

9th July 2022

Subject: Indian market: Technical + Fundamental – Overview

Indian Market	08-Jul-22	Weekly Change		01-Jul-22
Indices	Close	Change	% Change	Close
Nifty 50	16220.60	468.55	2.97%	15752.05
BSE Sensex	54481.84	1573.91	2.97%	52907.93
Banknifty	35124.05	1584.60	4.72%	33539.45
Nifty Mid-Cap 100	27649.05	1061.75	3.99%	26587.30
Nifty Small-Cap 100	8730.10	252.55	2.98%	8477.55
India VIX	18.40	-2.85	-13.41%	21.25
US Market	08-Jul-22	Weekly Change		01-Jul-22
Indices	Close	Change	% Change	Close
Dow 30	31338.15	240.89	0.77%	31097.26
S&P 500	3899.38	74.05	1.94%	3825.33
Nasdaq	11635.31	507.47	4.56%	11127.84

Last week - review

Our weekly target of 16178 was achieved this week and Nifty closed at 16220.60 while holding on to 15563 level.

As we have mentioned in our market view last week: we would like to focus on Banking and IT stocks, Banknifty was up 4.72% this week compared to Nifty @ 2.97%.

Interesting part to watch out this week was VIX @ 18.40, significantly cooled-off and now trading below 20 level. This week, economic data from US and

corporate earnings have just begin and next week will be important. TCS Q1FY23 result may lead to some disappointment in IT stocks on Monday. US jobs data released on Thursday & Friday was strong.

Nifty 8-Jul-22 – Daily chart



EQUICHAIN WEALTH ADVISORS

Telegram Channel: <https://t.me/Equichain>

SEBI Registration for Investment Advisor (RIA) – INA000016472 Website: www.equichainwealth.com

Mobile: 9824075424

Email: info@equichainwealth.com

Banknifty 8-Jul-22 Daily chart



Technical Insight

- Nifty RSI @ 58.60 & RSI average @ 50.25, RSI around 50 indicates in range after taking support near 30 level when Nifty was trading near 15200 – 15500 level.
- So far, we have been tracking Nifty rally as retracement of downward trend and today we may see with a view to attempt bullish view till Nifty @ 15779 is hold on.
- As we can see in chart Nifty @ 15970 to act as support level and above 16255, Nifty could test 16539 & 16714 level.
- Banknifty RSI @ 62.68 & RSI average @ 52.55, now Banknifty @ 33691 could act as trend reversal level and immediate support comes @ 34228 and upside target @ 35646 & 36084.



Approach on Technical: Looking at gap between RSI & RSI average of Nifty & Banknifty, Significant cool-off in VIX, we expect this week to be trading in narrow range with 16000 – 16300 on Nifty & on Banknifty range could be 34200 – 35500.

Major rally in Banknifty was supported by cool-off in crude oil prices which is back above \$100 and inflation data in India and US is going to be released on 12th & 13th July 2022 respectively. We could start

the week on Monday with slightly negative bias considering TCS result disappointment.

Fundamental Insight

This week rally has triggered on back of falling crude oil prices and other agriculture commodity prices falling near Pre-Russia-Ukraine crisis level. Correction have started in last week on June and continue in 1st week on July 2022.

This week important US data and Indian CPI, IIP & WPI data will be released. Monday will start with reaction on TCS result. Last week rally looks a bit stretched and we may see some cool-off and inflation could provide much needed reason for any directional move.

Date	Time	Currency	Description	Importance
WedJul 13	6:00pm	USD	CPI m/m	High
		USD	Core CPI m/m	High
ThuJul 14	6:00pm	USD	PPI m/m	High
		USD	Core PPI m/m	High
		USD	Unemployment Claims	Normal
FriJul 15	6:00pm	USD	Core Retail Sales m/m	High
		USD	Retail Sales m/m	High
		USD	Empire State Manufacturing Index	High
	7:30pm	USD	Prelim UoM Consumer Sentiment	Normal

Market View & Strategy

Market rallied from oversold zone on back of cool-off in commodity prices, but major concern or reason for worry is inflation and globally central bank's focus to control inflation by hiking interest rate.

Major and sustainable rally can only happen once market get confirmation that interest rate cycle has peaked and inflation worries are behind us. Corporate earnings this quarter is likely to disappoint but stocks prices have already corrected and factored in recession in US for April – May – June 2022 Quarter. US advance GDP data for this quarter will be released on 28-Jul-22 and US FOMC decision on 27-Jul-22. We assume market will get to know GDP data on 28-Jul, but US Fed will have access to this data and which may show in its policy.

So, to conclude, any bad news could have limited downside and positive surprise could have sharp rally as seen this week. We also believe although any major disappointment in corporate earnings – stocks may get hammered down and minor disappointment may end up in further consolidation.



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.