

28<sup>th</sup> May 2022

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

Indian Market	27-May-22	Daily Change	
Indices	Close	Change	% Change
Nifty 50	16352.45	86.30	0.53%
BSE Sensex	54884.66	558.27	1.03%
Banknifty	35613.3	1336.90	3.90%
Nifty Mid-Cap 100	27657.25	-214.95	-0.77%
Nifty Small-Cap 100	8824.05	-312.05	-3.42%
India VIX	21.48	-1.62	-7.01%

**Last week review**

Nifty ended volatile session with minor gain of 0.53% on Nifty, 1.03% gain on BSE Sensex & Banknifty gained 3.90% on weekly basis.

We would like to highlight focus on Mid-Cap 100 which ended -0.77% & Small-Cap 100 which was down by 3.42% on weekly basis. VIX was down 7% at 21.48.

US Market	27-May-22	Daily Change	
Indices	Close	Change	% Change
Dow 30	33212.96	1951.06	6.24%
S&P 500	4158.24	256.88	6.58%
Nasdaq	12131.13	776.51	6.84%

F&O expiry for May series ended this week. In below mentioned table, we have mentioned table which shows difference from 29-Apr-22. Major indices are still down from 1% to 4.5%, Small-Cap 100 is still down 14% during this period.

**US market witness major fall in week between 23-**

**Apr-22 to 27-Apr-22, so if compared US market from 20-Apr-22, US indices are still down by 5.4% to 9.83% on Nasdaq mentioned below. Please find change compared 27-May to 29-Apr & 20-Apr-22**

Indian Market	27-May-22	Daily Change		29-Apr-22	Change	
Indices	Close	Change	% Change	Close	% Change	20-Apr-22
Nifty 50	16352.45	-750.10	-4.39%	17102.55	-4.58%	17136.55
BSE Sensex	54884.66	-2176.21	-3.81%	57060.87	-3.77%	57037.5
Banknifty	35613.3	-474.85	-1.32%	36088.15	-1.93%	36314.9
Nifty Mid-Cap 100	27657.25	-2223.10	-7.44%	29880.35	-8.66%	30279.25
Nifty Small-Cap 100	8824.05	-1432.90	-13.97%	10256.95	-15.23%	10409.85
India VIX	21.48	2.06	10.61%	19.42	15.05%	18.67

US Market	27-May-22	Daily Change		29-Apr-22		
Indices	Close	Change	% Change	Close	% Change	20-Apr-22
Dow 30	33212.96	215.75	0.65%	32997.21	-5.54%	35160.79
S&P 500	4158.24	26.31	0.64%	4131.93	-6.75%	4459.45
Nasdaq	12131.13	-203.51	-1.65%	12334.64	-9.83%	13453.07

Today instead of chart comparison, we would like to focus on recovery on Indices from the point where recent fall started that is around 20-Apr-22 whether it can sustain.

- Central banks have clearly shifted its focus from growth and utmost employment towards controlling inflation.
- US release advance GDP q/q on 28-Apr-22: Actual @ -1.4% Vs estimate @ 1.1%. Slowdown was expected but US GDP figures for Jan – Mar 2022 quarter came at -1.4%.
- US Fed increases interest rate by 25 bps on 15-March 2022 and guided for 50 bps rate hike in May 2022 meeting and downsizing of Balance Sheet.
- Russia-Ukraine crisis which & post sanctions on Russia announced in 1<sup>st</sup> week of March have its impact of demand.

So even before US Fed has steps starts showing its impact on inflation and impact on growth, US advance GDP data spooked market with negative growth and once US Fed steps start showing its impact – next quarter is expected to again come in negative territory.

#### Narrative changes this week

- US prelim GDP q/q released on 26-May-22: Actual @ -1.5% Vs estimate @ -1.3%.
- US FOMC meeting 3 – 4 May 2022 – minutes: Sees rate by 50 bps in June & July 2022 FOMC meeting.
- Recession word: Not mentioned in minutes released. So, expectation of 4<sup>th</sup> consecutive 50 bps rate hike in September 2022 FOMC meeting is ruled out.
- Inflation is related to factors which are not directly led by demand but due to supply chain issue due to Russia-Ukraine crisis and recent stringent lockdown in China.

#### Market View & Strategy

Last week we did mention that we may soon change our approach from “Sell-on-Rise” to “Accumulate Gradually”. We were worried about major sell based on news flow and high VIX and expected Nifty to test lower level around 15318 & 14800 but Nifty manage to hold on to lower level tested on 7 – 8 March 2022 & 12 – 13 May 2022.

We change our approach to “Play for June – Technical bounce” before market do a reality check in Q1FY23 result season which starts from 1<sup>st</sup> or 2<sup>nd</sup> week on July. We may review our view in case recent lows around 15780 are tested and sudden change in narrative as we witness this week.



Key events this month to watch out for will be Central banks meeting which we expect would like to avoid recession and allow higher inflation for some more time before they move towards tight monetary 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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