

INDIAN

STOCK MARKET JOURNAL

EMPOWERING TRADERS AND INVESTORS

**Stocks
to Bet on**

End of Everything
or a New Beginning

Atmanirbhar Bharat
PM's Lockdown Budget

INDIAN STOCK MARKET JOURNAL

Special Edition | May 2020

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ISMJ, May Issue

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Full efforts has been made to ensure the authenticity and accuracy of the contents of the Yearbook, but we do not accept any liability for the errors if committed and the subsequent loss arising from the same, but we will make sure that the errors if occurred are recited and minimized in future editions and also would welcome the readers feedback.

We welcome your comments and suggestions for our future editions to make it more helpful month after month.

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FROM THE CEO'S DESK



Dear Readers,

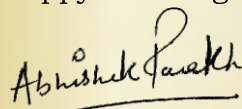
The business scenario in India and in the world is going from indeed a tough time, but still, we are trying to find opportunities in that. Coronavirus has made the whole world go through a roller coaster ride from the past few months. In such a time when people are lockdown in their homes, few are hopeful as well to work on themselves and to be with family. One more thing that has affected India was the deadly cyclone Amphan that has caused widespread damage in East India and Bangladesh. We pray for the speedy recovery of people, situations, and the Indian Economy.

In this edition of ISMJ, we are talking about what Coronavirus has done to market and businesses. It may seem like the end of everything, but it can be a new beginning as well. The edition also comes up with PM Modi'd Atmanirbhar Bharat Mission, the details of his lockdown budget. In the issue, we have also discussed how to make yourself more efficient while working from home.

Also, we bring you some important keys to how to make money by investment. Along with this, we have brought here the market prediction, how Nifty and Bank nifty moves in the month of May. Hope you learn and grow.

We would like to thank you for appreciating our previous editions with your kind words. We would love to have your continuous feedback so that we improve our work. Please feel free to write to us at support@equitypandit.com.

Happy investing!



Abhishek Parakh

CEO & Managing Director
EquityPandit Financial Services (P) Limited

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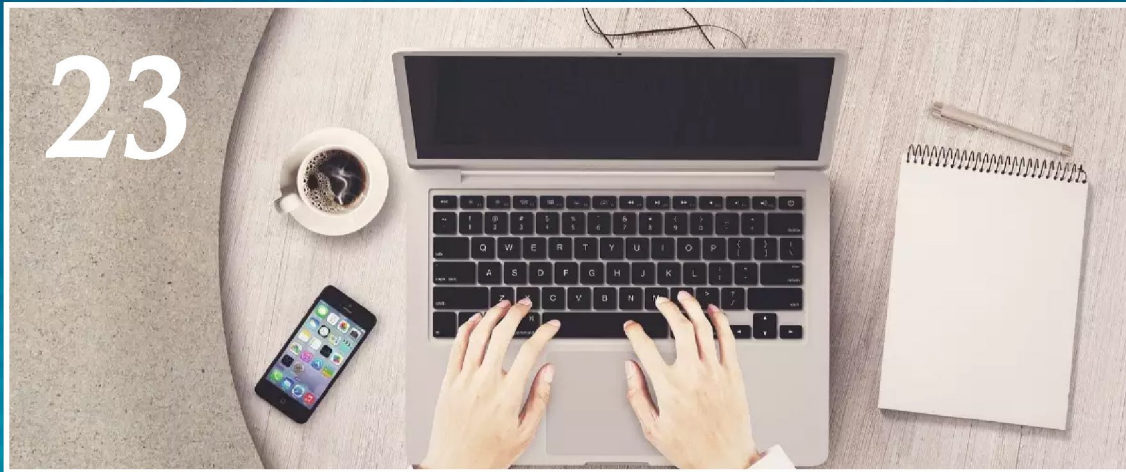
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STOCK MARKET OUTLOOK FOR MAY 2020



FOLLOWING WAS MENTIONED IN PREVIOUS RESEARCH REPORT

On the daily chart below, we can see formation of Elliott 3rd wave in progress. The index will gain strength on any close above the 9,131 level. In that scenario, we expect the rally to extend towards the 9,630 which is 161% of retracement of 1st and 2nd wave and 9900 respectively which can be considered a conservative target on the upside for wave c.

WHAT HAPPENED EARLIER

Nifty moved precisely as expected and moved sharply higher and achieved the target of 9630 and 9900 almost. The intraday high made is at 9889.05 on 30th April.



OUTLOOK FOR MAY

Nifty is showing wild swings in either direction and majority of the traders are simply guessing the direction of the trend. During such times it is best to rely on important technical indicators.

Look at the above chart of Nifty exhibiting simple tools that can help one stay objective amidst all the news and events.

NIFTY CHART: ICHIMOKU CLOUD WITH ISLAND REVERSAL

Look at the above daily chart and see the red highlighted zone which is called the cloud. The cloud area acts as resistance and prices found resistance exactly at the lower end of the cloud before reversing from there. The classic candlestick pattern is known as Island reversal as there was a gap on either side of the candle. This is again a reversal pattern. This was also accompanied with 50% Fibonacci retracement of the fall.

NIFTY CHART: RISING WEDGE BREAKDOWN

The current setup stays bearish after the NIFTY fell out of the rising wedge formation. Having said this, the short-term indicators remain slightly oversold, and this may result in some more pullback happening. However, it is unlikely to result in any significant change of trend.



NIFTY CHART: CHANNEL PATTERN BREAKDOWN

One important observation is also that on the hourly chart index is placed near the channel support. it is further important to see whether prices reverse or break below the same for the move towards lower levels.

In a nutshell, we have entered in May and the famous Wallstreet Adage 'Sell in May and Go Away' might become applicable again.

A break below 8800 levels will indicate the deeper downtrend towards 8600 is (23.6% and of Fibonacci retracement) and 8360 level. This view is valid as long as 9281 stay protected on upside.

A short term buy position can be initiated once Nifty breaks 9380 level on the upside. The initial target on the upside will be at 9590.

BANKNIFTY

The BankNifty is looking much weaker as compared to the Nifty. The Nifty witnessed nearly 40 per cent fall from the all-time high to the March low, whereas the Bank Nifty saw nearly 50 per cent decline during the same period. Also, in the case of the recent pullback, the Bank Nifty underperformed significantly.

The Nifty retraced nearly 50 per cent of the fall but the Bank Nifty couldn't even retrace 38.2 percent of the previous fall. This shows that the banking space has an inherent weakness and is likely to witness much deeper cut going ahead.




The index formed a bearish candle on the daily chart. A fall below the 17450 level may accelerate selling on Bank Nifty with an initial target of 17075 and 16600 level.

On the other side index will gain strength on any close above the 18800 level (38.2% retracement of Fibonacci) In that scenario, we expect short term rally towards 19300 and 19800 level.

All in all, there are possibilities of some follow-up pullback continuing in the initial trade, which may extend itself a little bit. it is strongly advised to keep protecting profits at higher levels.

PM'S LOCKDOWN BUDGET



In the present unprecedented and difficult times due to the global pandemic Covid-19, the Prime Minister has announced that the Government of India is going to introduce a special economic stimulus package of approx INR 20 lakh crores under the theme of 'Self Reliant India Movement'. Further, he confirmed the extension of lockdown to the fourth phase but said its contours would be very different from the rules that shaped the first three lockdowns. On 13 May 2020, Finance Minister introduced the first tranche of the Special Economic Stimulus Package that focuses on micro, small and medium enterprises (MSMEs), social security, liberalized credit etc.

Here an overview of the key takeaways of the first tranche of the package in a simplified manner for your understanding

The overall package, which stood at Rs 20,97,053 crore, included the Rs 1.92 lakh crore stimulus from measures announced by PM Modi recently such as the Pradhan Matri Garib Kalyan Package worth Rs 1.7 lakh crore.

FIRST TRANCHE – RS 5,94,550 CRORE

The first set of relief measures announced by Nirmala Sitharaman focused on enabling the Indian economy's backbone – MSMEs that employ around 11 crore people and have a GDP share of approximately 29 per cent. Out of the 16 announcements made by the minister, six were dedicated to the MSME segment to infuse liquidity. This included Rs 3 lakh crore collateral-free loans and Rs 50,000 crore equity infusion for MSMEs through Fund of Funds. Liquidity relief measures worth Rs 30,000 crore were also announced for NBFCs, HFCs etc. and Rs 90,000 crore for power distribution companies. The minister also advised states and regulatory authorities for extending the registration and completion date of real estate projects under RERA to de-stress developers and ensure completion of projects for homebuyers to get their booked houses on time.

SECOND TRANCHE – RS 3,10,000 CRORE

Nirmala Sitharaman's second tranche of measures catered to migrant workers and street vendors. The minister introduced 'one nation one ration card' to allow migrant workers to buy ration from any depot in the country. A special credit facility of Rs 5,000 crore was announced to support around 50 lakh street vendors who will have access to an initial Rs 10,000 working capital. The minister also said that close to Rs 2 lakh crore will be given to farmers through Kisan credit cards while 2.5 crore farmers, including fishermen and animal husbandry farmers, would be able to get institutional credit at a concessional rate. The government allowed states to fund the food and shelter facilities to migrant workers from the disaster response fund that would cost Rs 11,000 crore to the centre.



THIRD TRANCHE – RS 1,50,000 CRORE



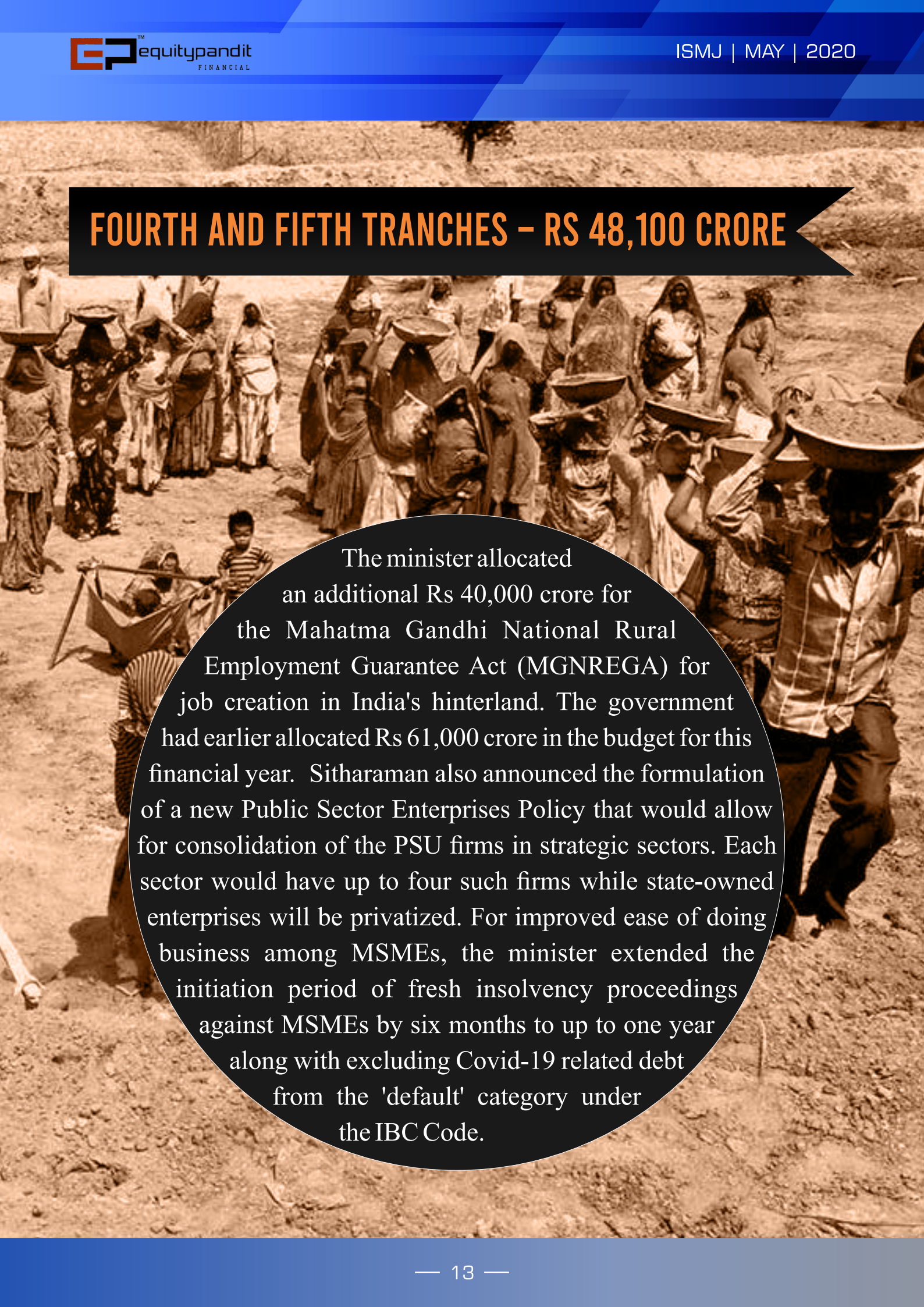
The third tranche of the measures worth Rs 1.5 lakh crore focused on the agriculture and allied sectors including dairy, animal husbandry and fisheries as the government announced steps to strengthen the overall farm sector. Sitharaman announced Rs 1 lakh crore agriculture infrastructure fund for farm-gate infrastructure including using it for setting up cold chains and post-harvest management infrastructure. Other key announcements made by the minister included Rs 20,000 to be provided to fishermen through Pradhan Mantri Matsya Sampada Yojana, and Rs 10,000 crore to formalize micro food enterprises. “This will be a cluster-based approach, with which, local value-added products can reach global markets,” the minister had said. Rs 4,000 crore for herbal cultivation, a Rs 15,000 crore Animal Husbandry Infrastructure Development Fund, Rs 500 crore for bee-keeping related infrastructure development were other packages announced by the minister.

FOURTH AND FIFTH TRANCHES – RS 48,100 CRORE



The fourth instalment of the Rs 20 lakh crore package comprised of reforms for sectors including coal, minerals, defence production, air space management, airports, MRO, distribution companies in UTs, space sector, and atomic energy. Nirmala Sitharaman also announced easing utilization of the Indian air space to reduce air travel cost. The minister also announced the commercial mining in the coal sector and privatizing discoms in metros to streamline their functions for better accountability. The minister also talked about private participation in the space sector along with coming up with a policy for private players.

FOURTH AND FIFTH TRANCHES – RS 48,100 CRORE



The minister allocated an additional Rs 40,000 crore for the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) for job creation in India's hinterland. The government had earlier allocated Rs 61,000 crore in the budget for this financial year. Sitharaman also announced the formulation of a new Public Sector Enterprises Policy that would allow for consolidation of the PSU firms in strategic sectors. Each sector would have up to four such firms while state-owned enterprises will be privatized. For improved ease of doing business among MSMEs, the minister extended the initiation period of fresh insolvency proceedings against MSMEs by six months to up to one year along with excluding Covid-19 related debt from the 'default' category under the IBC Code.

Coronavirus Panademic



End of Everything
or a New Beginning?



'The world is going to end.' Are you surrounded by such rumors and WhatsApp forwards? Is this makes you worry about your investments during this stock market crash or thinking about this is an end to stock market investments?



How is This Related to Corona Crisis?

People in China (where the first corona case started) are recovering in large numbers. Italy (where a high number of cases were recorded) to relax its lockdown measures from 4th May, as the recoveries exceed the new cases. The Indian States, Kerala, and Haryana have the highest recoveries but continuing exceeding the new cases. Then PM Narendra Modi has decided for nationwide lockdown in India against spreading of COVID-19.

As a result, the Indian equities have become cheap and the promoters are buying shares of their own companies such as Bajaj Group, Tata Group, Godrej Group, and any others.

The cement companies in India to heavy engineering (BHEL) and from automakers (Maruti Suzuki, M&M and Hero MotoCorp) to ancillaries (Amtek Auto) Castrol India), have announced temporary shutdowns. FMCG firms such as Hindustan Unilever, ITC and Dabur India also shut manufacturing facilities, except for plants producing essentials, after the government announced partial lockdowns in some parts of the country.



The Golden Cross and India

When India reaches the golden cross, everything will be slowly back to normal. Economic activities and businesses resume in a phased manner and the stock markets will be set for recovery. Many corporates have no clue about their business plans. Because of the lockdown, people are not planning for the long-term. They have no proper visions and hence no proper results.

Once India comes to this golden cross point, Indian corporate leaders will be able to plan for the long-term. They will have a clear vision which can, in turn, bring clear results. This will bring back the hope and the stock market will start to recover even better.

Some Positive News During Corona Crisis



Low Interest Rates!

Low-Interest Rates

The Reserve Bank of India changed the monetary policy to prevent economic collapse and to help liquidity in the economy. This time the loans have a lesser rate of interest. This adds to the advantage of the borrowers. Investors and economists view this as a benefit to personal and corporate borrowing as it leads to economic growth. Low-interest rates hence help the stock market bounce back.

Fiscal Stimulus

The government financially stimulates an economy to kick-start growth during this time of crisis. It also credits money into the accounts of the poor to support businesses hit by the lockdown. India announced a \$22.5 billion stimulus package to help people affected by lockdown.



Cheaper Fuel Prices

For crude oil-importing countries like India, it is a boon as it helps bring down our account deficit, fiscal deficit, and inflation. It reduces India's foreign currency outflow, and interest rate pressure. It brings back economic activity and boosts the Indian Economy.



Recoveries and Normal Functioning

In China (where the first corona case started), people recovered in large numbers. There are no fresh cases and death rates have come down. Most of the outlets are open again and are functioning as normal. This is one of the positive signs that will reach this position sooner and everything will get back to normal.



India's GDP in 2021

All the countries' GDP has come down due to recession. The International Monetary Fund (IMF) projected India's growth at 7.4 per cent in 2021. Amongst Emerging Market and Developing Economies (EMDEs) after Bangladesh and China, India stood third with the highest projected GDP for the year 2021.

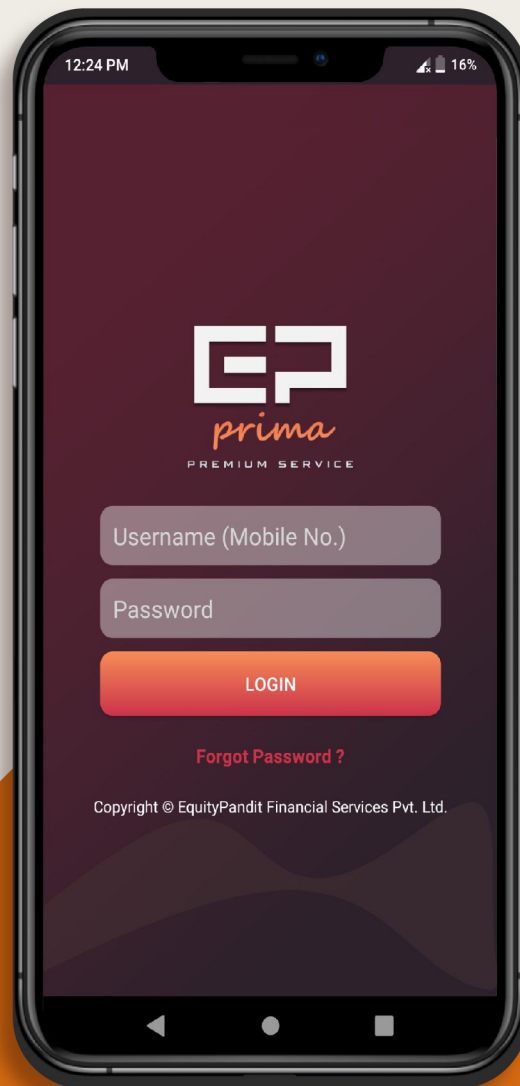
The Indian government extended the lockdown till May 3. This was expected but, at the same time, the economic cost which the economy, as well as India Inc., has to pay will be huge. Also, the Indian government has decided to lift some curbs and revised guideline for the extended coronavirus lockdown. The guidelines issued by the MHA will come into effect from April 20, 2020, and it states that there are select additional activities that would be allowed to function.

Because of COVID-19, there is a lot of bad stuff happening around us due to which we fail to focus on the good things. It is the same case here, as we were too involved in the bad news, we missed the good news. It's time to move towards positive things happening, rather than just focusing on the negative.

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'THE COVID CAREER'

WORK FROM HOME

MAKING MOST OF IT DURING THIS LOCKDOWN



Though the Coronavirus Pandemic has effected all over the world giving it a tough time to survive, still, people around the world have never lost hope and tried making most out of it. Because of increased concerns of COVID-19, the Indian governments have ordered citizens to self-quarantine themselves. The current unanticipated situation has drastically impacted the revenue and sales of the businesses. Remote working has become a compulsion for the employees. Fortunately, working from home is the better option for every business company and have a fair share of benefits, as homes neither have a 'professional zone' nor any executives and managers scrambling madly to put together.



'WORK FOR HOME' NOT AS SIMPLE AS YOU THINK

Work from home may sound fun to many of you, but it's not. It's important to be effective while working from home and be healthy at the same time so that your efficiency does not get affected and your employer could consider you as an asset.

HOW TO WORK EFFECTIVELY WHILE WORKING FROM HOME DURING LOCKDOWN

CREATE AN APPROPRIATE SPACE FOR OFFICE ENVIRONMENT



To assemble laptop/desktop, office files, and other items in the manner as they were positioned on the office desk. The office area will trigger the 'work mode' as soon as to sit for work. Keep the office area organized and clean. Also, make sure none of the family members (or you) uses this space for any other purpose.



STAY CONNECTED WITH COLLEAGUES THROUGH VIDEO CALLING, VOICE CALLS, OR MESSAGES

To stay connected with colleagues by having a simple conversation with them is really important to keep yourself motivated to work. Also connecting at work helps for mind refreshing not just productivity tips help here. Video calling with co-workers can be an excellent source to fill this gap. Casual conversations like taking suggestions for managing personal/professional tasks will be helpful.

DON'T FORGO PROFESSIONAL ETIQUETTE



If any online meetings are schedule, make sure it's according to the comfort/time zones of the participants. Just because the team members are remote working doesn't mean they are available at all times. Keep track of the time zones and confirm with all the participants before scheduling the meeting. Take confirmation of their availability via a phone call or chat. The major advantage of working from home is the flexibility of the work.



FOLLOW SCHEDULE STRICTLY

COVID-19 is compelling people to make contingency plans, and most of the professionals are freaking out just because they believe that they may fail to produce optimal results. This is entirely a myth. To make sure that employee will feel like working from the office and not from home. Maintain regular working hours. Leave for 'home-office' at the usual office timings.



CHEER-UP MOOD BY APPRECIATING POSITIVES OF WORKING REMOTELY

It is very obvious to feel depressed or panicked over this tough situation. The thumb rule is to focus on goals and immerse to their own to work as they would do it if they are working from the office. At the same time, acknowledge the benefits of working from home, such as you won't have to deal with the heavy traffic; you'll have the opportunity to prepare breakfast/lunch and have better control over of daily schedule.



MAINTAINING WORK-LIFE BALANCE

To maintain a work-life balance with family is also having a challenging situation to handle their kids all day long. The situation becomes even tougher for the parents who are left with the option of working remotely. So, need to plan out entertainment, education, and other things for kids as well so that can be more productive at work. Working from home offers the opportunity to spend more time with family.

As we all not sure that for how long we have to deal with COVID-19, it is better to stay positive and board on long term planning. Also, it is not easy to manage professional and personal tasks. However, need to plot out a schedule for the next day or week beforehand so that person can be saved from a messy situation.

Also, save a lot of time working remotely, so why not to utilize this period to upskill yourself.

May this Lockdown Make You a Better Person, Personally and Professionally!

A woman with long dark hair and glasses is smiling. She is surrounded by falling US dollar bills, including \$20 and \$100 bills. The background is a mix of dark and light green.

FOUR KEYS TO MAKE MONEY

- Anuja Mishra, Senior Research Analyst

In this world where inflation is touching the sky, everybody wants to earn as much as they can, and what's better than investment. Here are four keys to make money and invest in a way that makes sure to earn profit:

1. Objective Indicator



The legendary investors all used objectively determined indicators rather than guts emotion. We have a little riddle about this. In a room, there were three people: a high-priced lawyer, a low priced lawyer, and the tooth fairy. In the middle of the room was a \$100 bill. Suddenly the light went out, and when they came back on, the \$100 bill was gone. Who took it? The answer, of course, is the high-priced lawyer because the other two are figments of the imagination. We want to make sure that what our indicator says is factual and not a figment of our imaginations.

What is an objective indicator? It must be mathematical with lengthy historical analysis to demonstrate its effectiveness. One example might be the rate of inflation because it is one of the best macro-economic indicators to use to call the stock market.

2. Discipline

All the winners are always very disciplined, remaining faithful to their system through good and bad times. The biggest flaw in investing is letting your ego to get involved in your market view. This market is tough to admit mistakes. There will be chaos if you don't have discipline. Thus to shift from concentrating on being right to making money, we have to learn discipline.

3. Flexibility

To be successful in the long haul, investors need the flexibility of mind and spirit to crawl with the ants and fly with the birds. Investors should be flexible enough to change their minds when the evidence shifted, even if they don't understand why. Another important lesson is that if you make a mistake, respond immediately.



4. Risk Management

The most crucial thing in making money is not letting your losses get out of hand. We should learn from Warren Buffet, who once stated his two favorite rules for successful investing.

Rule1: Never lose money.

Rule2: Never forget rule 1

The key is for risk management is one must take your losses quickly and keep them small and let your profits run and make them worthwhile.

So, in conclusion, what we have learned from experience is that we are in the business of making mistakes. If you are right half of the time in the market, you have a terrific score. It is not an accessible business, so if we all make mistakes, what separates the winners from the losers? The answer is simple. The winner makes small mistakes, while the losers make big mistakes.

STOCKS TO BET ON FOR MAY 2020



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