



Comfort Securities Limited

# CRYSTAL BALL

MONTHLY INVESTMENT RESEARCH

Monday  
03rd December, 2018

*SENSEX*

*NIFTY*

*GOLD*

*SILVER*

*CRUDE OIL*

*USD / INR*

Enjoy Your Comfort Zone.  
Invest Smart. Build Wealth.

## Price Forecast

INSTRUMENT	30th Nov. 2018	1 Month	2 Month	3 Month	1 year
SENSEX	36194	34500-37251	35000	32500	40001
NIFTY	10877	10401-11111	10500	9801	12001
USD \$ / INR	69.58	72	72.5	75	68
GOLD	1228	1245	1255	1301	1501
SILVER	14.25	14.51	15.05	15.2	19
CRUDE OIL	50.72	55	57.5	41	60



Enjoy Your Comfort Zone.  
 Invest Smart. Build Wealth.

Dear Valued Reader,

December 2018 is here and investors across globe eagerly wait for month of December...

Do you know why?

Yes. You got it right. Santa Claus Rally!!

But that said, we suspect volatility will rule the roost and choppiness will prevail at Dalal Street this December 2018 primarily on backdrop of unresolved issues between the U.S. and China on the trade disputes.

Honestly speaking, the global growth is still in the danger zone and face the risk of harmful trade war despite Trump and Xi; the leaders of world's two biggest economies at dinner meeting at G-20 in Buenos Aires put their differences on hold for time being.

The U.S. and China said they would launch negotiations to ease trade tensions, with the U.S. postponing plans to increase tariffs on \$200 billion in Chinese goods.

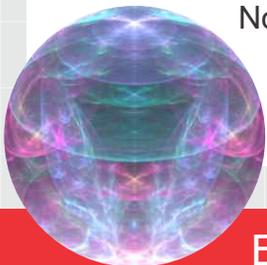
**Well, if the fresh negotiations fail in next 90 days then the U.S will increase the tariffs on the \$200 billion of goods to 25% from the current 10%.**

**Bottom-line:** The street will welcome the truce as it prevents trade war from escalating and also buys time for negotiation, but worldwide stock markets unlikely to celebrate as there will be an element of uncertainty for next 90 days.

When it comes to stocks, the only thing that feels certain for the next 90 days is uncertainty. The unresolved issues between the U.S. and China are full of uncertainty. It's just like peeling an onion — beneath each layer there's another.

**Remember, markets do hate uncertainty and for bears fans, there's plenty of uncertainty.**

Now, before we get into detail and start a brand new-innings of trading this December 2018, let's review how the major indices listed at Dalal Street fared in November 2018:



Enjoy Your Comfort Zone.  
Invest Smart. Build Wealth.

[www.comfortsecurities.co.in](http://www.comfortsecurities.co.in)

### November 2018 market recap:

Instruments	LTP	Nov. 2018 % Change	2018 % Change
Sensex	34442	+5.09%	+6.28%
Nifty	10877	+4.72%	+3.29%
BSE Auto Index	20900	+5.13%	-21.87%
BSE Bank Index	29949	+5.60%	+3.78%
BSE Capital Goods Index	17489	+6.58%	-2.58%
BSE Consumer Durables	20526	+7.23%	-9.53%
BSE FMCG	11128	+4.67%	+8.90%
BSE Healthcare	14332.65	-2.67%	-3.15%
BSE Metal	11832	-5.53%	-20.80%
BSE Mid-Cap	15039	+2.92%	-18.01%
BSE Small-Cap	14201	-1.59%	-26.15%
BSE Power	1929	+1.49%	-15.62%
BSE Reality	1680	+6.66%	-31.31%
BSE Oil/gas	14855	-0.01%	-18.65%
BSE IT	14297	-1.62%	+26.77%



Enjoy Your Comfort Zone.  
Invest Smart. Build Wealth.

The benchmark Nifty wrapped up November 2018 on an extremely positive note and the positive takeaway is that up move was filled with bargain hunting, momentum play and lots of optimism on backdrop of:

1. Tanking crude-oil prices.
2. Strength in Indian Rupee.
3. Retail inflation surprising on the downside due to subdued food prices.

The FIIs camp were seen in a buying spree mode. Overseas investors, the FPIs have pumped Rs 12,260 crore into the Indian capital markets in November, making it the highest inflow in 10 months. Please note the said inflows came following a net withdrawal of close to Rs 60,000 crore from the capital markets -- equity and debt together -- in the preceding two months (September and October).

So far this year, FPIs have pulled out over Rs 88,000 crore from the capital markets. This includes over Rs 35,000 crore from equities and close to Rs 53,000 crore from the debt markets.

The positive takeaway was that many money managers and market observers have taken a U-turn and seen bit positive. Interestingly, the benchmarks, Sensex & Nifty, both wiped out all their year-to-date losses in November to turn positive for 2018.

That's quite remarkable as the optimism is despite:

1. Controversy surrounding Infrastructure Leasing & Financial Services (IL&FS).
2. Ascent in U.S Dollar index. The U.S Dollar (against the basket of 6 currencies) continues to hover near its highest level in 2018. Our markets could trade subdued as India is a key emerging market and is likely to feel pain from strong US. Dollar.
3. U.S-China trade dispute seen escalating. No resolution in sight. Trade war is biggest concern as can hamper global growth.
4. India's Gross domestic product expanded only 7.1% in the quarter ended September. That's a big step down from 8.2% growth in the previous quarter.
5. No further upside surprises to economic growth. There are concerns on how long it will take for the growth to rebound.
6. November GST Collections falls to Rs. 97,637 Crore.
7. Muted Auto sales numbers.
8. Rising interest rates, both in India and globally.
9. Widening India's current account deficit.
10. Strength in U.S economy. U.S markets look attractive to big investors amidst pickup in growth. The Fed has also predicted another hike by December and three more in 2019. Growth and job gains have been "strong" and inflation remains near the central bank's 2%.
11. A relatively narrow breadth at Dalal Street in terms of leadership.
12. Prolonged NPA crisis in the fluid banking space.
13. Rising inflation.



**Nifty: 10,877.**

**Sensex: 36,194. A Fed pause, weaker USD and softer oil prices are positive triggers!**

The remaining 4-months of Financial Year 2018-2019 promises to be a challenging.

We say so because, the fundamentals like **a probable Fed pause, weaker USD and softer oil prices** are in favor of perma-bulls camp. But we suspect, the bulls will most likely curb any excessive enthusiasm at Dalal Street on backdrop of uncertainty surrounding 2019 general elections.

Also, the street will anxiously look forward to FOMC Meeting on December 19th. Investors will spy with one big eye on Federal Reserve's outlook on U.S interest rates and judge whether Federal Reserve chief Jerome Powell tone echoes his recent speech which was interpreted as signal that Fed would ease up on raising interest rates.

We believe, the street will witness more up & down choppy sessions in near future and caution should be the buzzword at Dalal Street on any excessive strength from here on. We say so because:

1. **All eyes will be on the election outcome of the assembly elections in five states:** Madhya Pradesh, Rajasthan, Chhattisgarh, Mizoram and Telangana. Counting of votes will be held across all the five states on December 11.

Meanwhile, a united opposition is likely to be a key negative catalyst dragging sentiments at Dalal Street.



The street will also spy with one big eye on any populist reform programs like farm-loan waivers and farm-support schemes ahead of 2019 elections that further fuels risk of fiscal slippages. Deficit figures in the run-up to the 2019 general elections will command investors' attention.

2. A relatively narrow breadth at Dalal Street in terms of leadership. As they say, the generals can lead the charge, but if none of soldiers follow, they will soon witness a hasty retreat. Also, please note the smart money is mostly inactive, indicating lack of conviction.
3. Q2 earnings have not been that stellar, reflecting concerns about strength in the domestic economy. Definitely, Dalal Street braces with nagging questions about the health of the Indian economy.

Dear investors friends, amidst oversold technical conditions, Dalal Street may have witnessed a dead cat bounce in November 2018.

But, make no mistake about it, this is a bull market controlled by the bears. The technical conditions could worsen significantly if Nifty is unable to move above its major hurdles at 11,111 mark. The technical landscape will worsen considerably only if Nifty moves below 10,351 zone. If this most watched support-level is violated on the downside then expect major downside risk in the system which can take Nifty initially to psychological 10,000 mark and then aggressive targets located at at 9,500-9,750 zone. **Alternatively, if 10,351 zone holds then Dalal Street would be the much preferred investment destination.**



So, the gyan mantra for market participants is to keep a close eye on the three make-or-break catalysts:

- 1. The Fed (Dec 19) and the RBI (Dec 5) adopting a more dovish stance.**
- 2. An amicable resolution on the U.S-China trade war.**
- 3. BJP's sweep in the assembly election (Dec 11)**

Among sectors, we prefer IT and Pharma sector while we have negative stand on Autos, Metals & NBFC space.

Among stocks, our preferred bets on buy side on any sizeable corrective declines with 3-5 months perspective are:

1. TITAN (Current Market Price: 927. Targets at 1001)
2. JK PAPER (CMP: 167. Targets at 201)
3. INTERNATIONAL PAPER APPM LIMITED (CMP: 480). Targets at 751)





NOVEMBER 2018

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

# december

JANUARY 2019

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

SUNDAY

MONDAY

TUESDAY

WEDNESDAY

THURSDAY

FRIDAY

SATURDAY

25	26	27	28	29	30	Auto sales for November 2018
2	India's Nikkei Markit Manuf PMI (Nov); US ISM Manufacturing PMI (Nov)	3	4	RBI Interest Rate Decision; Q2 REC	5	OPEC meet; Q2 Muthoot Finance
6	7	8	9	10	11	Exit polls of 5 States After 6:00 PM; NONFARM PAYROLLS (US)
12	13	14	15	16	17	RBI Board meet
18	19	20	21	22	23	
24	25	26	27	28	29	
30	31	NOTES:				

## Contact

**Registered Office Mumbai:  
Comfort Securities Ltd.**

A-301, Hetal Arch, S.V. Road,  
Opp. Natraj Mkt., Malad (W),  
Mumbai 400 064

Phone: 91-22-28811259,  
28449765, 28825509

Fax: 91-22-28892527

Email: [info@comfortsecurities.co.in](mailto:info@comfortsecurities.co.in)

**Comfort Securities Ltd.**

227-228, 2nd Floor,  
Natraj Market,  
S.V Road, Malad (W),  
Mumbai 400 064

Phone:  
(Natraj) 022-42733000

**Comfort Securities Ltd.**

Krishna Niwas,  
Office No. 14, 2nd Floor,  
Shahid Bhagat Singh Road,  
Ballard Estate, Fort,  
Mumbai 400001

Phone: 022-49091000

**Comfort Securities Ltd.**

605, 6th Floor,  
DDA2 Building,  
New Delhi 110058,  
Janakpuri District Center,  
Janakpuri, Delhi, 110058

Phone: 011 4568 0560

**Comfort Securities Ltd.**

2nd Floor, Shop No S14,  
T 14, Friends Tower,  
Sanjay Place, Agra  
Phone: 0562-4218950

**DISCLAIMER:** This is solely for information of clients of Comfort Securities Ltd. and does not construe to be an investment advice. It is also not intended as an offer or solicitation for the purchase and sale of any financial instruments. Any action taken by you on the basis of the information contained herein is your responsibility alone and Comfort Securities Ltd. its subsidiaries or its employees or associates will not be liable in any manner for the consequences of such action taken by you. We have exercised due diligence in checking the correctness and authenticity of the information contained in this recommendation, but Comfort Securities Ltd. or any of its subsidiaries or associates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this recommendation or any action taken on basis of this information.

Technical analysis studies market psychology, price patterns and volume levels. It is used to forecast future price and market movements. Technical analysis is complementary to fundamental analysis and news sources. The recommendations issued herewith might be contrary to recommendations issued by Comfort Securities Ltd. in the company research undertaken as the recommendations stated in this report is derived purely from technical analysis. Comfort Securities Ltd. has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; Comfort Securities Ltd. makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. The opinions contained within the report are based upon publicly available information at the time of publication and are subject to change without notice. The information and any disclosures provided herein are in summary form and have been prepared for informational purposes. The recommendations and suggested price levels are intended purely for trading purposes. The recommendations are valid for the day of the report however trading trends and volumes might vary substantially on an intraday basis and the recommendations may be subject to change. The information and any disclosures provided herein may be considered confidential. Any use, distribution, modification, copying, forwarding or disclosure by any person is strictly prohibited. The information and any disclosures provided herein do not constitute a solicitation or offer to purchase or sell any security or other financial product or instrument. The current performance may be unaudited. Past performance does not guarantee future returns. There can be no assurance that investments will achieve any targeted rates of return, and there is no guarantee against the loss of your entire investment.

**POTENTIAL CONFLICT OF INTEREST DISCLOSURE (as on date of report)**

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