

3rd September 2022

Subject: Indian market: Technical + Fundamental – Overview

Indian Market	02-Sep-22	Weekly Change		26-Aug-22
Indices	Close	Change	% Change	Close
Nifty 50	17539.45	-19.45	-0.11%	17558.90
BSE Sensex	58803.33	-30.54	-0.05%	58833.87
Banknifty	39421.00	433.85	1.11%	38987.15
Nifty Mid-Cap 100	31402.30	289.35	0.93%	31112.95
Nifty Small-Cap 100	9617.05	20.35	0.21%	9596.70
India VIX	19.55	1.33	7.30%	18.22
US Market	02-Sep-22	Weekly Change		26-Aug-22
Indices	Close	Change	% Change	Close
Dow 30	31318.44	-964.96	-2.99%	32283.4
S&P 500	3924.26	-133.40	-3.29%	4057.66
Nasdaq	11630.86	-510.85	-4.21%	12141.71

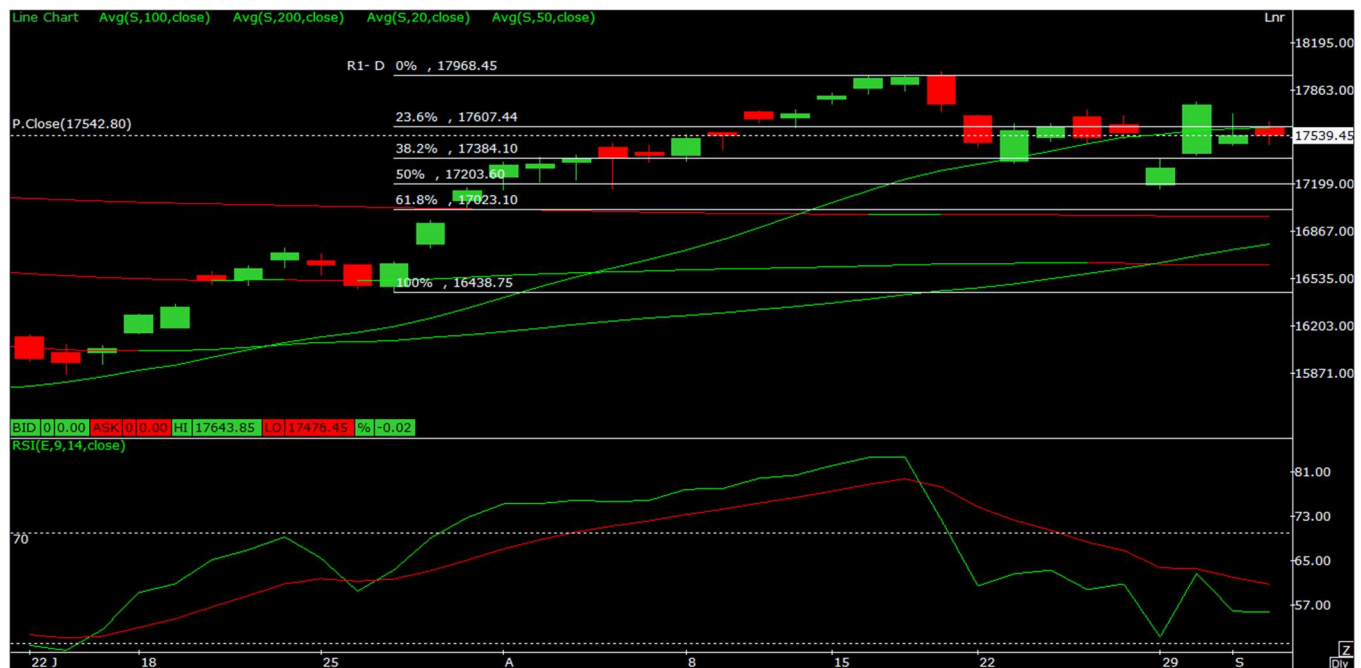
Last week - review

Indian market started the trading week on weak note following US Fed chair Jerome Powell speech at Jackson Hole. Monday's weak closing was later on recovered by failed to reach level seen last Friday. Tuesday market have witness fantastic rally but failed to hold on to momentum on Thursday as Wednesday was trading holiday in India.

Yet another week with same narrative of recession fear in US & Europe and tight monetary policy by central banks globally. Bulls & Bears continue its tug-of-war as

Indian indices mostly ended flat with Banknifty gaining over 1% on weekly basis and VIX closed below 20.

Nifty 2-Sep-22 – Daily chart



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Banknifty 2-Sep-22 Daily chart



Technical Insight

- Nifty RSI @ 55.72 & RSI average @ 60.72. Last week trading range for Nifty was 17166 to 17775 and break-out on either side could give decisive move.
- Nifty above 17775 could give decisive break-out on upside on 18000 & 18290 level. Nifty below 17384 could test 17023.
- Banknifty RSI @ 62.77 & RSI Average @ 64.10. Banknifty is strong compare to Nifty on chart. Banknifty in on verge of imminent breakout which could open upside beyond 40000 physiological level.



Approach on Technical: Last week Monday's weakness was bought from lower end. Surprising rally on Tuesday's got sold into following holiday on Wednesday. Broadly Indices continue to trade in range.

We are expecting clear and decisive move this week which could give break out from Nifty range of 17200 – 17800 level and Banknifty from 38500 – 39700 level.

We expect follow through move of 2% - 3% on either side once break-out from range happens.

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Fundamental Insight

GST Collection figures for July 2022 came at 1.43 lakh cores, collected in August 2022. Credit growth continue to remain strong as RBI last weekly bulletin on 26-Aug-22.

Europe continue to remain epicenter of financial crisis as Russia have completely stopped gas supply through NORD1, which was running @ 20%.

US Economic data released on 2-Sep-22 Friday came mix, Wall Street initial reaction was positive but ended the session with 1% cut on recession fear.

Equichain Wealth Advisors: Opinion & View

Indian market continues to trade in narrow range and currently whole narrative is around what US Fed will do on 21-Sep-22 & ECB on 8-Sep-22.

After a sharp rally from 17-Jul-22 to 18-Aug-22 on narrative of US Fed managing soft landing has changed after US Fed chair Jerome Powell speech at Jackson Hole Symposium.

Market View & Strategy

Domestic factors continue to remain robust. Domestic economy driven stocks continue to do well. Companies exposed to US & Europe are expected to remain under pressure such as IT, Metal & Export oriented companies.

We continue to remain bullish on defense companies which are now entering momentum zone and further rally of 10% - 20% from current level would be good level to book profit and reduce exposure.



Momentum break-out from trading range in last 2 weeks, could trigger another 2% - 3% move this week which could followed by a major move in case of break-down. We would like to highlight the fact that Indian market is trading near upper end of the range post rally of more than 10% globally from 17-Jul-22 to 18-Aug-22. Wall Street corrected more than 8% to 12% from their respective high.

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.

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