

23<sup>rd</sup> July 2022

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

Indian Market	22-Jul-22	Weekly Change		15-Jul-22
Indices	Close	Change	% Change	Close
Nifty 50	16719.45	670.25	4.18%	16049.20
BSE Sensex	56072.23	2311.45	4.30%	53760.78
Banknifty	36738.95	2056.30	5.93%	34682.65
Nifty Mid-Cap 100	29047.85	1030.60	3.68%	28017.25
Nifty Small-Cap 100	9128.75	404.40	4.64%	8724.35
India VIX	16.65	-0.95	-5.40%	17.60
US Market	22-Jul-22	Weekly Change		15-Jul-22
Indices	Close	Change	% Change	Close
Dow 30	31899.29	611.03	1.95%	31288.26
S&P 500	3961.63	98.47	2.55%	3863.16
Nasdaq	11834.11	381.69	3.33%	11452.42

#### Last week - review

We expected this week, Indices to trade in narrow range, but once Nifty @ 16255 & Banknifty @ 35543 was crossed, Indices did witness sharp rally backed by short covering.

This week's rally took many by surprise including us if we compare our view on weekly basis. Rally in Indian market was also supported by positive global cues.

Cement stocks reacted positively on back of strong result from Ultratech cement and Banking stocks kept the momentum

to record weekly gain of more than 5%. ECB raised rates by 50 bps and guided for more rate hike. Crude oil continues to trade near \$100 which helped global sentiment.

#### Nifty 22-Jul-22 – Daily chart



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### Banknifty 15-Jul-22 Daily chart



### Technical Insight

- Nifty RSI @ 69.30 & RSI average @ 60.79, RSI near 70, indicate over bought zone. Considering Nifty extension rally from 15511 to 16275 & then retraced to 15858 as show in Nifty chart above.
- Nifty @ 16622 becomes important support level and upside target could be 16914 & 17095. Nifty 200-DMA comes at 17051.
- Banknifty RSI @ 72.05 & RSI average @ 63.75. Going by the extension theory mention – Banknifty immediate support @ 35985 and resistance and expected target comes at 37867 & 38448.
- Banknifty 200-DMA @ 36422, manage to closed above this level on Friday. With ICICIBANK & KOTAKBANK coming out with result on 23-Jul-22 Saturday, opening on Monday will react to result.



**Approach on Technical:** Nifty @ 16622 & Banknifty @ 36422 / 35985 to act as immediate & strong support for intermediate support level.

With last week for F&O expiry for July series and US FOMC meeting outcome on 27-Jul-22, our market will react to its outcome on 28-Jul-22 which is also expiry for July series. We expect this short covering rally to continue. VIX @ 16.65 – further cool-off in VIX could

also boost chances of short covering rally. Nifty likely to test 17000 level & Banknifty likely to test 38000 level this week provided cues from ICICIBANK, KOTAKBANK & INFY are positive. RELIANCE result came out on Friday which is below street estimate.

### Fundamental Insight

Last week CITIBANK earnings which was better than estimate have turned sentiment at Wall Street. As far as Indian market is concern, most corporate earnings which came was in-line with expectation and few positive surprises such as INDUSINDBK & ULTRACEMCO. Most Index heavy's such as TCS, RELIANCE, HDFCBANK & HCLTECH came with minor miss or within expected line.

Monday's opening trade will have cues from quarterly result of RELIANCE (declared on Friday), KOTAKBANK, ICICIBANK & INFY (not declared – at time of writing article). So, this result will help for Monday cues.

### US & Global data watch.

Date	Time	Currency	Description	Importance
TueJul 26	7:30pm	USD	CB Consumer Confidence	High
WedJul 27	1:30pm	EUR	German ifo Business Climate	High
	6:00pm	USD	Core Durable Goods Orders m/m	High
		USD	Durable Goods Orders m/m	High
	7:30pm	USD	Pending Home Sales m/m	High
	11:30pm	USD	FOMC Statement	High
		USD	Federal Funds Rate	High
ThuJul 28	12:00am	USD	FOMC Press Conference	High
	6:00pm	USD	Advance GDP q/q	High
		USD	Advance GDP Price Index q/q	High
		USD	Unemployment Claims	Medium
FriJul 29	6:00pm	CAD	GDP m/m	Medium
		USD	Core PCE Price Index m/m	High
	7:30pm	USD	Revised UoM Consumer Sentiment	High

### Market View & Strategy

RELIANCE will have muted opening on Monday with negative bias. Last week rally have surprised many participants. FII turn buyer in cash segment as well covered its short position in F&O.

Inflation problem is expected to ease as commodity prices have cooled-off in last 2 -4 weeks. Concern on high interest rate, high valuation remains a key concern, but so far corporate earnings are not so bad. This result season the new narrative is "Result are better than estimate" – earnings have been weak, growth have slowed down in US but compared to price correction seen in April, May & June 2022 and lowed estimate, earnings are positive on low expectation.

We will use this as opportunity to reduce exposure, reshuffle portfolio with more focus on domestic preference. US Fed decision & Final F&O expiry could drive this rally for another round with short covering by FII.

**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.

