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## J Street Corner

### Outcome of Karnataka assembly elections eyed

14 MAY 2018

The government will announce consumer price inflation (CPI) and wholesale price inflation (WPI) for April 2018 on Monday, 14 May 2018. CPI and WPI stood at 4.28% and 2.47%, respectively, in March 2018. On the political front, the Karnataka Assembly elections single-phase polling will be held on Saturday, 12 May 2018. Results will be announced on Tuesday, 15 May 2018. Karnataka is one of only three states to be ruled by the Congress. Bharatiya Janata Party has been targeting the south Indian state aggressively. There are 224 seats in Karnataka. The ongoing term for the Karnataka assembly expires on 28 May 2018. On the macro front, the government will announce industrial production data for March 2018 after market hours on Friday, 11 May 2018. India's industrial output grew 7.1% in February 2018 from a year earlier, easing from a downwardly revised 7.4% expansion in the previous month.

Japan GDP preliminary growth rate for Q1 will be declared on Wednesday, 16 May 2018. The Japanese economy advanced 0.4% quarter-on-quarter in December quarter 2017, much stronger than the preliminary estimate of a 0.1% expansion and after a 0.6% growth in the prior quarter. US retail sales for April 2018 will be unveiled on Tuesday, 15 May 2018. US retail trade rose by 0.6% month-over-month in March 2018, recovering from a 0.1% drop in February 2018.

Weaker opening and correction first to 10751-10690 can be used for buying with a stop loss of 10600. Expect higher range of 10867-10927 to be tested. Overall as a result of a rise and close above 10785, Nifty can be expected to test 11171 in near term as long as 10600 is not violated.

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## Company Update : RELIANCE NIPPON LIFE ASSET MANAGEMENT LTD

### Company Basics

BSE Code	540767
NSE Symbol	RNAM
EQUITY ( in Cr.)	51.42
MKT.CAP ( in Cr.)	15710

### Financial Basics

FV (₹)	10.00
EPS (₹) (TTM)	7.76
P/E (x) (TTM)	34.00
P/BV (x) (TTM)	35.82

### Share Holding Pattern

Holder's Name	% Holding
Promoter	85.75
Public	14.25

**Outlook and valuation :** We recommend BUY on the stock and value RNAM at 9x FY19E EPS with a target price of Rs.320 & P/E of 36.

### Company Overview :

Reliance Nippon Life Asset Management Ltd (RNAM) is the second largest profitable and the third largest in AUM with a market share of 11.4%. It is promoted by the ADAG group and Nippon Life of Japan. It provide various services such as Mutual fund, Portfolio Management (PMS), alternative funds and offshore funds.

### Investment Rationale for Reliance Nippon Asset management:

- It is one of the largest AMC and second most profitable with a market share of 11.4%.
- Strong growth in AUM led by macro factors like rise in financial savings, growing demand from mutual fund, foot-print in to the smaller towns.
- RNAM has been having strong return ratios in excess of 20% for the last three years. With revenue growth of 7.8%, 9.6%, 13.1% and 14.4% for the last four years the company is strongly placed.
- The growing trend of mutual fund and its acceptance by public as an investment tool also further provide the room for the growth of the mutual fund.
- The industry is expected to grow at a 25% CAGR which provides the further growth opportunities. Mutual funds are in a sweet spot.
- The Indian MF AUM is only the 18.3% of bank deposit which is very low in comparison to other developed countries, provide significant scope for the growth of mutual fund industry in the coming years.

## Around The World

### Weekly Market Recap :

Domestic stocks logged strong gains in the week boosted by upbeat global cues. Steady buying in index pivots pushed the Sensex above the psychologically important 35,000 level. The Sensex and the Nifty, both, settled at their highest closing level in more than 14 weeks. However, small and mid-cap stocks underperformed the Sensex.

Market ended with strong gains on Friday, 11 May 2018, tracking positive leads from Asian markets and overnight gains on the Wall Street. The barometer index, the S&P BSE Sensex, rose 289.52 points or 0.82% to settle at 35,535.79. The Nifty 50 index rose 89.95 points or 0.84% to settle at 10,806.50. Global risk appetite got a boost from soft US inflation, helping alleviate worries of faster rate hikes by the Federal Reserve.

### Market Eye Week ahead :

The government will announce consumer price inflation (CPI) and wholesale price inflation (WPI) for April 2018 on Monday, 14 May 2018. CPI and WPI stood at 4.28% and 2.47%, respectively, in March 2018.

On the global front, China industrial production data for April 2018 will be unveiled on Tuesday, 15 May 2018. China's industrial production rose by 6% year-on-year in March 2018, after a 7.2% gain in the previous period.

Japan GDP preliminary growth rate for Q1 will be declared on Wednesday, 16 May 2018. The Japanese economy advanced 0.4% quarter-on-quarter in December quarter 2017, much stronger than the preliminary estimate of a 0.1% expansion and after a 0.6% growth in the prior quarter.

### Key Events / Factors to Watch

1. **Mon : Results :** Blue star ltd, Ial pathlabs ltd , Hindustan Unilever ltd, South Indian bank ltd,
2. **Tue : Results:** Lupin ltd , PNB, Syndicate bank, Karnataka Bank , Britannia industries ltd .
3. **Wed : Results:** AIA engineering ltd, Axis Bank , ITC , Muthoot finance ltd, Tata steel ltd.
4. **Thu: Results:** Bajaj finance ltd, Bajaj Finserv ltd, Escorts ltd , Voltas ltd.
5. **Fri : Results:** Amara Raja Batteries ltd , Ashok Leyland ltd, Bajaj Auto ltd, Tata Chemicals ltd .

## Knowledge Corner :

### RSI

The **Relative Strength Index (RSI)**, developed by J. Welles Wilder, is a momentum oscillator that measures the speed and change of price movements. The **RSI** oscillates between zero and 100. Traditionally the **RSI** is considered overbought when above 70 and oversold when below 30.

### Why it is important?

Traditionally the **RSI** is considered overbought when above 70 and oversold when below 30. The RSI is often used in conjunction with trend lines, as trend line support or resistance often coincides with support or resistance levels in the RSI reading.

## Mutual Fund Corner

Fund Name	
Scheme Name	Axis Focused 25 fund
AMC	Axis mutual fund
Type	Open Ended & Equity– Multicap
Category	Open-ended
Launch Date	28th march 2018
Fund Manager	Mr Jinesh Gopani (CIO axis mutual fund )
Net Assets ( In crore )	3154cr

Sector Weights	Fund (%)
Financial	39.52
Construction	6.03
Automobile	16.09
Healthcare	3.05
IT	8.27
Services	6.46
Con.Durable	3.05
Textiles	3.07
Chemicals	8.93

History	2015	2016	2017	2018
NAV (Rs)	17.56	18.36	26.65	27.21
Total Return (%)	3.91	4.56	45.15	2.10
Rank (Fund/Category)	60/173	83/143	19/118	3/132
52 Week High (Rs)	18.82	20.44	26.65	-
52 Week Low (Rs)	16.56	15.05	18.32	-
Net Assets (Rs.Cr)	331.47	764.78	2278.71	2959.08
Expense Ratio (%)	3.12	3.07	2.74	-

Risk Analysis	
Volatility Measures	
Standard Deviation	15.19
Sharpe Ratio	0.87
Beta	1.03
R-Squared	0.90
Alpha	3.60

Composition (%)	
Equity	94.47
Debt	5.69
Cash	-0.16

## Fund Performance v/s Nifty 50

Fund Performance Vs Nifty 500



— Fund  
— Nifty 500  
(Rebased to 10,000)

Fund Style			Capitalization
Investment Style			
Growth	Blend	Value	
			Large
			Medium
			Small

Source : - [www.valueresearchonline.com](http://www.valueresearchonline.com)

## Commodity Corner

### BULLION

#### **FUNDAMENTAL:**

Bullion prices ended with gains on weekly basis as support seen as the dollar weakened and investors grew a bit less confident about prospects that the Federal Reserve would raise interest rates three more times in 2018. St. Louis Federal Reserve Bank President James Bullard said aggressive rate increases would risk nipping off U.S. business investment. Bond market investors remain confident the Fed will hike rates in June, but less sure of prospects for rate hikes in September and December.

**RECOMMENDATION** . BUY GOLD JUN 2018 @ 31300 SL 31000 TGT 31650-31800 ,BUY SILVER JUL 2018 @ 40100 SL 39700 TGT 40600-41200

### BASE METALS

#### **FUNDAMENTAL :**

Aluminium ended the week in negative territory as the market corrected after a recent price surge on U.S. sanctions against the world's largest producer and its major shareholder. Glencore and United Company Rusal have asked the London Metal Exchange to temporarily lift its suspension on Rusal's aluminium after an extension of the deadline for companies to wind down contracts with the Russian firm under U.S. sanctions said. Russian aluminium giant Rusal warned of expected harm to its business from U.S. sanctions, sending its share price lower despite the company reporting a 20 percent jump in first-quarter core profit. On-warrant stocks in aluminium - those not earmarked for delivery - fell by 3,250 tonnes to 860,700 tonnes.

**RECOMMENDATION** : SELL COPPER JUN 2018 @ 470.00 SL 476.00 TGT 462.00-454.00.,SELL ZINC MAY 2018 @ 211.00 SL 215.00 TGT 207.00-204.00.,BUY NICKEL MAY 2018 @ 920.00 SL 900.00 TGT 960.00-985.00. ,BUY ALUMINIUM MAY 2018 @ 152.00 SL 149.00 TGT 156.00-160.00. BUY LEAD MAY 2018 @ 157.00 SL 154.00 TGT 160.00-164.00.

### ENERGY

#### **FUNDAMENTAL :**

Hedge funds and money managers slashed their bullish wagers on U.S. crude in the latest week to the lowest level in nearly five months, data showed, in the lead-up to U.S. President Donald Trump's decision to pull out of the Iran nuclear pact. The speculator group cut its combined futures and options position in New York and London by 8,831 contracts to 435,230 in the week to May 8, the U.S. Commodity Futures Trading Commission (CFTC) said. That was the lowest level since the week to Dec. 19. Net long positioning in ICE Brent crude futures and options fell by 22,009 contracts to 569,448 contracts, the lowest level since March 20.

**RECOMMENDATION** : BUY CRUDEOIL MAY 2018 @ 4650 SL 4550 TGT 4780-4880 ,BUY NAT GAS MAY 2018 @ 186.00 SL 182.00 TGT 192.00-195.00.

**J Street Recommendations Report Card**

Nifty last week opened at 10653.15 and remained above its previous weeks low of 10601.60. The low registered last week was 10635.65 and moved up to cross its previous week high of 10784. The high registered last week was 10812.05 and closed the week at 10806.50. Nifty finally closed the week at 10806.5 thereby showed a net rise of 1.77% on week to week basis. Weaker opening and correction first to 10751-10690 can be used for buying with a stop loss of 10600. Expect higher range of 10867-10927 to be tested. Overall as a result of a rise and close above 10785, Nifty can be expected to test 11171 in near term as long as 10600 is not violated.

**Top Fundamental Stocks**

Stocks	Rec. Date	CMP on Rec.	CMP	Target	Absolute Return @ CMP	Status
Reliance Nippon asset	5/2/2018	270	247	320	0%	Accumulate
KEC International	11/9/2017	310	411	384	35%	Accumulate
Maruti Suzuki	30/06/2017	7220	8715	10200	22%	Buy
DHFL Ltd	27/06/2017	430	624	660	23%	Buy
Manappuram Finance	30/05/2017	87	119	130	3%	Accumulate
Godrej Properties	12/5/2017	508	812	740	51%	Buy
TVS Motor	24/04/2017	485	619	790	39%	Buy
DCB Bank	17/04/2017	175	188	230	-7%	Buy
REC Ltd	27/03/2017	175	115	220	-20%	Accumulate
Petronet	20/02/2017	200	214	290	17%	Buy
Escorts	6/2/2017	410	941	790	113%	Buy
Edelweiss Financial	16/11/2016	117	298	300	132%	Buy
IOC Ltd	27/02/2017	188	168	245	1%	Accumulate
Marico	20/02/2016	255	310	370	20%	Buy
Mother Sumi	3/4/2017	300	336	460	3%	Buy
Lic Hsg Finc	27/03/2017	608	500	700	-16%	Buy
Asian Paints	10/3/2017	1030	1298	1260	7%	Buy
NBCC India	20/03/2017	175	98	270	9%	Buy
M&M	12/1/2015	619	850	1550	18%	Buy

**“Go for a business that any idiot can run-because sooner or later, any idiot probably is going to run it.”**

## Forex Corner

### Market Recap :

- The dollar has been boosted by rising U.S. yields and the prospect of a faster pace of rate hikes by the Federal Reserve this year. Expectations of higher interest rates make the dollar more attractive to investors seeking yield.
- The bank cut growth forecasts, saying it now expects the UK economy to expand just 1.4% this year, down from 1.8% expected three months ago. The growth outlook for 2019 and 2020 was also downgraded, from 1.8% to 1.7%.
- China's producer inflation picked up for the first time in seven months in April, bolstered by surging commodities prices and suggesting its industrial demand remains resilient even as trade tensions ratchet up with the United States.



### Market Eye Week ahead :

The USD/INR opened on positive territory and traded range bound on Thursday session. On the daily chart, pair has been forming high top & higher bottom formation; which suggest bullish rally will continue further for near term. Moreover, a momentum indicator RSI (14) has sustained at overbought zone and still showing good strength with positive crossover. On the above technical studies & parameter, we expect bullish move in the prices towards 67.90 level.

### USD/INR

Level	S2	S1	CP	R1	R2
USD/INR	67.00	67.33	67.48	67.57	67.96

### EUR/INR

Level	S2	S1	CP	R1	R2
EUR/INR	79.64	80.02	80.12	80.26	80.60

### GBP/INR

Level	S2	S1	CP	R1	R2
GBP/INR	90.72	91.31	91.46	91.68	92.20

### JPY/INR

Level	S2	S1	CP	R1	R2
JPY/INR	61.12	61.45	61.60	61.69	62.08

**J Street Short Term Call Status**

Sr. No.	DATE	STOCK	BUY/SELL	RANGE	RANGE	TRIGGER PRICE	TGT	SL	STATUS	% RETURN
1	26-Mar-18	OIL	BUY	344	353	348.50	371.00	331	SL	-3.6
2	27-Mar-18	INDIGO	BUY	1264	1288	1276.00	1351.00	1228	TA	4.4
3	28-Mar-18	SRTRANSFIN	BUY	1430	1455	1442.50	1536.00	1387	TA	4.5
4	3-Apr-18	VOLTAS	BUY	616	624	620.00	664.00	598	TA	3.8
5	4-Apr-18	RELAXO	BUY	658	667	662.50	687.00	651	TA	4.4
6	5-Apr-18	ESCORTS	BUY	872	878	875.00	898.00	866	TA	4.4
7	6-Apr-18	UJJIVAN	BUY	378	381	379.50	396.00	368	TA	4.6
8	9-Apr-18	MINDTREE	BUY	822	836	829.00	871.00	804	TA	4.6
9	10-Apr-18	BHARATFIN	BUY	1145	1162	1153.50	1216.00	1118	EXIT	.
10	11-Apr-18	IRB	BUY	254	260	257.00	276.00	246	TA	4.4
11	12-Apr-18	DCBBANK	BUY	174	179	176.50	188.00	168	TA	4.6
12	13-Apr-18	HAVELLS	BUY	544	552	548.00	583.00	526	EXIT	.
13	16-Apr-18	PIDILITIND	BUY	1010	1028	1019.00	1072.00	978	TA	4.4
14	17-Apr-18	DHFL	BUY	561	580	570.50	623.00	536	TA	4.6
15	18-Apr-18	PETRONET	BUY	240	245	242.50	261.00	232	SL	-3.8
16	19-Apr-18	VGAURD	241	246	259	252.50	269.00	230	SL	-3.6
17	20-Apr-18	ARVIND	BUY	428	433	430.50	464.00	408	SL	-3.6
18	23-Apr-18	COALINDIA	BUY	287	295	291.00	312.00	278	SL	-3.6
19	24-Apr-18	AUROPHRMA	BUY	628	644	636.00	686.00	603	SL	-3.4
20	25-Apr-18	MOTHERSUMI	BUY	351	359	355.00	376.00	338	SL	-3.6
21	26-Apr-18	M&M	BUY	848	860	854.00	916.00	821	EXIT	.
22	30-Apr-18	PVR	BUY	1420	1440	1430.00	1492.00	1364	TA	4.2
23	2-May-18	UBL	BUY	1172	1208	1190.00	1265.00	1131	OPEN	.



## J Street Short Term Call Status

Sr. No.	DATE	STOCK	BUY/SELL	RANGE	RANGE	TRIGGER PRICE	TGT	SL	STATUS	% RETURN
24	3-May-18	ASIANPAINT	BUY	1206	1230	1218.00	1282.00	1168	TA	4.4
25	4-May-18	CONCOR	BUY	1348	1364	1356.00	1431.00	1312	OPEN	.
26	7-May-18	ICICIPRULI	BUY	431	442	436.50	462.00	416	TA	3.8
27	8-May-18	GAIL	BUY	338	346	342.00	372.00	320	OPEN	.
28	9-May-18	CROMPTON	BUY	248	250	249.00	265.00	235	OPEN	.
29	10-May-18	FSL	BUY	70	72	71.00	78.00	64	OPEN	.
30	11-May-18	MAHLOG	BUY	560	572	566.00	612.00	536	OPEN	.

STATUS	CALLS	RATIO
TA+PB	14	66.67
SL+EXIT	07	33.33
TOTAL	21	100.00

- One call on daily basis is given keeping view of short term trading on closing basis.
- Time frame and expected % of return is also mentioned with the suggested call.
- This call are purely given on technical trading system generated by the Technical Research Desk.
- Generally Expected Return on investment is 5-6 % with time horizon of 6-7 days.
- **Profit Booking** update is considered if on an average expected **return exceed 3.50-4.00 %** against the Expected return of 5-6%
- **Risk- Reward ratio** percentage wise depends on the volatility of stock Normally it stands ( 3 : 9)

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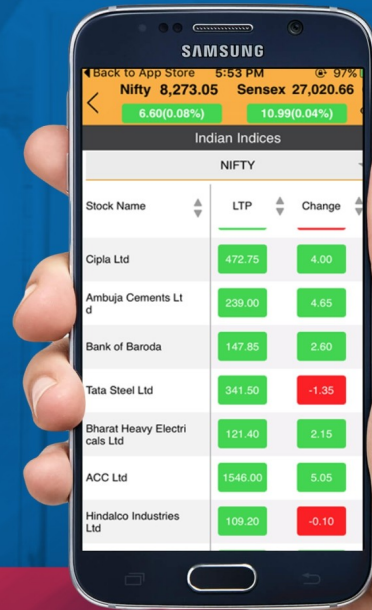
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