

20th August 2022

Subject: Indian market: Technical + Fundamental – Overview

Indian Market	19-Aug-22	Weekly Change		12-Aug-22
Indices	Close	Change	% Change	Close
Nifty 50	17758.45	60.30	0.34%	17698.15
BSE Sensex	59646.15	183.37	0.31%	59462.78
Banknifty	38985.95	-56.35	-0.14%	39042.30
Nifty Mid-Cap 100	31005.00	198.65	0.64%	30806.35
Nifty Small-Cap 100	9457.80	36.20	0.38%	9421.60
India VIX	18.28	0.67	3.80%	17.61
US Market	19-Aug-22	Weekly Change		12-Aug-22
Indices	Close	Change	% Change	Close
Dow 30	33706.74	-54.31	-0.16%	33761.05
S&P 500	4228.48	-51.67	-1.21%	4280.15
Nasdaq	12705.21	-341.98	-2.62%	13047.19

Last week - review

Nifty trendline resistance connecting 18604, 18350 & 18114 and now this resistance level comes 17786. Nifty manage to close above this level on daily closing but failed on weekly basis.

Banknifty nearly tested 39726 level. Both Indices failed to cross physiological level on Nifty @ 18000 & Banknifty @ 40000 level mark. Expectation of this level was built during the week on strong momentum which fizzled out on Friday. RSI on Nifty & Banknifty was stubbornly trading above 80 and in

overbought zone for many trading days. This correction is in line with global risk-off rally triggered by rise in Dollar Index as for 105 level to 108 level.

Nifty 19-Aug-22 – Daily chart



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Banknifty 19-Aug-22 Daily chart



Technical Insight

- Nifty RSI @ 72.42 & RSI average @ 78.34. Friday's move has triggered RSI crossing its average on downside after 27-Jul-22.
- Nifty immediate support comes at 17607 & 17384 and resumption of uptrend once 17860 level is broken on upside.
- Banknifty rally from 36248 to 39759, retracement @ 23.6% comes at 38930, Banknifty closed on Friday @ 38985. Next support on Banknifty comes at 38418.
- Indices on Friday indicates first sign of correction, going into final F&O expiry for August series on 25-Aug-22. Banknifty RSI 69.54 & RSI average @ 77.11.



Approach on Technical: Indices witness first correction in last 2 weeks after 4-Aug-22. VIX increase above 18 level and if manages to cross 20 level, we would turn cautious.

Indices have seen vertical rally from 17-Jul-22 without any major correction. We are focusing on Nifty first support level @ 17384 & 2nd support level @ 17023

which is 61.8% of 16438 to 17968 rally. Banknifty rally 36248 to 39759, immediate support retracement @ 38.2% comes 38418 and 61.8% comes at 37589 level.

Up move on Indices was strong and correction so far have been short lived and bounce back sharply. Downtrend will counter if case Nifty cross 17860 & Banknifty manages to cross 39425.

Fundamental Insight

Recent rally in global market have been triggered and support by narrative that inflation have peaked out and US Fed will go slow in raising interest rate and may even cut rates in February 2023. BOE have guided for long recession starting from Q4 2022 to Q4 2023. Europe continue to remain far behind in raising interest compare to inflation in Europe.

In last week, Dollar Index have moved from 105 level to 108 level, which indicates Risk-Off sentiment as fear of 75 bps rate hike not ruled out in upcoming US FOMC meeting on 20 – 21 September 2022.

RBI MPC meeting minutes released on Friday after market hours.

We will continue with 'whatever it takes' approach, given the new set of challenges and very high uncertainties that we are confronted with. Our actions today are tailored towards first bringing the CPI inflation within the target band and then taking it close to the target of 4% over the medium term, while supporting growth.
Shaktikanta Das, Governor, RBI

Market will react to RBI MPC meeting minutes which sounded another rate hike could not be ruled out as RBI Governor sees inflation unacceptably high level.

Equichain Wealth Advisors: Opinion & View

Global market will continue to drive sentiment as Q1FY23 earnings season has concluded. All eyes will be global events, US Economic data & geo-political development if any.

With almost all assets' classes have rallied in last 1 month on narrative that worst is behind us, now inflation and rate hike will be back in focus and any disappointment will open up scope for correction & consolidation.

Market View & Strategy

In our last week report we have mentioned that we will follow "Sell-on-Rise" strategy which have helped us and provided scope to invest on correction.

We expect correction to continue and lower level will be tested but due to final F&O expiry, we see limited downside for next week. In any case Nifty manages to cross 17860 &



Banknifty manages to cross 39425 level, it could trigger another round of short-covering which could open further upside of 3% - 5% before next quarterly result.

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.