

INDIAN

STOCK MARKET JOURNAL

EMPOWERING TRADERS AND INVESTORS



**STOCKS TO BET ON
FOR DECEMBER 2020**

VALUE INVESTING

FARMER PROTESTS 2020

**STOCK MARKET OUTLOOK
FOR DECEMBER 2020**

Vocal For Local

Cover Story

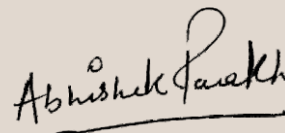
From The CEO's Desk

Dear Readers,

The business scenario in the world and India is changing rapidly, as the year 2020 is about to end in a few days with Coronavirus affecting it wholly. We pray and hope the world gets back to normal as soon as possible. In India, the farmer protests is one current topic which has gained all media attention. Hopefully things get settle between the government and our farmers soon.

In this edition of ISMJ, as a cover story, we have talked about Vocal for Local, as urged by PM Modi. Also, we bring you the latest details of e-commerce investment, the upcoming revolution in the market. The edition comes up with the detailed information of value investing. Along with all the topics deemed to be the future of markets, we also bring you Stock Market Outlook for December 2020, how Nifty and Bank nifty moves in the upcoming month. 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 Diwali and Happy investing!



Abhishek Parakh
CEO & Managing Director
EquityPandit Financial Services (P) Limited



INDIAN STOCK MARKET JOURNAL

Special Edition | December 2020

EDITORIAL TEAM

Amrita Chakravorty
Neha Verma
Shashwat Tripathi
Kanak Mantri

RESEARCH

Darpan Shah
Anuja Mishra

DESIGN

Nikhil Sadaphal
Sheetal Sharma

HEAD OFFICE

305, Trinnity Business Park,
LP Savani Road,
Surat [Gujarat]-395009
TEL: 080008 16688

For queries:

admin@equitypandit.com

Website:

www.equitypandit.com

ISMJ, December Issue

All rights reserved. This journal or any part thereof, may not be reproduced, stored in or introduced into a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of the publisher.

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.

Follow us on



CONTENTS

ISMJ DECEMBER 2020



01

STOCK MARKET OUTLOOK FOR
DECEMBER 2020

04

UPCOMING TRADING HOLIDAY

05

FARMER PROTESTS 2020

15

MINIMIZING THE RISKS WITH
OPTIONS TRADING



CONTENTS

ISMJ DECEMBER 2020



21

THE NEW ERA INVESTMENT-
E-COMMERCE

26

VALUE INVESTING

31

Cover Story

PM MODI URGES TO SUPPORT
'VOCAL FOR LOCAL'

37

STOCKS TO BET ON FOR
DECEMBER 2020



STOCK MARKET OUTLOOK FOR DECEMBER 2020

NIFTY

In the last week, we saw the markets adding more strength and accumulate some more incremental gains. The Nifty has not only stayed above the crucial 2-year long pattern resistance trend line, but also added some directional way by moving higher. We have witnessed a V-shaped recovery and have witnessed a strong move across sectors.



The RSI on the daily chart is 75.75; it now stays in overbought zone above 70. It has marked a fresh 14-period high which is bullish. However, it stays neutral and does not show any divergence against the price. The weekly MACD is bullish.

The level of 13400 and 13450 will act as potential resistance points. The pattern analysis suggests that after breaking above this level Index can move towards 13800 level. The downside support exists at 13150 level.

BANKNIFTY



BANK NIFTY daily chart has formed a Channel Pattern. The last few trading days ended up with bullish up move with some correction. The formation of 100 DMA and 200 DMA crossover indicates the bullish trend on daily chart. Shares of public sector banks were in focus on Tuesday, with the Nifty PSU Bank index gaining over 7 per cent.

Stepping in the trade for upcoming days, index looks to be at crucial juncture at 30260 is resistance level but with bullish up move expecting. Break above 30260 levels which could take prices towards 31000 levels or higher levels where as 29500 level will act as support on daily chart. We recommend continuing to follow the trend cautiously on the upside while adopting a stock-specific approach in the markets.

Upcoming Trading Holiday

Christmas

25-Dec-20

Friday

FARMER PROTESTS 2020





As the farmer protests are one such topic, which has gained all the attention of media and government attention these days. Though, we have already discussed about the happenings of the farmer's act 2020 in our October issue, here we are with a few developments of the topic.

The 2020 Indian farmers protest is an ongoing protest against the three farm acts which was passed by the Indian Parliament in September 2020. The acts have been described as 'anti-farmer laws' by many major farmer unions, and farmer unions and politicians from the opposition also say it would leave farmers at the 'mercy of corporates'. Soon after the acts were introduced, unions began holding local protests, mostly in Punjab. After two months of protests, farmers— notably from Rajasthan and Haryana— began a movement named 'Dilli Chalo', in which tens of thousands of farmers marched towards the nation's capital. Police and law enforcement used water cannons and tear gas to prevent the farmers from entering Delhi. On 26 November, a nationwide general strike that reportedly involved approximately 250 million people place in support of the farmers. On 30 November, India Today estimated that between 200,000 and 300,000 farmers were converging at various border points on the way to Delhi.



Over 500 farmer unions have been protesting. Transport unions representing over 14 million truckers, bus drivers and taxi drivers have come out in support of the farmers, threatening to halt movement of supplies in certain states. After the government failed to accept the farmer's demands during talks on 4 December, the farmers planned to escalate the action to another India-wide strike on 8 December 2020. From 12 December, farmers sieged the toll plazas and allowed free movement.

Flashback



On 20 September, the Rajya Sabha also passed the three bills by 22 September. The President of India gave his assent by signing the bills on 28 September, thus converting them into acts.

The acts are:

- 1. Farmer's Produce Trade and Commerce (Promotion and Facilitation) Act:** Expands the scope of trade areas of farmers produce from select areas to "any place of production, collection, and aggregation." Allows electronic trading and e-commerce of scheduled farmer's produce. Prohibits state governments from levying any market fee, cess or levy on farmers, traders, and electronic trading platforms for trade of farmers' produce conducted in an 'outside trade area'.
- 2. Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act:** Creates a framework for contract farming through an agreement between a farmer and a buyer prior to the production or rearing of any farm produce. It provides for a three-level dispute settlement mechanism: the conciliation board, Sub-Divisional Magistrate, and Appellate Authority.'
- 3. Essential Commodities (Amendment) Act:** Allows for the center to regulate certain food items in the course of extraordinary situations like war or famine. Requires that imposition of any stock limit on agricultural produce be based on price rise.

WHAT FARMERS WANT

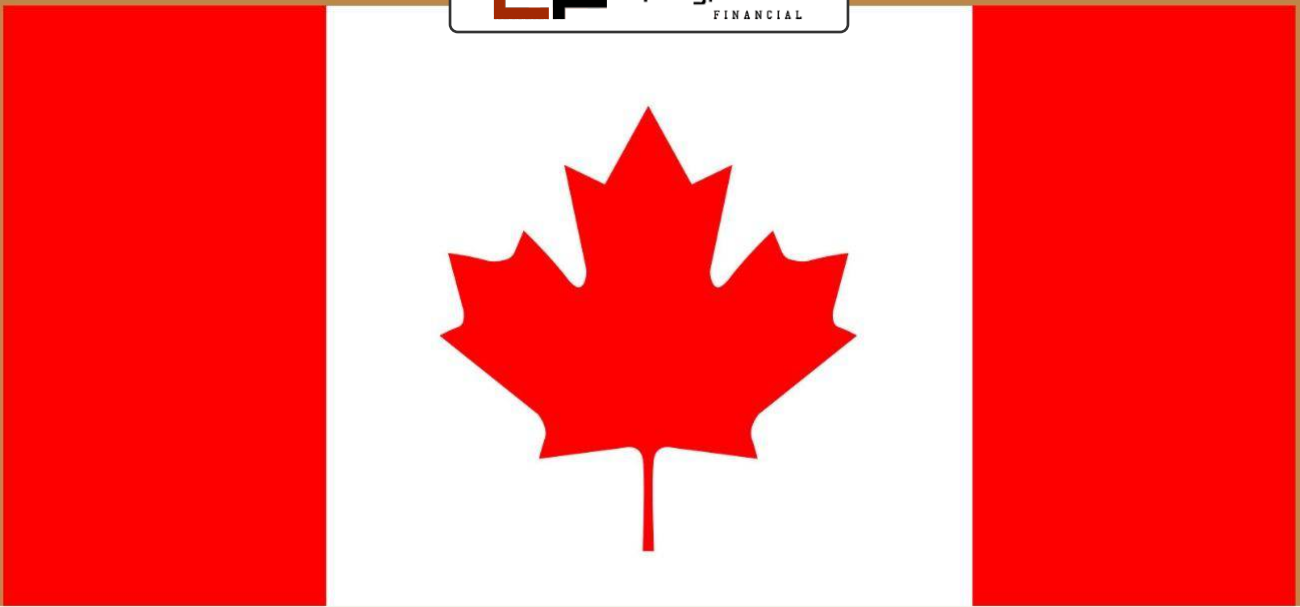


The farmer unions believe that the laws will open the sale and marketing of agricultural products outside the notified Agricultural Produce Market Committee (APMC) mandis for farmers. Further, the laws will allow inter-state trade and encourage voluntary electronic trading of agricultural produce. The new laws prevent the state governments from collecting a market fee, cess or levy for trade outside the APMC markets; this has led the farmers to believe the laws will ‘gradually end the mandi system’ and ‘leave farmers at the mercy of corporates’. Further, the farmers believe that the laws will end their existing relationship with arhtiyas (commission agents who act as middlemen by providing financial loans, ensuring timely procurement, and promising adequate prices for their crop).

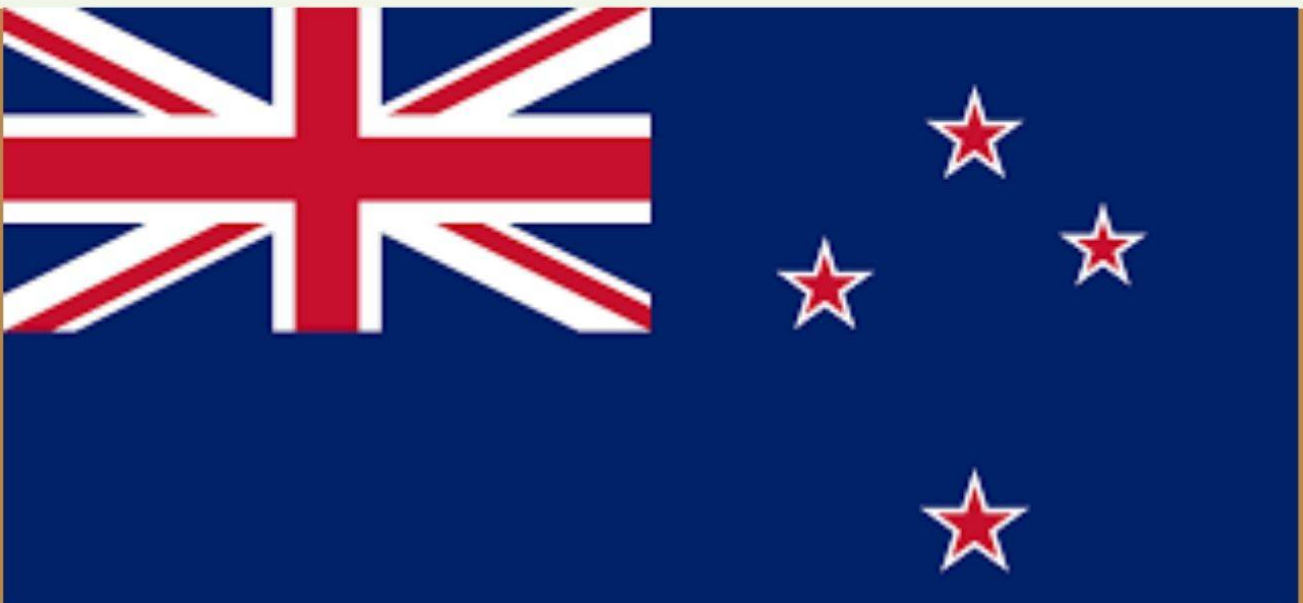
Worldwide Response and Reactions



Australia: Several Labour leaders, including Victoria Member of Parliament Rob Mitchell and Russell Wortley spoke in support of the farmer's protests, with Mitchell addressing the Victorian parliament on the subject after several protests were held in Australia by citizens.



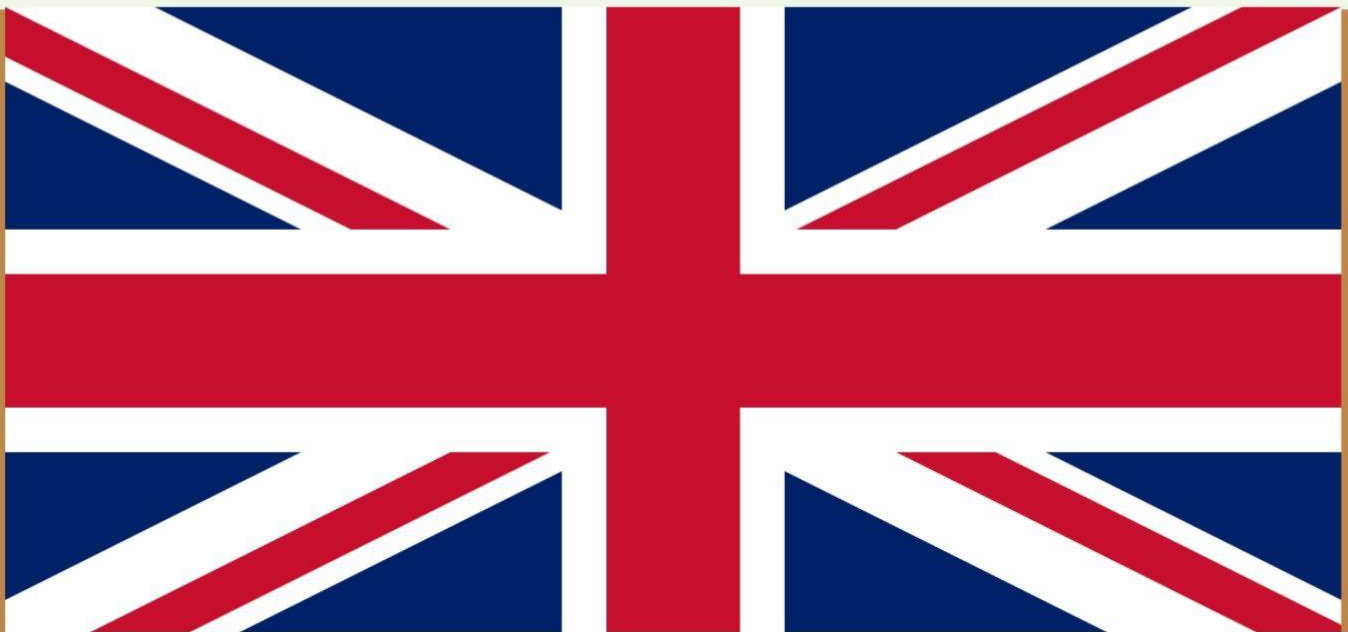
Canada: Justin Trudeau, Prime Minister of Canada expressed concerns about the supposed mishandling of protests by the Indian government. Trudeau stated that "Canada will always be there to defend the right of peaceful protestors" and expressed support for "the process of dialogue". In response, the Indian Ministry of External Affairs summoned the Canadian High Commissioner to India, Nadir Patel, and issued a démarche, stating that Trudeau's comments were "an unacceptable interference in our internal affairs". On Saturday, 5 December, hundreds of supporters protested in downtown Toronto and Vancouver, gathering in front of the Indian consulate in both cities to show their support. Organized by members of the Sikh community, the demonstrators stood in solidarity with the farmers and their right to peacefully protest.



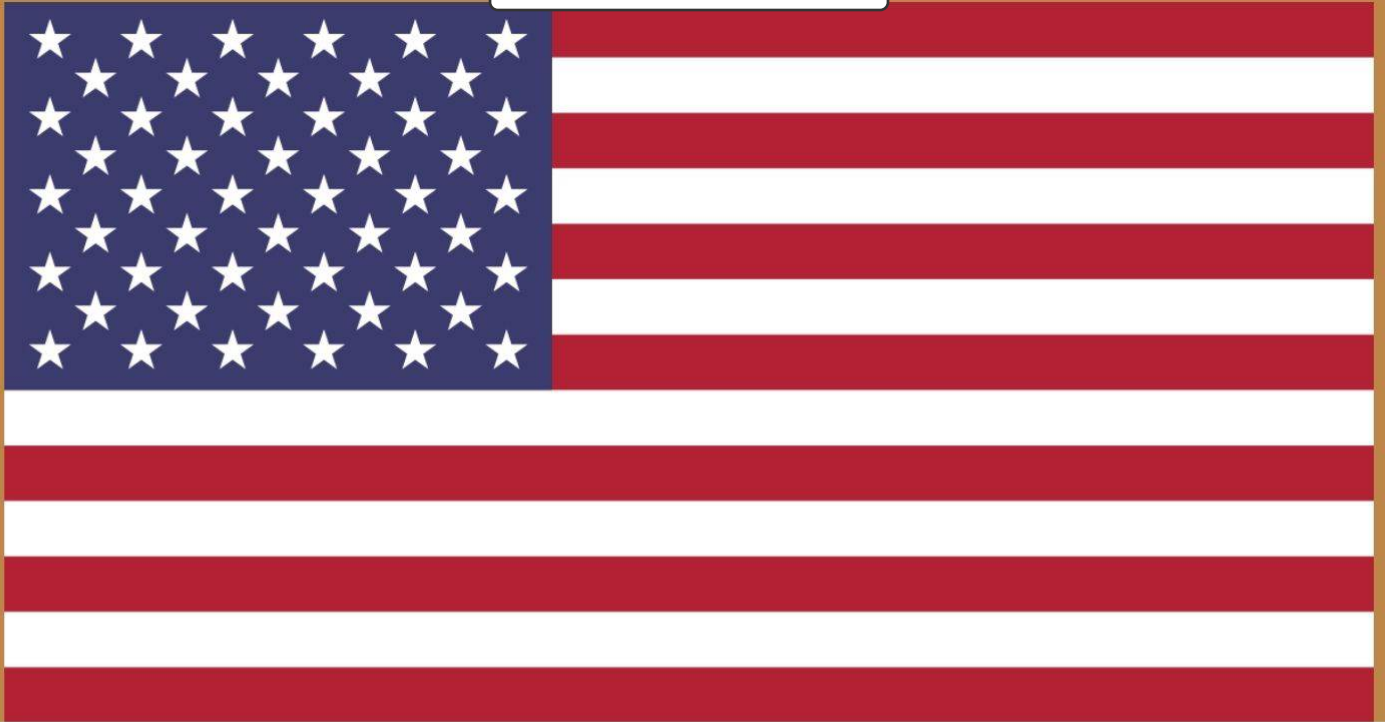
New Zealand: In early December 2020, 1,500 Indian New Zealanders protested in Auckland's Aotea Square against the new agricultural laws.



Pakistan: Federal minister Fawad Chaudhry from Punjab, Pakistan called out the Indian government's behavior with Punjabi farmers and termed it "shameful". He further stated that Modi's policies were "threats for regional peace".



United Kingdom: Several Labour MPs in the United Kingdom expressed support for the protests and raised concerns about the government response to protestors, including Tanmanjeet Singh Dhesi, Preet Kaur Gill and John McDonnell. A few British MPs and cricketer Monty Panesar also tweeted in support of farmers. In December 2020, a group of 36 British MPs from the Labour, Conservative, Liberal Democrats and Scottish National Party asked the British Foreign Secretary, Dominic Raab, to raise their concerns with the Indian government. The British Prime Minister Boris Johnson, after being confronted with the issue, confused it with the India–Pakistan conflict, drawing criticism domestically and in India.



United States: Several Indian-American protests were held in support of the farmers, with rallies being held outside Indian consulates in San Francisco, Chicago, Indianapolis, New York, Houston, Michigan, Atlanta, and Washington, DC. Several American Congressmen from both the Republican and Democratic parties voiced support for these protests, including Josh Harder, TJ Cox, Doug LaMalfa, and Andy Levin.



United Nation's Say

Antonio Gutierrez, secretary-general, called on the Indian government to allow the protests, affirming the right to voice opposition to the government, stating “...People have a right to demonstrate peacefully and authorities need to let them do so.”

MINIMIZING THE RISKS WITH OPTIONS TRADING



Options trading are contracts that give the bearer the right, but not the commitment, to either buy or sell an amount of some underlying asset at a pre-determined price at or before the contract expires.

The party taking a long position that is buying the option is called buyer/holder of the option, and the party taking a short position that is selling the option is called the seller/writer of the option; the contract value and lots size are similar to futures.

OPTIONS TRADING IN INDIA

The Indian stock market trading is concerned. Options are secondary products price of which depends upon the price of the underlying security. Options trading works like a contract but, at the same time, this needs to be noted here that in options trading, the buyer does not have the obligation to exercise the option. He may or may not exercise the option to buy or sell a security. If you are a beginner-level trader, then you need to understand some of the intrinsic aspects of this form of trading, Option trading is an excellent way of minimizing the risks.

FOR INSTANCE...



For example, an options trader holds a share with a current market price of Rs 100, which he thinks is overpriced and soon the market will go down. So, he enters into an option to sell the shares at Rs 95 per share and pays a premium of Rs 4 per share. Now, if the market crashes down, and the shares trade at Rs 90 per share, he can still sell the shares at Rs 95, saving the loss of otherwise being able to sell the shares at Rs 95. And if the market goes up by any chance, taking the price to Rs 110, he can choose to not exercise his option and sell the shares at Rs 110. And only end up paying Rs 4 premium.




TYPES OF OPTIONS TRADING

There are two types of options trading:




Call Option



Call options are financial contracts that give the option buyer the right, but not the obligation, to buy a stock, bond, commodity, or other assets or other investments at a specified price within a specific time period.




Put Option



A put option is a contract giving the owner the right, but not the obligation, to sell a specified amount of an underlying security at a pre-determined price within a specified time frame.

OPTIONS TRADING VS EQUITY TRADING



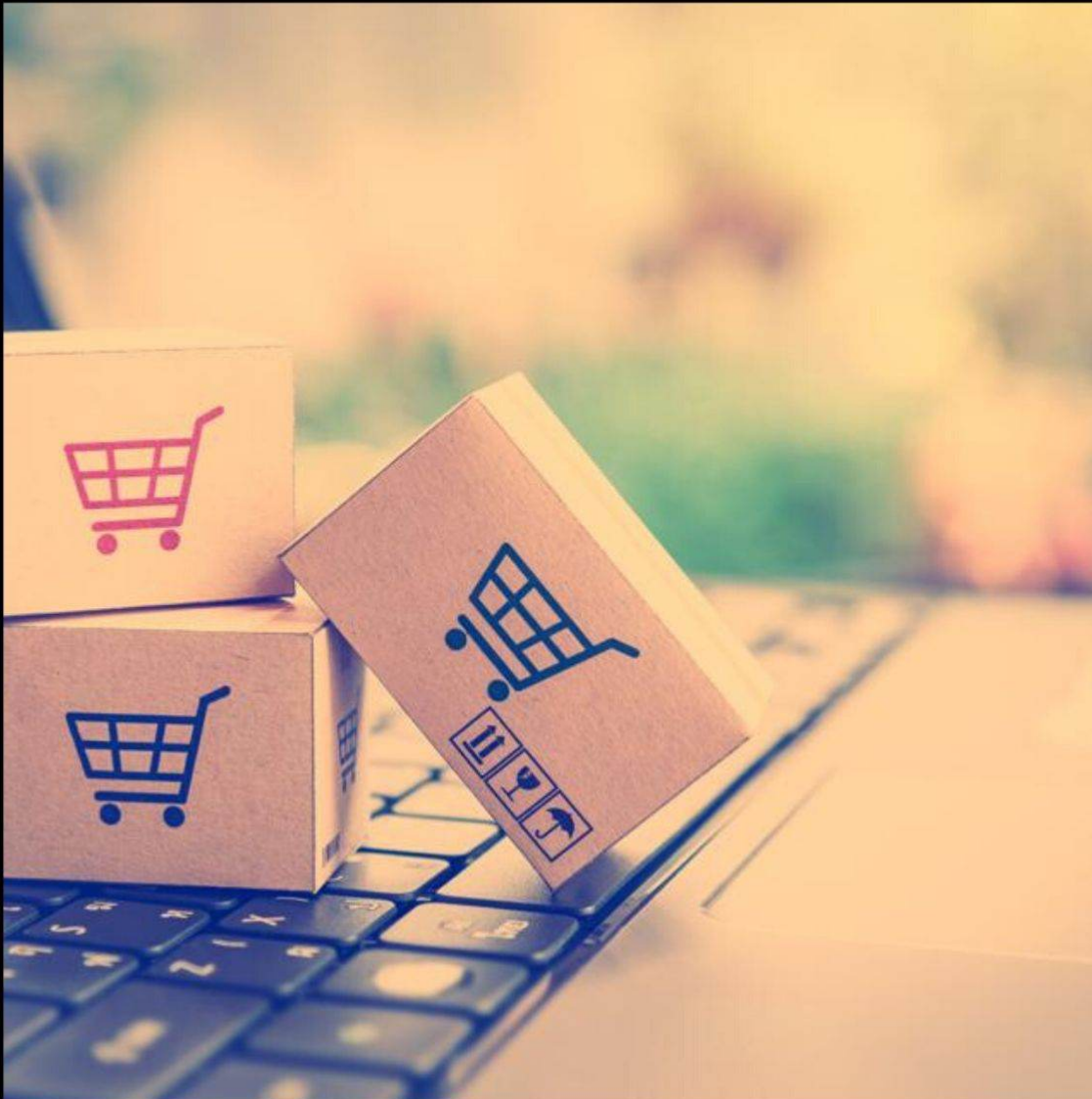
Here are the most fundamental differences between Options and Equity: In equity trading, you make money only by betting on the direction whereas, In Options trading, you are not just betting on direction - you are betting on direction, time, and volatility.

Options are leveraged which means your profits, and your losses, are quite magnified as compared to your investment. Options trading allows you to construct structures with pre-determined profits and losses. You can decide how much you will get or lose on a maximum. And that is a great way to limit your fear and greed.

The New Era Investment

E-COMMERCE





Ecommerce, which stands for electronic commerce, is a way of doing business through the internet. From an investment standpoint, getting into e-commerce is a lucrative option. It's a great opportunity to make money in the online space.

Ecommerce software companies, customer support software companies, and others are growing rapidly in the public sector, and you can watch it play out in the start-up market as well.

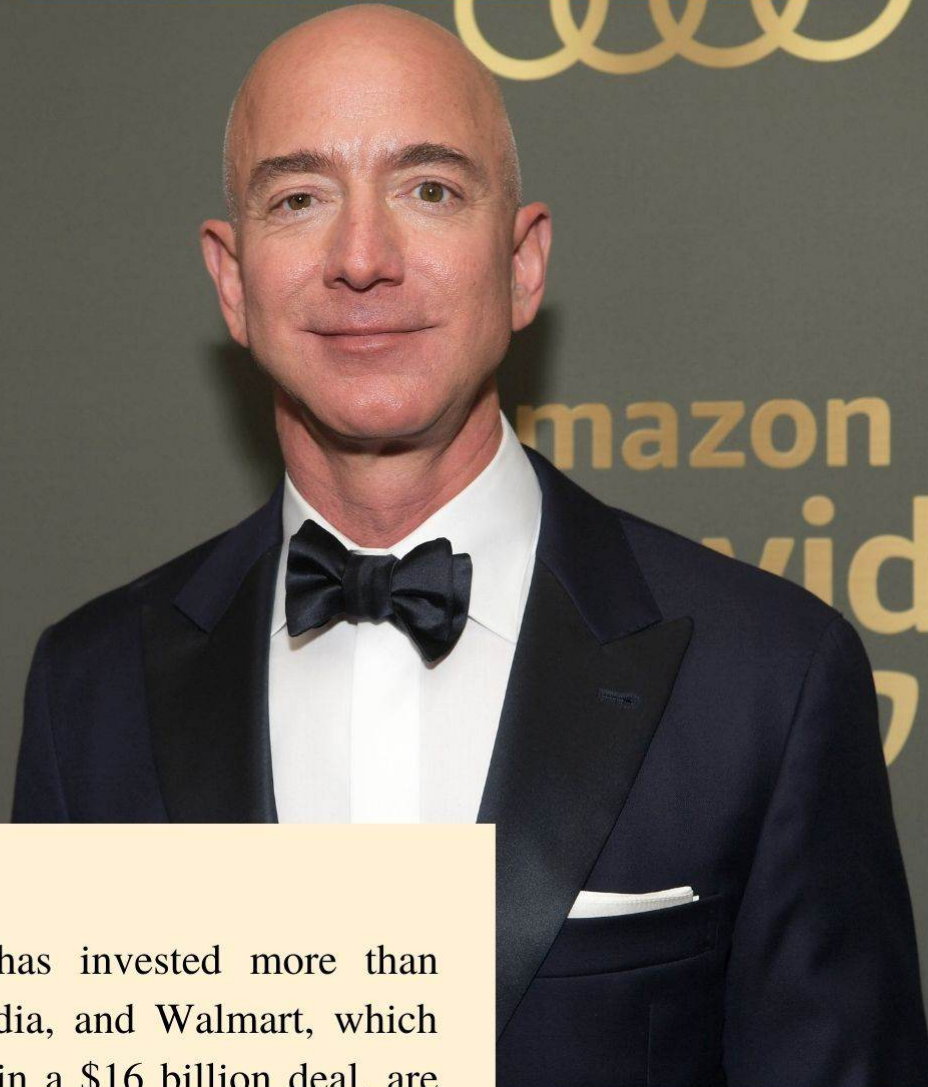
Whether private company founders know it or not, they're being attracted to the sectors that are doing well in the public market. There are hundreds of companies being started in the enterprise support and software space right now, and this is the area where Amazon, BigCommerce, and other commerce companies are looking to do acquisitions.



India, the last big global retail frontier with 1.3 billion people, is an open arena for technology giants as smartphone adoption balloons and cut-rate data plans fuel consumer entertainment and social media. That will encourage more and more Indians to shop over the internet. Currently, about 140 million buy products online at least once in 12 months, according to Forrester Research.

India's \$800 billion retail markets are dominated by groceries and everyday essentials, which account for about \$500 billion in annual sales. The market could grow at least 10 per cent annually to \$1.3 trillion by 2025.

AMAZON



Amazon, which has invested more than \$6.5 billion in India, and Walmart, which acquired Flipkart in a \$16 billion deal, are betting the switch to e-commerce will accelerate, and are using local 'kirana shops' to extend their reach into rural India.

Amazon's founder Jeff Bezos, said his company plans to invest \$1 billion to help digitize small and medium businesses including Kirana Shops. The company has also invested in offline assets, buying stakes in retailers such as Shoppers Stop Ltd.

FACEBOOK



In May 2020, Facebook announced a \$5.7 billion Investment in Reliance Jio. Jio had spent 3 billion dollars to acquire dozens of companies in the last year including Saavan, Haptik, Nowflots, etc.

RELIANCE



Reliance is planning to create an E-Commerce ecosystem. Reliance bought a majority stake in an online pharmacy Netmeds for \$83 million. This investment represents 60 per cent holding in the equity capital of Vitalic and 100 per cent direct equity ownership of its subsidiaries — Tresara Health Private Ltd, Netmeds Market Place Ltd, and Dadha Pharma Distribution Pvt Ltd. Reliance also buy out Future group's business for Rs 24,000 crore. Reliance wants to acquire businesses that have a high growth rate as now the valuation of any company is defined by its growth and not the profits.

VALUE INVESTING

A Strategy to Buy Good Stocks at Discounted Price





For a long term investor, the market has some space which is overlooked or avoided by the crowd at a large that turned out to be a great investment opportunity. Although, in a runaway rally there could be some sort of short corrections, the returns generated over long term pays well. Even the most successful investors believe in the power of value investing. It is a successfully proven investment strategy that offers an opportunity to buy good stocks at a discounted price.

WHAT IS VALUE INVESTING?

Value investing is an investment approach which involves picking up stocks that appeared to be trading below their intrinsic or true value. In simple words, the investor picks the undervalued stock having the potential to outperform in future. The intrinsic value of a stock is a combined value of the company's financial performance, revenue, cash flow, earnings, profits and including the company's brand value, business model and competitive advantage.

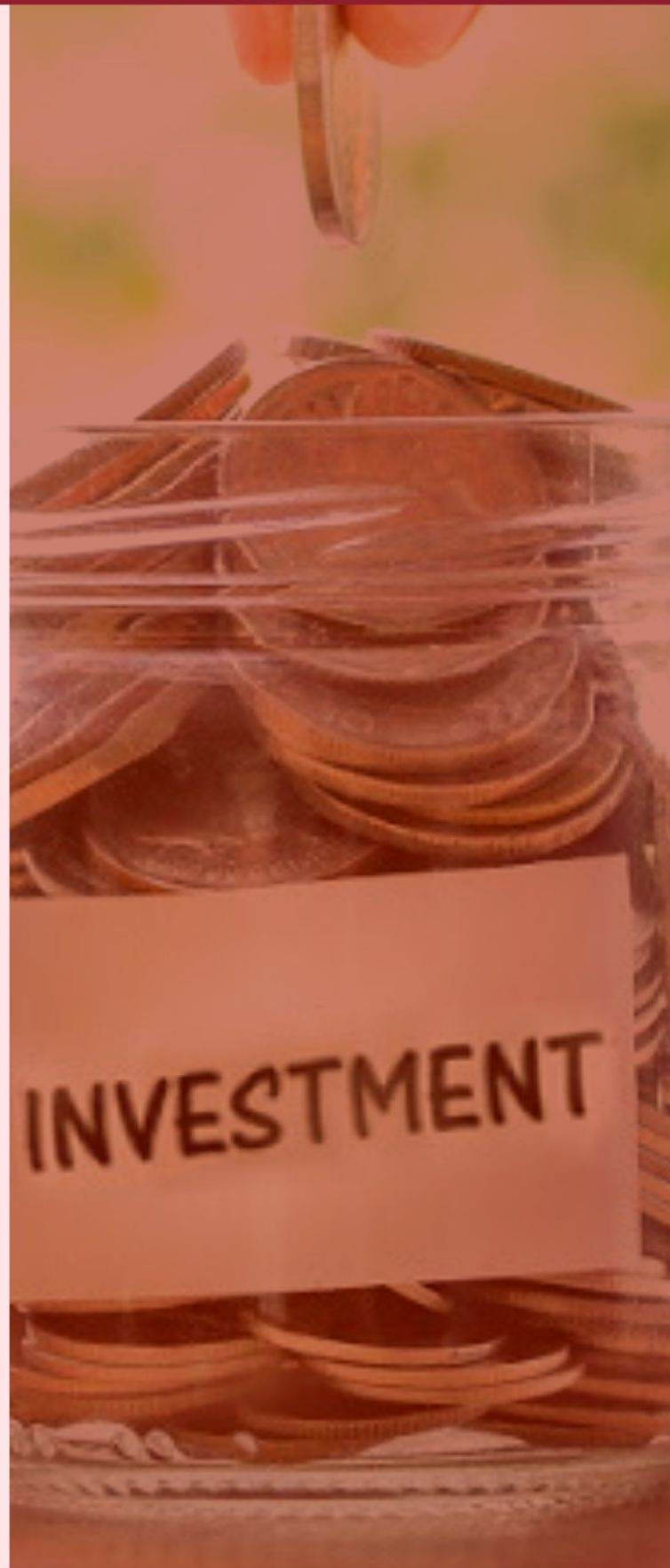


Value investors have a thorough understanding of the market and know the concept of undervalued and overvalued stock well that separates them from the rest of the herd. They carry the belief that the share prices will not justify the long term fundamentals of the company because the prices are driven by market sentiments. Thus, in the long term shares prices will follow its intrinsic value no matter whether it is currently trading below or above its intrinsic value.

How Value Investing Works?

The concept behind value investing is simple, just research the stocks which have the potential to outperform in future, track and purchase them when they are undervalued or on sale. There could be short term pain but holding your positions patiently keeping in mind the true value of the company would compensate well. When your position reaches the intrinsic or true value of the company, or maybe rise more, hold and book your profits.

Warren Buffet the well-known value investor the world of finance has seen yet has said, "Investing is simple, but not easy". Though it seems simple to buy undervalued stocks and hold it until it reaches its intrinsic value. But, how would one find the stock which is undervalued that can be done only by an in-depth study of the financials of the company and other factors associated with it.



How Does Value Investors Derive Intrinsic Value?

Value investors on determining the intrinsic value of the company look at multiple fields to be as precise as possible including the company's financial history, revenues, cash flows, business model and future profitability. They also investigate and emphasize why the stocks of the company are undervalued and whether it has organisational and financial capabilities to recover from such undervaluation or not.

No doubt, value investing is profitable. But, the investor should know that after finding the true value of the company and buying the shares of it at a discounted price, there are some chances of error. These errors can be avoided by following the Margin of Safety principle which is key to successful investing. The Margin of Safety is based on the risk tolerance of investors that helps them to lose less money if the company's shares don't perform as they were expected.

PM MODI URGES TO SUPPORT



'Vocal For Local'



The coronavirus pandemic has changed many things around us. While the entire world is reeling under several negative consequences, there have also been a few silver linings. This time has put the spotlight on brands, especially after PM Narendra Modi announced his support for an 'Aatmanirbhar Bharat'.

As had happened during the freedom struggle, all spiritual leaders should amplify the message of 'Aatmanirbharta' and preach the benefits of 'vocal for local', said the PM.

FOCUSING ON LOCAL PRODUCTS



When every person will buy local products with pride, will talk about local products, hail them and will take the message to others that our local products are so good, this message will go far, PM Modi said. “Not only local identity will be strengthened, the people who make these local products, their Diwali will also brighten up more,” he said.

“Going for local doesn’t mean only purchasing ‘Diya’ but everything you use in Diwali. It will encourage those making them,” the PM added.

The way the country supported locals during the Diwali festival is an energizing feeling, Modi said on the 151st birth anniversary celebrations of Jain Acharya Vijay Vallabh Surishwer Maharaj via video conferencing. There has been a growing trend of homegrown brands over the last few years, and the numbers are only expected to rise in the years to come.

FOOD INDUSTRY



The trend within the food industry is total ‘vocal for local’ when it comes to consumer demand. Now, there are a lot of national food brands, and they have developed over the years. More than 60 per cent of the brands in the food industry are local brands. The government’s efforts to ensure ‘vocal to local’ at least in the food industry have been pretty obvious. The government, in its efforts, is trying to make sure they use and promote local produce as much as they can, as well as ban lower-graded ingredients to gain trust and support from local consumers.



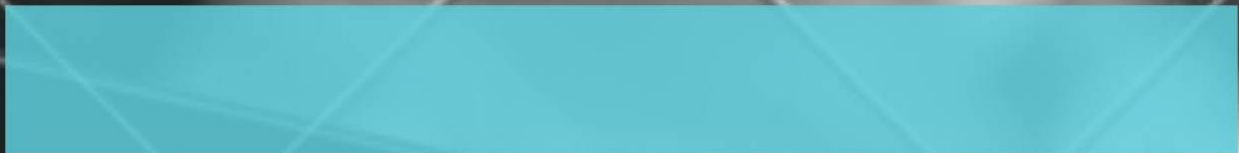
COMMERCIAL ORGANIZATIONS

In conclusion for any commercial organization, the brand is its most valuable asset. The Prime Minister mentions the educational institutions established by the Jainacharya, the Prime Minister praised his efforts to make the country Atmanirbhar in the field of education as he established many institutes imbued with Indian values in states like Punjab, Rajasthan, Gujarat, Maharashtra, and Uttar Pradesh. The government could consider levying a uniform 5 per cent GST for Ayurvedic products and medicines comprising classical, proprietary, and OTC products.



There have been challenges in the Indian economy. When Amul was launched in India, the Indian market was dominated by multinational brands, as they were having quality, advertising budget, and expansion power. In conclusion for any commercial organization, the brand is its most valuable asset. When a brand sells in the global market, irrespective of where it is produced, sold, or ultimately consumed in the world, apart from royalties in technical fees, the owner of the domestic firm enjoys appreciation in the valuation of his brand.

Modi also touched upon the significance of technology adoption in enabling self-help groups and farmer producer organizations to sell directly to consumers. He said that seers of India always showed the path of peace, non-violence, and harmony to the world and humanity, and the world gets inspiration from these messages. “Therefore, the world is once again looking at India,” he said.



STOCKS TO BET ON FOR DECEMBER 2020



Dr.Reddy's

DRREDDY



Reliance
Industries Limited

RELIANCE



Dabur

DABUR



HCL

HCLTECH



SUNTV

SUNTV

Exclusive Recommendation By:
EquityPandit Financial Services Pvt. Ltd.
(SEBI Registration Number INA000006688)



Confused about which stock to invest in ?
Ask the Experts for free!!

[Click Here](#)

Want to know all the important business news and events?
Find it Here

[Click Here](#)




How Indian Market Would Move Today?

[Click Here](#)

Want to stay ahead with latest trends of major stocks and indices?

[Click Here](#)





About EquityPandit

EquityPandit is a leading research and advisory firm in India. The firm is one of the biggest players with a dominant position in both institutional and retail. The company specialises in the business of analysis, information and, intelligence.

The business is supported by efficient, powerful research and back-office team. EquityPandit's set of diligent advisors helps its customer plan and get more out of one's money. We offer a diversified range of product according to the difference in needs of an investor, trader or a broker.

The firm's philosophy is entirely client-centric, with a clear focus on providing long term value addition to the client while maintaining the highest standard excellence, ethics, and professionalism. The entire firm activities are divided across distinct client groups, individuals, private clients, corporate and, institutions all of which are supported by the powerful research team.

Disclaimer

The recommendation made herein does not constitute an offer to sell or a solicitation to buy any of the securities mentioned. No presentation can be made that the recommendation contained herein will be profitable or that they will not result in losses. Readers using the information contained herein are solely responsible for their action. Information is obtained from sources deemed to be reliable but is not guaranteed as to accuracy and completeness.



www.equitypandit.com

Copyright © 2020 EquityPandit Financial Services Pvt. Ltd.
All rights reserved.

SEBI Registered Investment Advisor
SEBI Registration Number : INA000006688

Investment/Trading in markets is subject to market risk.