

4th June 2022

Subject: Indian market: Technical + Fundamental – Overview

Indian Market	03-Jun-22	Weekly Change		27-May-22
Indices	Close	Change	% Change	Close
Nifty 50	16584.3	231.85	1.42%	16352.45
BSE Sensex	55769.23	884.57	1.61%	54884.66
Banknifty	35275.05	-338.25	-0.95%	35613.3
Nifty Mid-Cap 100	28023.35	366.10	1.32%	27657.25
Nifty Small-Cap 100	9210.35	386.30	4.38%	8824.05
India VIX	19.98	-1.50	-6.98%	21.48

Last week - review

In our Daily / Weekly view we did mention of Nifty likely to test 16752 level, tested yesterday. Banknifty underperform this week, an outperformance would have taken Banknifty to 36718 level which remains our target.

US Market	03-Jun-22	Weekly Change		27-May-22
Indices	Close	Change	% Change	Close
Dow 30	32899.7	-313.26	-0.94%	33212.96
S&P 500	4108.54	-49.70	-1.20%	4158.24
Nasdaq	12012.73	-118.40	-0.98%	12131.13

US Market after around 6% rally in previous week, this week ended with cut of around 1%. US market – focus continues around US FOMC meeting outcome and economic data.

Nifty 3-Jun-22 – Daily chart



Banknifty 3-Jun-22 Daily chart



Technical Insight

- Nifty RSI @ 52.25 & RSI average @ 49.02, witness bounce from oversold zone in last 2 week.
- Nifty correction from 17377 to 15740 – retracement @ 61.8% comes at 16752 – Nifty corrected from this level.
- Banknifty RSI @ 51.48 & RSI average @ 51.47, underperformance this week have made up for some underperformance of Nifty in past 2 weeks.
- Banknifty correction from 36718 to 33001 – retracement level @ 61.8% comes at 35298 and Banknifty closing on Friday was at 35275.
- Nifty @ 16366 & Banknifty @ 34421 remains key support for up trend to continue, RBI MPC meeting outcome will provide much needed trigger and direction on either side.
- We remain bullish & will prefer another round of aggressive long once Nifty manages to cross 16752 and review of long position in case support mention here are broken – Nifty @ 16366 & Banknifty @ 34421.



VIX @ 19.98: Below 20 gives us comfort level and VIX indicate low volatility unlike we have seen in 2nd & 3rd week of May 2022.

High volatility will come only in case of uncertainty and this week we expect clear move.

Please note: Aggressive long after event of RBI MPC policy on Wednesday 8-Jun-22 & Nifty above 16752. Key support remains on Nifty @ 16366 & Banknifty @ 34421.

Fundamental Insight

We have changed our approach to “Play for June – Technical bounce” with a view that post Central banks meeting outcome this week.

1. RBI MPC Meeting outcome 8-Jun-22
2. ECB meeting outcome 9-Jun-22
3. US FOMC meeting outcome 15-Jun-22

Market View & Strategy

This week RBI MPC meeting & ECB meeting outcome will be providing much needed clarity on inflation remain key concern. We expect RBI to increase Repo rate by 40 BPS and announce some steps to manage liquidity.

RBI focus will also remain to keep 10-year G-Sec at manageable level as Government borrowing may increase by 1 lakh crores more due to announce in Petrol & Diesel excise cut.

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. **For sustainable bounce – Central Banks events this week – RBI MPC & ECB need to be turned out be positive. Going into event with positive view and aggressive long after confirmation from event outcome.**





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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