

27th August 2022

Subject: Indian market: Technical + Fundamental – Overview

Indian Market	26-Aug-22	Weekly Change		19-Aug-22
Indices	Close	Change	% Change	Close
Nifty 50	17558.90	-199.55	-1.12%	17758.45
BSE Sensex	58833.87	-812.28	-1.36%	59646.15
Banknifty	38987.15	1.20	0.00%	38985.95
Nifty Mid-Cap 100	31112.95	107.95	0.35%	31005.00
Nifty Small-Cap 100	9596.70	138.90	1.47%	9457.80
India VIX	18.22	-0.06	-0.33%	18.28
US Market	26-Aug-22	Weekly Change		19-Aug-22
Indices	Close	Change	% Change	Close
Dow 30	32283.4	-1423.34	-4.22%	33706.74
S&P 500	4057.66	-170.82	-4.04%	4228.48
Nasdaq	12141.71	-563.50	-4.44%	12705.21

Last week - review

Nifty took support at 17345 on Tuesday in opening session and manage to trade in range of 17384 to 17775. Banknifty traded in range of 38000 to 39500 while holding on to 38418 level on closing basis.

August F&O expiry on 25-Aug-22, gave an expiry move on Thursday, as Nifty witness 200 points decline post 2 PM.

Market waited for Jackson Hole Symposium US Fed chair Jerome Powell speech before building on momentum

seen from last 1 month. US Fed chair speech focused on high interest rate and some economic pain to bring inflation at 2% over a long period of time.

Nifty 26-Aug-22 – Daily chart



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Banknifty 26-Aug-22 Daily chart



Technical Insight

- Nifty RSI @ 60.79 & RSI average @ 66.85. Nifty have corrected from overbought zone, vertical rally on Nifty has taken resistance just before 18000 physiological level and trendline resistance @ 17775.
- Nifty immediate support comes at 17384 & retracement at 61.8% of 16438 to 17968 comes at 17023. Nifty is expected to test lower end of the range.
- Banknifty RSI @ 64.27 & RSI average @ 67.93. Immediate support @ 38418 & major support comes at 37589. Fresh break out only above 39759 which is unlikely this week.



Approach on Technical: Friday's closing, technical indicate mix picture, but global cues are weak and indicative opening on Monday will be around Nifty @ 17384 & Banknifty around 38418.

Indices could retrace 61.8% of the recent rally, going into trade with weak global cues. Nifty below 17384 could test 17023 & Banknifty below 38418 could test 37589 level. VIX @ 18.22 is trading within

comfortable level below 20, that gives the hope of volatility to remain within range. In case VIX moves above 20 level, then there will be need to turn cautious.

Fundamental Insight

Last week, RBI MPC meeting minutes were released which highlighted the need of front loading on interest rate as inflationary pressure remains high. India's GDP Q1FY23 is expected to come at 15.2%, will be released on 31-Aug-22.

Market was closely waiting for US Chair Jerome Powell speech at Jackson Hole Symposium. US Fed chair speech highlighted the need of tight monetary policy to bring long term inflation at 2% for sustainable growth. Here are some of key takeaways from US Fed chair speech

- Powell: Will require restrictive policy for some time.
- Powell: September rate action will dependent on upcoming economic data.
- Powell: Lower July inflation data is welcome, but not enough to change view.
- Powell: History cautious against prematurely loosening policy.

RBI released forth nightly data on credit growth which came @ 15.3% as RBI MPC increase rate by 140 bps in last 3 meetings. Non-food credit growth which highlights credit offtake by wholesale, corporate & SME segment. Positive for Banking sector in India

Equichain Wealth Advisors: Opinion & View

Global cues are negative where as domestic cues continue to remain positive. IT, Commodity & Metal remains negative with recent development of high interest rate after US Fed chair speech.

Market View & Strategy

Indian market has been resilient in month of May & June 2022 where there was global turmoil. After yesterday's speech again there will be change in narrative to bearish & skeptical from "Inflation & Interest rate seen peaking" which triggered rally from 17-Jul-22 to 18-Aug-22.

Global narrative is changing very fast, although it will depend a lot on incoming US economic data to be released going into US FOMC meeting on 20 – 21 September 2022.

After Jackson Hole Symposium speech, market is now expecting 75-bps rate hike by US Fed on 21-Sep-22. Earlier interest rate was seen at 3.5% in US by end of 2022, which have now risen to 4% by 2022.

We would focus on domestic companies more than companies with global exposure such as IT & Metal. Nifty @ 17000 & Banknifty @ 37500 will provide opportunity to do fresh allocation.



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.