

25th June 2022

Subject: Indian market: Technical + Fundamental – Overview

Indian Market	24-Jun-22	Weekly Change		17-Jun-22
Indices	Close	Change	% Change	Close
Nifty 50	15699.25	405.75	2.65%	15293.50
BSE Sensex	52727.98	1367.56	2.66%	51360.42
Banknifty	33627.45	884.40	2.70%	32743.05
Nifty Mid-Cap 100	26449.05	571.35	2.21%	25877.70
Nifty Small-Cap 100	8390.65	144.15	1.75%	8246.50
India VIX	20.55	-2.21	-9.71%	22.76
US Market	24-Jun-22	Weekly Change		17-Jun-22
Indices	Close	Change	% Change	Close
Dow 30	31500.68	1611.90	5.39%	29888.78
S&P 500	3911.74	236.90	6.45%	3674.84
Nasdaq	11607.62	809.27	7.49%	10798.35

Last week - review

In our last weekly update, we expected technical bounce from lower level, provided the levels on Nifty @ 15151 & Banknifty @ 32366 are not broken.

Indian market on weekly basis have moved by 1.75% to 2.70% on major indices. VIX @ 20.55 – continue to trade within comfortable level.

Auto stocks outperformed as metal prices continue to decline. US Fed chair Jerome Powell testimony to US Senate and banking committee on 22- 23 June

2022, reiterated its stance to continue to focus to tame inflation even at the cost of growth. Jerome Powell also said with current steps recession looks inevitable. SGX Nifty @ 15859 up 158 points from Friday's closing.

Nifty 24-Jun-22 – Daily chart



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Banknifty 17-Jun-22 Daily chart



Technical Insight

- Nifty RSI @ 43.28 & RSI average @ 38.09, trending higher after testing RSI @ 30 twice in May & June 2022.
- Nifty RSI made low of 26.87 in May 2022 & in June 2022 RSI made low 28.36. It could be pure positive divergence on Nifty daily chart.
- Nifty above 15798 could test 16178 & 20-DMA @ 16025 could face some minor resistance. So now Nifty @ 15563 remains important support level.
- Banknifty above 33691 could test 34557 in near term. Banknifty RSI @ 45.44 & RSI average @ 38.58 showing similar chart formation as Nifty.



Approach on Technical: Currently we have considered correction from 16793 to 15183 and level mention are retracement @ 38.2% & 61.8% retracement level on Nifty & Banknifty.

Banknifty range from 35958 to 32290. Target on Nifty @ 16178 & Banknifty @ 34557 is around 3% from Friday's closing.

We expect Indices to rally from 2.5% - 3.5% in this week, which is also final F&O expiry week for June 2022 series. Rally in US market on Friday – sets perfect stage for rally which we termed as technical bounce in a downward market.

Fundamental Insight

Accenture Plc result on 23-Jun-22 was strong with strong order book. Although stocks is trading around 35% from its recent 52-week high. Indian IT companies are also trading around 30% - 50% from their respective 52 week high.

US Fed chair testifies before US senate – banking & finance committee.

- 1) US Fed will continue to raise rates to tame inflation.
- 2) Recession - certainly possible that rate rise could bring recession.
- 3) US Fed chair - "We anticipate that ongoing rate increases will be appropriate," Powell

Important data & events this week.

- 1) CB Consumer confidence: 28-Jun-22
- 2) ECB President Lagarde Speaks, BOE Gov Bailey Speaks & Fed Chair Powell Speaks - 29-Jun-22
- 3) Core PCE Price Index m/m – US: 30-Jun-22.

Market View & Strategy

Indian market rallied from 1.75% to 2.70% this week, Wall Street market rallied by 5.39% to 7.49%, on Friday US market rallied by 2.68% to 3.34%.

Globally recession fear continues to dominate globally market as world central banks continue to face double whammy – High interest rate + High inflation.



We see strong possibility of technical bounce in next week and it could also get followed in first week on July ahead of next quarterly result season begins. Medium term market view still remains uncertain as recession looks real possibility in US & Europe which could have its impact on developing market including Indian.

We would prefer to follow capital allocation strategy and one step at a time, as market narrative and dynamics are changing very fast in near term resulting in volatility in short term.

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.