

Editorial
Vol -1, No-I, 08 Oct 22, 07 pages

Do not want to emphasis too much on the current market scenario as clarity comes at a price. By the time you realize things have changed Nifty will be 19000 and then buying means same old story buy at the top and run the risk. You missed 15200 and now you will miss 16600 16700 as there is no more downside even we apply various theories.

Markets will rise I have no doubt. It is up to you whether run after A gr stocks sensing bottom fishing and get more trapped or go for fresh virgin micro-cap stocks which are not falling at all. Logic is simple. Every stock has an operator. If they are holding prices at this level means when markets rise these stocks will test new highs.

Can you tell me the most vulnerable stock BHEL and 5 years non performing ITC are not falling an inch Why..? Means they will rise more when Nifty see 18000 back. Same is true with micro caps.

RBI will raise max 50 bps what next..? This is known and in the price.

For more clarity read YMV.

CSFB issue is blown out of proportion cannot be compared with LEHMAN for sure. This is known to market for last 4 years and no default is likely as the said bank will be merged with some other Bank. It is like our YES Bank in India.

That is the reason Fed is meeting today. Let us see what fed does. Most probably they will start Q E again like UK.

If this happens inflation will take back seat.

In any case India is the fastest growing country with 7% GDP growth. Large caps are over owned hence they will remain volatile. You will get good returns in large caps only if you hold for 2 years and meanwhile may have to see 20 30% downward reaction also.

As contrary to this MICRO caps will see massive upside. Now even new AIF converted mutual funds will only target micro caps means we have chance of picking many 10x candidates. We will earn this kind of return only when

we buy ahead of them. Out 10 stocks we buy at least 4 will become Multi bagger

Change of the week

	08-Oct-22	Rise /Gain
Sensex	58191	733 
Nifty	17314	223 

Net Investments (` Cr)

	FII	DII
03-Oct-2022	1277.6	(423.1)
04-Oct-2022	1936.0	945.9
06-Oct-2022	749.2	(43.9)
07-Oct-2022	(2250)	545.2
	1712	1023

Turnover (` Cr)

	FII	DII	Combined
07-Oct-22	79,791	47,152	1,26,943

07-Oct-22	Advances	Declines	Ratio
BSE	1862	1576	1.18

So we do not change our strategy. Keep adding micro caps, let market consolidate, when it breaks 18650 you will see all micro caps doubling.

Nifty will cross 17100 again just hold with patience. Only 4 times in last 30 years PCR in Dow crossed 1 and this time is the 4th time. Every time when this happened Dow rose 30 to 50% and this time it is again due. With Dow RSI at 27 I do not see big fall. RSI is major indicator. RSI had fell to 32 in Nifty and you saw a rally of 340 points and RSI back to 45. We therefore keep tab in RSI and this will help trader to trade and investors to invest.

Dow up 665 points. Once 888 during the day. As told Dow has to cross 31000 32000 33000 and 34000. Apart from RSI Pcr too shows extremely oversold markets. Nifty up 350 Sensex 1200 which means MARKET knows it all. Those short trapped will not be able to cut it till 18000 now. I see 18000 + on DIWALI. Next 30 days will belong midcaps small caps and micro caps. CNI investors have made good money and micro caps and they will continue to make.

I had been suggesting switch large caps to micro caps for almost last 2 months. Many large caps will go down even though Nifty will go up because of downgrades. Whereas Micro caps are at 80 90 % discount hence upside will be unparalleled.

Do you remember I had told you to exit Arbindo pharma at 1200 ? Almost 2 years gone and stock is nowhere near its peak and the pain of pharma is not yet over. I T and Banks are 53 % owned by FPI and whenever they sell they sell only these 2 sectors. TATA MOTORS TATA POWER TATA COMMUNICATIONS will remain my top picks in A gr. Also focus on MNM FIN as ban on third party sourcing will not dent its biz. There are hundreds if methods to come out of such notifications and Mahindra's are known for that. Correction for a reason is excellent opportunity. They have insurance broking biz.

In micro caps we have on radar Vipul Rdb Aanchal Gtv Sunil Alpine Akar metal coating and many more. You have to keep accumulating till someone enters. Then it becomes HIMADRI CCD SPIC or AMD. Sunil agro is Krishna gr co from Bangalore whereas Gtv is Ready's from himachal Andhra pre dominantly in power for last 3 decade. Aanchal heard restructuring before dilution as promoter is not willing to give up at 250 crs deal on Hand. So we expect much higher market cap. Metal Coating free float now less than 6 digit so you know what will happen now. Only 10 investors buying 10 k each can make a killing. Triveni glass real estate value unlocking started. Will not go below 20 on closing basis. So risk is very low with massive upside. GSM is holding back its run. But accumulation is on.

5 Top Gainers			
Stock	07-10-2022	03-10-2022	% Gain
MAZAGON DOCK	633.3	493.3	28.3
JAIPRAKASH ASS	10.7	8.37	27.8
COCHINSHIPYARD	524.1	441.6	18.6
MISHRA DHATU	241.1	204.4	17.9
POLY MEDICURE	1011	864.7	16.9

5 Top Losers			
Stock	07-10-2022	03-10-2022	% Loss
SAMVARDHANA	76.7	108.8	29.5
SUZLON ENERGY	7.66	8.72	12.1
GODREJ CONSU	831.5	910.6	8.69
INGERSOLL	2059.6	2210.9	6.84
EPL	164.4	176.1	6.67

Top 5 Picks By CNI 'A' Group	
Company	
ADANI GREEN	
TATA POWER	
PATANJALI	
RELIANCE	
SBI	

Top 5 Picks By CNI 'B' Group	
Company	
AKAR AUTO	
METAL COATING	
RDB RASAYAN	
SUNIL AGRO	
GLOBAL OFFSHORE	

Next 30-60 days we may witness superb rally on street. Manu midcap-small cap may give 40-50% return. This Diwali may be a bulls Diwali.

We advise our subscriber to convert dead stock into CNI recommended pics.

We have recommended a penny stock named Siti net. Do watch out for the stock.

Sunil agro and metal coating may hit new highs soon. Stay invested.

Micro caps are looking very good. Renuka after our first call at 32 is currently trading at 63. We believe stock can touch 3 digits soon.

HCC broke its key resistance of 14.85 may soon see 20 levels.

Sunil agro and Akar auto huge position is getting build at current level. Both the stock can see minimum 20-30% upside

Market is trading weak as dollar index has bounced back from 110.5 to 112 levels. But we believe this level may not sustain and index will come back to 105 levels.

MK exim has recently entered hair color segment.

Can add Camlin fine.

Special feature

17100 is the tipping point since Sept 2021 when we first time saw market correcting from 18650. We saw many ups and down in last 12 months. Low of 15206 and high of 18116 but fact remains, 17100 is strong pitch for buying. Whenever market gone down below 17100 we have seen smart buying which took Nifty back to 17100 + irrespective all bad news in place. At present we cannot assign a single positive reason where street can say market will move up. May be 4th or 5th time in 3 to 4 decades I have seen put call ratio going out of gear in US which means U S markets are oversold. This is what we saw last week also. DOW blasted 1600 points from low only because it was extremely oversold. I had mentioned RSI was 27. Whenever RSI falls below 30 whether it is Dow or Nifty it will bounce like rocket. We saw in Dow as well nifty doing that. U S hedge funds are extremely short which is seen from put call ratio. Having known Fed stance, I see massive short covering in Dow going forward even on small irrelevant positive news like as routine Fed meeting and UN requesting Fed not to raise rates further. Even a slight + ve trigger will take Dow up by 15- 20 % which is a thumb rule of any market. This is why it is always said that EXPECT the UNEXPECTED. Analyzing negative factors and building short position is anybody's guess. But the universal truth is that shorts get built at bottom hence spring reaction with wild swings always seen when market rebound even on small + news.

The point I want to make is once again 17100 is the accepted valuation from as early as Sept 2021. Even after 12 months, 17100 is still hold valid and buyers are happy to support at 17100 as this is 18% cheaper even on time horizon. In other words, if Sept 2021, 17100 is fair valuation then in Sept 2022 it should have been 20100 (18 % profit growth adjusted). Means Nifty is at 18% discount to buyers. Now look around figures of 35 bn \$ buying from DII HNI etc all around 17100 +/- 200 and they sold only at 18000 say around 10- 11 bn \$. Whenever RSI comes to 30 we will see massive short covering which will take Nifty to 17500 around. Even this time Nifty made U turn from 32 RSI to 45 47. In last 12 months we have been seeing only bad news such as WAR , inflation , rate hike, recession, bank defaults, etc none of it would get resolved soon and bears will try to rule markets is obvious. Market work on demand and supply. If we consider that we are in bear market I am afraid, the reversal will be much higher, as bear markets rallies are more powerful than bull market rallies though I am not subscribing to bear market yet. At least next 4 year I do not see bear markets. Corrections are labeled as bear markets. What happened in 2008 ? Many experts on record said Sensex 11000 is history and here we have crossed 60000. Biggest evidence of Bull market will be there before you very soon that is ATH. Because if we are in bear market, we follow distribution is slow poison and never see ATH.

Better we understand quickly that India a place to stay invested now. The whole world will think on these lines because we are really focused on manufacturing , capacity expansion, exports of engineering, services for a change and blessed with agri economy and in the doomsday where world is talking recession fears we are fighting for quarter less on more over 7% GDP. Inclusion of Services in GPD could means nos will change very fast as our services PMI is higher than manufacturing and it is consistent. We are set to cross Saudi this year. Next comes expansion of Balance Sheet. Growth always cone when you expand through leveraging. 70 odd years India missed this. Now we are at right stage of seeing massive expansion. We can expand our External Debt by 100% to pump infrastructure growth which will have positive effect on the GDP going forward. 100% expansion still means just 34% of the GDP which is nothing. And yes buy that time our GDP will also become 4.5 tr \$ which will bring down expanded external debt back to 25 26%. Look at the External Debt nos . It is 17% of the Gdp and compare with Singapore 477% which is the role model of developed country.

USA GDP: \$24.88 tn External Debt: \$30.90 tn (124.20% of GDP)

Japan GDP: \$5.50 tn External Debt: \$12.20 tn (221.82% of GDP)

UKGDP: \$3.32 tn External Debt: \$9.62 tn (289.76% of GDP)

France GDP: \$3.40 tn External Debt: \$7.47 tn (219.71% of GDP)

Germany GDP: \$4.50 tn External Debt: \$6.87 tn (152.67% of GDP)

Italy GDP: \$2.05 tn External Debt: \$2.75 tn (134.15% of GDP)

China GDP: \$19.91 tn External Debt: \$2.71 tn (13.61% of GDP)

Spain GDP: \$1.90 tn External Debt: \$2.60 tn (136.84% of GDP)

Canada GDP: \$2.22 tn External Debt: \$2.52 tn (113.51% of GDP)

Switzerland GDP: \$0.90 tn External Debt: \$2.35 tn (261.11% of GDP)

Singapore GDP: \$0.38 tn External Debt: \$1.81 tn (476.32% of GDP)

India GDP: \$3.53 tn External Debt: \$0.62 tn (17.56% of GDP)

World is looking at India for cheaper goods due to low cost of manufacturing thanks to cheap labour, material and taxes. India exported more than 1 bn \$ apple phones this year. India exported 2 bn \$ defense goods. Certain groups are becoming too large e.g. AMBANI, ADANI, TATA, VEDANTA, and NAMO wants hundreds of such big groups in India which will create a Pyramid structure of employment. Stock market is circumspect of ADANI rise though I am sure exit plan or dilution plan is ready with him. These hundreds will include some MNC's which are shifting their base from China. TATA's are on record that they will be 1 tr \$ gr in next 7-8 years that is 8 times growth. Same thing we can expect with AMBANI ADANI and Vedanta gr hence if they grow past 5 tr \$ economy will cross 12 tr \$ which will be third largest economy and per capita income too will rise from 2500 \$ to 10000 \$ making again strong domestic consumption story on stand alone. This is one of the reasons I fancy micro caps. Because pyramid works and when large become too large still it grows 50% only but micro grows it will be 500 to 1000% due to very negligible base.

Sebi's recent decision to grant M F licenses to AIF is a significant move which will kick start the change in valuations of small caps and micro caps because smaller M F will never own big companies else they will be restricted in only 2-3 companies and returns will not be visible. The doubling of D Mat accounts also suggest there is massive rise in Robin Hood investors. The participation in share market has increased from 2.36% to 4.68% which will eventually increase to 15% in next few years. Means there will massive demand for stocks. Here is role of CNI RESEARCH, as identification of micro caps can give massive returns. Why we suggest micro caps? They are virgin. They are hidden. They are underpriced. They are unidentified. But the biggest reason we believe is that they are not bundled in FPI and operators motive of milking through options. In previous report, I had brought to your notice that 37700 bank Nifty call became from Rs 45 to 650 then why would vested interest pull the share prices? They will move in range, create false break outs and fishing nets will do the work for them. The increase in investor's numbers too added to option traders and so long as option become a mainstream of trader/investors, they will have to lose whichever way market goes. This why we believe you will not be able to make hey out of large caps and micro caps is the only place where wealth creation is possible. These AIF tuned M F will make many of these stocks mid-caps where FPI will enter for sure. We identify stocks based on probable growth, assets size and revenue as major criteria and not profits alone. Profit brings valuations on fore, not other criteria. Sunil Agro, Gtv Engg, Aanchal Ispat, Alpine Housing, Akar Auto, Artefact, Metal Coating, Vipul Organics, Rdb Rasayan, Triveni Glass, Global Offshore, M K Exim, Integra, Coro Engg, Solimac, Renuka Sugar, Swiss Military, Sitenetwork, and Inspirisys etc.

Our research team has been doing hard work and we shared this with you, to take informed view. If A gr still remain choice then keep adding Tata Power, Tata motors, Tata communications, MNM Fin , Indus Ind Bank, RIL etc and hold. The game of options will remain pain whereas A gr investments not necessary to yield positive returns but certainly micro caps will give super returns as there is no fund, no HNI, no leveraging possible and no dabba trade possible.

Global Indices

Country	Indices	Date	Index	Net Change	Change %
Hong Kong	Hang Seng	07/10	17,740.05	-272.10	-1.51
Singapore	Straits Times	07/10	3,145.81	-5.75	-0.18
United States	NASDAQ	07/10	10,652.40	-420.91	-3.80
United States	DJIA	07/10	29,296.79	-630.15	-2.11
United States	S&P 500	07/10	3,639.66	-104.86	-2.80
Japan	Nikkei 225	07/10	27,116.11	-195.19	-0.71
United Kingdom	FTSE 100	07/10	6,991.09	-6.18	-0.09
Malaysia	KLSE Composite	07/10	1,406.00	-14.43	-1.02
Indonesia	Jakarta Composite	07/10	7,026.79	-49.84	-0.70
Thailand	SET	07/10	1,579.66	-9.52	-0.60
France	CAC 40	07/10	5,866.94	-69.48	-1.17
Germany	DAX	07/10	12,273.00	-197.78	-1.59
Argentina	MerVal	07/10	144,645.31	-2,077.57	-1.42
Brazil	Bovespa	07/10	116,375.25	-1,185.58	-1.01
Mexico	IPC	07/10	45,728.88	-597.80	-1.29
Austria	ATX	07/10	2,755.78	-30.38	-1.09
Belgium	BEL-20	07/10	3,366.12	-68.69	-2.00
Netherlands	AEX General	07/10	647.11	-14.27	-2.16
Spain	Madrid General	07/10	740.78	-7.35	-0.98
Switzerland	Swiss Market	07/10	10,308.57	-82.56	-0.79
Australia	All Ordinaries	07/10	6,976.11	-57.35	-0.82
China	Shanghai Composite	07/10	3,024.39	-16.82	-0.55
Philippines	PSE Composite	07/10	5,932.19	-2.08	-0.04
Sri Lanka	All Share	07/10	9,049.52	-132.71	-1.45
Taiwan	Taiwan Weighted	07/10	13,702.28	-189.77	-1.37
South Korei	KOSPI	07/10	2,232.84	-5.02	-0.22

CNI Publications, A/120, Gokul Arcade, Sahar Road, Vile Parle (East). Mumbai- 400 057. PH. 022-4973-7861