

14<sup>th</sup> May 2022

**Subject: Indian market: Technical + Fundamental – Overview**

Indian Market	13-May-22	Weekly Change	
Indices	Close	Change	% Change
Nifty 50	15782.15	-629.10	-3.83%
BSE Sensex	52793.62	-2041.96	-3.72%
Banknifty	33121.35	-1469.85	-4.25%
Nifty Mid-Cap 100	27085.65	-1498.55	-5.24%
Nifty Small-Cap 100	8796.65	-762.50	-7.98%
India VIX	23.48	2.23	10.49%

**Last week - review**

Indices were more around 4% on weekly basis. Mid-Cap 100 was down 5.24% & Small-Cap 100 down by 7.98%. VIX @ 23.48 remains above comfortable level. 2<sup>nd</sup> half selling on Friday – Nifty closed below 16000 level and near lows made in 7 – 8 March 2022

Weekly level mentioned in last report – Nifty @ 16124 & Banknifty @ 34073 – this level was broken on Thursday after week global cues led to sell-off.

Global market sell-off continues on back of Risk-off sentiment as commodities, emerging market equity & currency and Crypto currency witness massive shake-off.

Indian inflation number at 7.79% for month of April 2022 came higher than expectation. Dollar Index near 105 level before cooling off on Friday as US market had relief rally.

**Nifty 13-May-22 – Daily chart**





Banknifty 13-May-22 Daily chart



## Technical Insight

- Nifty RSI @ 26.87 & RSI average @ 33.94. Nifty have just entered oversold territory as RSI goes below 30 level. RSI below 30 for 2 consecutive days.
- RSI can stay below 30 for extended period of days for 5 – 7 days before any significant bounce is seen.
- We have given 2 charts on Nifty – in first 1 we have shown downward Fibonacci extension which can test 15318 & 14800 level. Please note this are extreme level and 14800 is level where we would start doing bottom fishing as per our capital allocation policy.
- In 2<sup>nd</sup> chart – Nifty is trading near to a level seen in 7 – 8 March 2022, after Russia-Ukraine crisis started on 24-Feb-22 and sanctions by US & European countries.
- VIX @ 23.48: In case VIX manages to cross and stays above 25 level – expect movement in Indices to be highly volatile and ugly. 15300 & 14800 could be tested in case of ugly move on Nifty or Indices.
- VIX above 20: Last few days when VIX was trading above 20 – daily movement in Nifty stays above 250 points or more. In case VIX goes above 25 – expect daily movement on Nifty above 500 points.



Based on our view on chart, we have a mix view on market. So how we will approach market – In case VIX goes above 25 – we would prefer to play for lower level of 15300 & 14800 level. On the other hand, if VIX stays below 25 & Nifty approaches above 16000 level – we would prefer to play for short -covering.

**Please note: We would prefer hedge position / options only strategy with a limited loss to play short term move & may prefer to buy around 15000 level on Nifty in equity market. Some of the views are based on our past experience and we are not in a position to predict bottom and nor we are doing it. Nifty could go below to mention level also.**

### Fundamental Insight

We will not be covering fundamental insight this week, because its sheer momentum which will dominate market this week. Just few views on Fundamental insight.

#### In Cricket terminology

- Approach like wicket keeper: Stand behind the wicket, fix your standing position with little room for movement & grip the ball which is missed by batsman.
- Decide your rate: for e.g. INFY, HDFCBANK, SBIN, TCS, LT or any other scripts your wish to add for medium to long term and take entry.

### Market View & Strategy

This week important event we are tracking in LIC IPO listing on 17-May-22 & 2<sup>nd</sup> most important factor is whether FII selling stops at this level or not.

**For short term:** Play via hedge position & in equity market – prefer to buy as per conviction in case of huge fall this week with medium to long term view. Market may give healthy bounce back. **We are looking at 15300 & 14800 level closely and we would start deploying around 15000 level as per our capital allocation policy.**



**Disclosure & Note:** Investor need to understand risk associated with F&O strategy, technical & other trading strategy before implementation and due risk assessment is required from client's end and prefer professional advice before executing.

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