

16<sup>th</sup> July 2022

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

Indian Market	15-Jul-22	Weekly Change		08-Jul-22
Indices	Close	Change	% Change	Close
Nifty 50	16049.20	-171.40	-1.06%	16220.60
BSE Sensex	53760.78	-721.06	-1.32%	54481.84
Banknifty	34682.65	-441.40	-1.26%	35124.05
Nifty Mid-Cap 100	28017.25	368.20	1.33%	27649.05
Nifty Small-Cap 100	8724.35	-5.75	-0.07%	8730.10
India VIX	17.60	-0.80	-4.35%	18.40
US Market	15-Jul-22	Weekly Change		08-Jul-22
Indices	Close	Change	% Change	Close
Dow 30	31288.26	-49.89	-0.16%	31338.15
S&P 500	3863.16	-36.22	-0.93%	3899.38
Nasdaq	11452.42	-182.89	-1.57%	11635.31

#### Last week - review

We expected this week to trade in narrow range as last week, Indices rallied around 3% to 5%.

Nifty manage to hold on to support level of 15970 level and holding on to critical support level at 15779. Rally on late Friday manage to cut losses on weekly basis, still major indices ended with just around % cut.

This week was started on a week note with TCS result coming last Friday after market hours and Adani telecom bidding for 5G

spectrum, although company clarified that 5G spectrum will be used for private network only, telecom stocks reacted negatively.

US economic data continue to have its impact on global market. US CPI & Core CPI came at fresh 4-decade high, raising expectation of 100 bps rate hike in upcoming 27-Jul-22 meeting. US Fed members, however played down fear of 100 bps rate hike, but 75 bps rate hike is now almost factored in.

#### Nifty 15-Jul-22 – Daily chart



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### Banknifty 15-Jul-22 Daily chart



### Technical Insight

- Nifty manage to hold on to 15970, closed below this level for 2 days on Wednesday & Thursday on back of huge global weakness. It could be argued otherwise, but Friday closing keep uptrend still intact.
- Nifty RSI @ 52.49 & RSI average @ 51.30 remains in neutral range, assuming it to be in uptrend RSI is headed towards 70 & Nifty towards 16622 as shown in Nifty chart.
- Banknifty closing at 34682, just above important support level of 34602. Banknifty will react to HDFCBANK's number on Monday (result not declared at the time of this report).
- Banknifty immediate support remains at 34021 and resistance at 35543, with minor resistance at 34961.



**Approach on Technical:** Nifty break above 16255 & Banknifty break above 35543 could open significant upside.

Keeping in view trend in last 2-week, market retraced / consolidated from a rally in 1<sup>st</sup> week of July. This week again we expect Indices to trade on Nifty in range of 15800 – 16255 & Banknifty in range of 34021 – 35543. So far, technical indicates mix view

with break out on Indices on either side will see follow through next week which also happens to be final week for July F&O series and US FOMC meeting on 27-Jul-22. Final F&O expiry is on 28-Jul-22.

## Fundamental Insight

US inflation data – CPI & Core CPI continue drive global market as world keeps guessing whether US Fed will hike rate by 75 bps or 100 bps. Retail sales data on released on Friday and CITI result triggered rally at Wall Street helped by Fed members, who played down 100 bps rate hike.

Date	Time	Currency	Description	Importance
WedJul 20	11:30am	GBP	CPI y/y	High
		GBP	Retail Sales m/m	High
	7:30pm	USD	Existing Home Sales	High
ThuJul 21	6:00pm	USD	Philly Fed Manufacturing Index	High
		USD	Unemployment Claims	Normal
	6:15pm	EUR	ECB Press Conference	High
FriJul 22	7:15pm	USD	Flash Services PMI	High
		USD	Flash Manufacturing PMI	High

Back home, result season to pick this week as many companies are due to announce result this week, starting from HDFCBANK today & ICICIBANK on next Saturday. RELIANCE will declare result on 22-Jul-22.

The reason we are focusing on US Data is due to US FOMC meeting on 27-Jul-22. So far good result declared by Indian companies is not getting positive reaction but we are hopeful of things improving. Indian market needs major trigger which could come from global factor, domestic factor or technical break out.

## Market View & Strategy

Market is showing some sign of bottoming out, but looking at current volatility in last 2 weeks, we would avoid to jump on to conclusion before next weekend.

VIX have significantly came down, currently below 18 – indicate a short covering rally on cards, we believe in case Nifty manages to cross 16255 & Banknifty to cross above 35543, then another 3% – 4% rally which may actually come through final F&O expiry.



With positive global cues from US on Friday, which indicates SGX Nifty could open at 16200 on Monday, HDFCBANK's result is awaited and could provide further cues, will be looking if Indices manage to give positive break out which could trigger a short covering rally which could fast.

**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.