03	-20.87	-0.23
Australia	All Ordinaries	10/11	6,011.02	-4.90	-0.08
China	Shanghai Composite	10/11	2,598.87	-36.76	-1.39
Philippines	PSE Composite	10/11	6,968.82	-66.89	-0.95
Sri Lanka	All Share	10/11	5,978.63	+48.04	+0.81
Taiwan	Taiwan Weighted	10/11	9,830.01	-115.30	-1.16
East Israel	TA-100	10/11	1,493.38	+5.24	+0.35

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