

1st October 2022

Subject: Indian market: Technical + Fundamental – Overview

Indian Market	30-Sep-22	Weekly Change		23-Sep-22
Indices	Close	Change	% Change	Close
Nifty 50	17094.35	-233.00	-1.34%	17327.35
BSE Sensex	57426.92	-672.00	-1.16%	58098.92
Banknifty	38631.95	-914.30	-2.31%	39546.25
Nifty Mid-Cap 100	30668.30	-410.40	-1.32%	31078.70
Nifty Small-Cap 100	9441.80	-147.65	-1.54%	9589.45
India VIX	19.97	-0.62	-3.01%	20.59
US Market	30-Sep-22	Weekly Change		23-Sep-22
Indices	Close	Change	% Change	Close
Dow 30	28725.51	-864.90	-2.92%	29590.41
S&P 500	3585.62	-107.61	-2.91%	3693.23
Nasdaq	10575.62	-292.31	-2.69%	10867.93

Last week - review

We went into trading with weak global cues, weak technical set up and F&O expiry. We expected bounce back earlier before September series expiry, but momentum failed even on Thursday, when market was down after positive opening.

RBI MPC hikes repo rate by 50-bps to 5.90%. RBI Governor in an opening statement termed recent monetary policy and its impact on as “Third Storm – tight monetary policy”. On Friday, Banknifty recovered by 2.61% after RBI MPC

delivered policy in-line with expectation. Wall street continue to end at fresh 52-week low as recession fear mount.

Nifty 30-Sep-22 – Daily chart



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

Banknifty 30-Sep-22 Daily chart



Technical Insight

- Nifty RSI @ 41.90 & RSI average @ 41.88. Nifty formed bullish engulfing pattern and now Friday's low @ 16747.70 & high @ 17187.10 will be important range.
- Nifty trading around 200-DMA @ 16982. Indices trading around critical support level @ 16800 psychological level and bearish extension up to 16591 could act as support level.
- Banknifty RSI @ 44.22 & RSI average @ 46.36. Banknifty also formed bullish engulfing pattern and now Friday's low @ 37386 & high @ 38811 will be range in near term.



Approach on Technical: Technical set up continue to remain weak, even after Friday's bounce, Indices breaking lower end of the range could open further downside, Nifty below 16591 & Banknifty below 37386 – we would turn bearish on market.

Currently we believe Nifty range 16800 – 17100 & Banknifty range 38000 – 38800 is in accumulation zone. Break-out on Nifty above 17166 & Banknifty above 39432 would turn market trend positive and open significant upside.

This week also, we will continue to focus on VIX and break up or down from current trading rage.

- 1) VIX stays above 20 & see some bounce on Nifty @ 17166 & Banknifty @ 39432:** We will consider it as opportunity to reduce exposure & find short opportunity.
- 2) VIX goes below 20 level & Nifty @ 17166 & Banknifty @ 39432 breaks above:** 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

RBI MPC increase repo rate by 50-bps to 5.90%. Repo rate back above pre-pandemic level of 5.75%.

RBI Governor: India's forex reserve fell mainly due to revaluation in US treasury. RBI has limited involvement to curbing volatility in forex market.

India's 10-year bond yield closed @ 7.398%, this figure could be considered as while considering MTM on G-Sec portfolio on banks.

The fiscal deficit for the April-August period in actual terms stood at Rs 5.41 lakh crore, or 32.6% of the budget estimate of Rs 16.6 lakh crore, or 6.4% of GDP, for FY 2023, according to data from the Controller General of Accounts published on Friday.

The central government's borrowing plan for the fiscal remains within projected gross market borrowings at Rs 14.21 lakh crore, despite an increase to the budgeted expenditure.

The central government, in consultation with the central bank, has finalized its borrowing Programme for the fiscal and announced that it will be borrowing Rs 5.92 lakh crore (41.7% of the total Rs 14.21 lakh crore) in the second half.

Market View & Strategy

We are in for roller coaster ride; global cues continue to remain weak and increase the risk of significant downside and incase economic data from US continue to remain strong. India's economic data continue to remain strong such as CAD, tax collection – direct, indirect & GST etc.

RBI Governor in its opening speech mentioned recent tight monetary policy as "Third Storm" and have considered it while forming interest policy. We believe it is soft signal of things may get worse before interest peak-off.



Corporate earnings season will provide make or break trend in result season which begins from 2nd week of October. Last quarterly result season which begins from 2nd week of July, triggered major rally starting from 17-Jul-22 and it was also supported by global cues which expected interest would peak in near term.

Market going into these quarterly earnings as on 30-Sep-22 with heightened fear as tight monetary policy can continue to overshadow good corporate earnings. Any weak corporate earnings would be very critical and bearish.

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.