



5th May 2022

Indices

Global Market	04-May-22		
Indices	Close	Change	% Change
Dow 30	34061.06	932.27	2.81%
S&P 500	4300.17	124.69	2.99%
Nasdaq	12964.86	401.10	3.19%

Indian Market	04-May-22		
Indices	Close	Change	% Change
Nifty	16677.6	-391.50	-2.29%
Sensex	55669.03	-1306.96	-2.29%
Banknifty	35264.55	-899.20	-2.49%

US FOMC Meeting 3 – 4 May 2022 – Outcome

- US Fed increase rate by 50 bps to 0.75 – 1.00%. Second interest rate after 25 bps in March Meeting. Largest increase since May 2000
- Balance sheet reduction starts from 1st June at \$47.5 billion per month. Will reach to \$95 billion per month in 3 months.
- Wall Street rises after post meet press conference of US Fed chairman J Powell. No considering 75 bps hike.
- US Fed chair ruled out aggressive rate hike – triggered biggest 1 day jump on Wall Street since May 2020.

Trade Setup

- RBI surprise rate hike triggered panic sell-off ahead of US FOMC meeting. Indices were down around 2.29% - 2.49%. RBI hikes repo rate by 40 bps to 4.40% & CRR by 50 bps.
- US FOMC meeting outcome: increase rate by 50 bps & Balance sheet reduction to start from 1st June with \$47.5 billion per month and will go up to maximum \$95 billion per month in 3 months.
- Wall Street recovered sharply post US Fed chairman Jerome Powell press conference, ruling out aggressive rate hike.
- LIC IPO subscribed 0.67 times on Day 1: Employee & Policy holder quota was subscribed more than 1 time on Day 1.
- RBI guided to bring rate to pre-pandemic level @ 5.15, RBI maintain stance accommodative, it was a surprise move as last RBI MPC policy was on 10-Apr-22 & next MPC meeting was on 5-Jun-22.
- Crude oil rallied over 5% as European Union announce embargo on Russian oil. WTI Crude above \$107 & Brent Crude above \$110.
- Gold rallied above \$1900 after US FOMC meeting outcome, relief rally witness in gold along with other asset classes.
- Bitcoin trading @ \$39,634 & Gold trading @ \$1901.50.
- US 10-year bond yield @ 2.94% & Dollar Index @ 102.493.



- FII & DII activity on 4-May-22: FII sold 3288.18 crores & DII bought 1338 crores.
- Nifty PCR 0.65 compared to 0.99 previous, indicates Nifty in highly over-sold zone.
- Nifty @ 16863 up 174 points at 8:00 AM.

Technical View

- **Nifty:** yesterday's low @ 16623, near our lower end level of 16617, after yesterday's sharp reaction – Nifty RSI @ 39.35 & RSI average @ 45.96, indicates further weakness. RSI reaches oversold zone when around 30.
- **Banknifty:** made low of 35127 and tested low of 35158 level mentioned yesterday, continue to indicate weakness on chart.
- **VIX @ 21.88:** closed above 20 level. Normally VIX above 20 level – Nifty moves more than 250 points on intraday basis or either direction. We remain cautious with further downside possible.
- **Approach on Indices:** SGX Nifty indicates gap-up opening, but first gap-up opening might get sold into. Nifty PCR @ 0.65 indicates highly oversold zone and this could act as strong reversal indicator.

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