

13th August 2022

Subject: Indian market: Technical + Fundamental – Overview

Indian Market	12-Aug-22	Weekly Change		05-Aug-22
Indices	Close	Change	% Change	Close
Nifty 50	17698.15	300.65	1.73%	17397.50
BSE Sensex	59462.78	1074.85	1.84%	58387.93
Banknifty	39042.30	1121.70	2.96%	37920.60
Nifty Mid-Cap 100	30806.35	548.00	1.81%	30258.35
Nifty Small-Cap 100	9421.60	103.60	1.11%	9318.00
India VIX	17.61	-1.31	-6.92%	18.92
US Market	12-Aug-22	Weekly Change		05-Aug-22
Indices	Close	Change	% Change	Close
Dow 30	33761.05	957.58	2.92%	32803.47
S&P 500	4280.15	134.96	3.26%	4145.19
Nasdaq	13047.19	389.64	3.08%	12657.55

Last week - review

We expected Indices to test upper end of the range, Nifty @ 17684 & Banknifty @ 38448. Indices manage to surprise positively and Banknifty closed above 39000 level.

US CPI & Core CPI data provide another boost to the global market. US PPI & Core PPI came below street estimate. Lower than expected inflation data provided came as a surprise for market.

Q1FY23 earnings season in near to conclusion, if we summarize it there

were more positive surprise than negative. Mid-cap & Small-cap continue with strong positive momentum.

Nifty 12-Aug-22 – Daily chart



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Banknifty 12-Aug-22 Daily chart



Technical Insight

- Nifty RSI @ 80.48 & RSI average @ 76.44. Nifty rallied 1.73% this week but RSI constantly remained above 70 level.
- Nifty trend-line resistance from 18600 to 18350 & 18114 – shows resistance zone at 17775 and extension of Nifty rally started from 15858 could test 17885 which comes at 161.8% extension.
- Banknifty RSI @ 80.09 & RSI average @ 75.84. It continues to trade in overbought territory.
- Banknifty rally could continue and test 39726 level. With immediate support at 37716 level.



Approach on Technical: Indices are in overbought zone and it can trade in over-bought zone for extended period before any significant correction. We are expecting another round of rally backed by short-covering & momentum to take indices higher before some correction. We would turn cautious on any sign of reversal and VIX will be key indicator.

Tuesday market will be reacting to HDFCBANK & HDFC merger approved by CCI. India's inflation data came in line with market expectation. CPI came at 6.71% which

will be taken positively by market. Meanwhile any major announcement by PM on 15-Aug-22 could provide fresh cues.

Fundamental Insight

Q1FY23 result season concludes as most companies declare their result. Result season have seen some positive surprise with Mid-Cap & Small-Cap showing momentum continue as many stocks reclaim their level seen in April 2022.

- PM's 15-Aug-22 speech: Any major announcement related to economy or any other sector could be in focus.
- Indian economy has been resilient through all the turbulence times where we have seen problem in Europe and neighboring countries of India.
- HDFCBANK – HDFC merger approved by CCI.
- ACC & AMBUJA cement acquisition by Adani group approved by CCI.
- Inflation trending downward remains key trigger for rally in equity market in last 1 month. Rally started after inflation data released for month on June 2022.

Equichain Wealth Advisors: Opinion & View

Major recession fear which was trending around May & June 2022 have been significantly countered. Indices witness sharp rally starting from 17th July, does this mean that inflation have peaked and normalcy will be returning to corporate earnings.

Market View & Strategy

We will continue to focus on Mid-cap & Small-cap stocks with better corporate earnings and better visibility. As earnings session is near to an end, many Mid-cap & Small-cap companies are due to announce result next week.

We believe it will be too early to judge as far as global cues are concern, but so far corporate earnings in India is seen upbeat. We do not think that worst is over and we will remain cautious and we see momentum of current rally may continue till August end and prefer to follow strategy "Sell-on-Rise".



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.