

24th September 2022

Subject: Indian market: Technical + Fundamental – Overview

Indian Market	23-Sep-22	Weekly Change		16-Sep-22
Indices	Close	Change	% Change	Close
Nifty 50	17327.35	-203.50	-1.16%	17530.85
BSE Sensex	58098.92	-741.87	-1.26%	58840.79
Banknifty	39546.25	-1230.55	-3.02%	40776.80
Nifty Mid-Cap 100	31078.70	-416.20	-1.32%	31494.90
Nifty Small-Cap 100	9589.45	-227.55	-2.32%	9817.00
India VIX	20.59	0.77	3.88%	19.82
US Market	16-Sep-22	Weekly Change		16-Sep-22
Indices	Close	Change	% Change	Close
Dow 30	29590.41	-1232.01	-4.00%	30822.42
S&P 500	3693.23	-180.10	-4.65%	3873.33
Nasdaq	10867.93	-580.47	-5.07%	11448.4

Last week - review

We expected correction on Indices are Nifty made high at 18096 & Banknifty corrected after making new 52-week high of 41840.

Reaction post US Fed meeting outcome was surprising, particularly move after on Friday was surprising. US Fed stance was hawkish and precise and focus on inflation even at cost of economic pain. US Fed hike rate hike by 75-bps guided for median rate @ 4.60% in 2023. Another 125-bps rate hike expected in upcoming FOMC meeting for 2022.

Another 75-bps expected in November 2022 meeting followed by 50-bps in December 2022 meeting.

Nifty 23-Sep-22 – Daily chart



Banknifty 23-Sep-22 Daily chart



Technical Insight

- Nifty RSI @ 42.57 & RSI Average @ 52.85. Nifty 50-DMA @ 17340. Nifty rally from 17166 to 18096, retracement @ 61.8% comes at 17521 – Nifty below this level indicate further weakness.
- Nifty closed near 50-DMA @ 17340, expected to test 17166 level seen on 29-Aug-22 or from where recent rally started.
- Banknifty recent rally from 37943 to 41840, Friday's closing @ 39546 is near to support level of 61.8% retracement level of 39432, yesterday's low was at 39412.
- Banknifty RSI @ 47.30 & RSI average @ 62.05. Friday's fall have resulted in gap between RSI & RSI average increase indicated oversold in short term.



Approach on Technical: Market technical significantly weakened in last 2 days, reaction to US Fed meeting outcome. VIX closed @ 20.59, closing above 20 indicate risk premium building on.

RSI on Indices in short term indicate in oversold zone. Nifty near 17166 is 100% retracement of recent rally creates doubt on fresh uptrend. Banknifty retraced 61.8% from recent rally providing hope of uptrend

may still be intact. Combination of technical are indicating bounce from oversold zone.

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

We would be working for 3 probabilities to read the next direction.

- 1) VIX stays above 20 & see some bounce on Nifty @ 17740 & Banknifty @ 40351:** We will consider it as opportunity to reduce exposure & find short opportunity.
- 2) VIX goes below 20 level & Nifty @ 17166 & Banknifty @ 39432 holds:** if market stops further correction and holds on to crucial level, consolidation in range on Indices within 2% percent will mean that market will be waiting for further cues & development, which will be corporate earnings.
- 3) VIX stays above 20 & correction continues:** Current momentum is down and market is getting hammered into with fresh weakness and we would prefer to hedge & reduce exposure.

Fundamental Insight

Indian Rupee Slides Past 81 Against The U.S. Dollar For The First Time

The domestic currency has depreciated 40 paise over its previous close to a fresh record low of 81.26 against the greenback in early trade. It closed at 80.99 on Friday.

U.K.'s Biggest Tax Cuts Since 1972 Trigger Crash In Pound, Bonds

Liz Truss's new UK government delivered the most sweeping tax cuts since 1972, slashing levies on rich households and companies in a bid to boost economic growth in a move that triggered a massive market selloff of the currency and bonds.

Oil Falls Below \$80 En Route To Biggest Run Of Weekly Losses This Year

West Texas Intermediate dropped below \$80 a barrel on Friday for the first time since January and was set for a fourth week of declines.

Credit growth @ 16.2% & Deposit growth @ 9.5% - Fortnight data as on 9-Sep-22

US Fed increase rate by 75-bps, guided for hawkish & precise stance on tight monetary policy.

Market View & Strategy

Recent risk-off fall is seen across the asset class as US Fed guides for hawkish & precise policy. US Fed is willing to take pain on economic front in order to bring inflation down which is currently above 8% per annum. US Fed targets long term inflation at 2%.

Going into F&O expiry for September series, technical indicate market in oversold zone and due for a bounce back from lower level. Market have corrected around 3% to 5%



after US Fed decision outcome. Decoupling theory of Indian market will be tested in next week ahead of RBI MPC policy on 30-Sep-22.

Any bounce from here on will be an opportunity to reduce exposure where as another fall of 5% from current level would provide opportunity for fresh allocation, it should be stock specific approach with domestic economy stocks. We would avoid chasing momentum and prefer to sticks to stocks where we are comfortable holding on for long period of time.

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.