

10<sup>th</sup> December 2022

### Subject: Indian market: Technical + Fundamental – Overview

Indian Market	09-Dec-22	Weekly Change		02-Dec-22
Indices	Close	Change	% Change	Close
Nifty 50	18496.60	-199.50	-1.07%	18696.10
BSE Sensex	62181.67	-686.83	-1.09%	62868.50
Banknifty	43633.45	529.70	1.23%	43103.75
Nifty Mid-Cap 100	32374.50	-192.35	-0.59%	32566.85
Nifty Small-Cap 100	9969.60	-110.35	-1.09%	10079.95
India VIX	13.48	0.03	0.22%	13.45
US Market	09-Dec-22	Weekly Change		02-Dec-22
Indices	Close	Change	% Change	Close
Dow 30	33476.46	-953.42	-2.77%	34429.88
S&P 500	3934.38	-137.32	-3.37%	4071.7
Nasdaq	11004.62	-456.88	-3.99%	11461.5

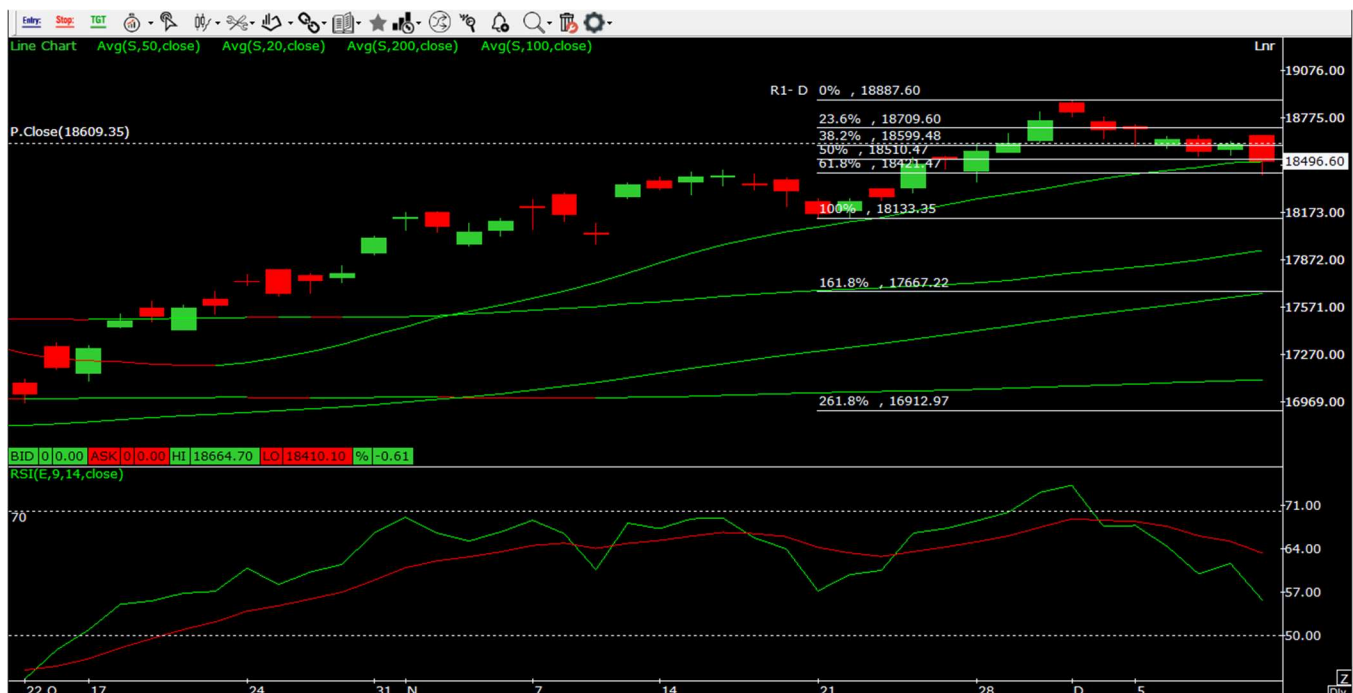
### Last week - review

Nifty tested lower end of the range at 18421 but Banknifty outperformed. RBI MPC policy & election result were inline with market expectation with no surprises.

Major indices corrected as it indicated overbought zone going into trade, but Banknifty outperformed, IT stocks dragged the market on Friday after weak guidance from HCLTECH. US economic data continues to remain mix as market has factored in 50-bps hike by US Fed on 14-Dec-22 as guided by Jerome Powell.

On Friday PPI & Core PPI came higher than estimate while UoM inflation expectation was @ 4.6%.

### Nifty 9-Dec-22 – Daily chart



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## Banknifty 9-Dec-22 Daily chart



### Technical Insight

- Nifty RSI @ 55.71 & RSI average @ 63.25. Nifty took support @ 18421 and 18599 to act as resistance level ahead of key event next week.
- Nifty below 18421 could test 18133 and above 18599 to test 18887. Breakout from range and either side is due to US Fed meeting outcome, an event market is waiting for.
- Banknifty RSI @ 72.15 & RSI average @ 70.33. Banknifty immediate support level @ 42996 that is recent low below this it could test 42157. Banknifty @ 44006 to act as resistance level.



**Approach on Technical:** Nifty indicates weakness on chart while Banknifty is showing strength and RSI of Banknifty is above 70 which could potentially trigger short covering.

Nifty & Banknifty technical indicator are showing opposite trend, we would wait for either Nifty to show positive momentum and move above 18600 level with 18421 to act as review for long position or Banknifty to turn negative and move below 43317 & 42996 which could test 42157 on lower end of the range. Banknifty likely test 44006 and face resistance around this level above this level could trigger short covering.

## Fundamental Insight

### Government Seeks Parliament Nod For Rs 3.26 Lakh Crore Additional Spending

The government is seeking the Parliament's nod for gross additional expenditure of Rs 4.36 lakh crore. Of this, the proposals involving net cash outgo aggregate to Rs 3.26 lakh crore.

The savings by ministries, through enhanced receipts/recoveries, aggregates to Rs 1.10 lakh crore. It is dominated by fertiliser subsidy, food subsidy, payments to the oil marketing companies for domestic LPG operations, and funds towards NREGA.

### RBI Monetary Policy: Key Takeaways From Shaktikanta Das' Speech

The MPC decided to raise the repo rate to 6.25% by a majority of five out of the six members. Jayanth Varma voted against the repo rate hike.

- India's GDP Growth is resilient. It is holding on and doing well in a world of slowing growth.
- Headline inflation is moderating and, in fact, worst of inflation is behind us. Globally, the same trend is visible.
- While inflation is moderating, there is no room for complacency. We have to be watchful, nimble in our actions should it become necessary. The battle on inflation is not over.
- We are ready to undertake liquidity operations to inject liquidity but will look for durable signs of turn in liquidity cycle.

### India's Forex Reserves Soars \$11 Billion To \$561.16 Billion

India's foreign exchange reserves soared by \$11.02 billion to reach \$561.162 billion for the week ended Dec. 2, Reserve Bank of India data showed on Friday.

This is the fourth consecutive week of rise in the reserves. In the previous reporting week, the overall reserves had grown by \$2.9 billion to \$550.14 billion. For the week ended Nov. 11, the forex kitty had jumped by \$14.72 billion in its second fastest weekly acceleration ever.

### Equity Mutual Fund Inflows Drop 76% To Lowest In 21 Months In November: AMFI Data

Net investment into equity and equity-linked schemes plunged about 76% over the previous month to Rs 2,258.35 crore in November, according to data released by the Association of Mutual Funds in India. That's the lowest since the category last saw outflows in February 2021, and the second straight month of decline.

The number of SIP accounts reached 6.04 crore compared with 5.93 crore in October. SIP contribution grew to Rs 13,306.5 crore in November against Rs 13,040.6 crore in October.

### Government Working On Ways To Contain Surge In Imports Of Non-Essential Goods

The government is working on ways to contain surge in imports of non-essential goods with an aim to boost the country's exports and reduce trade deficit, an official said.

### Market View & Strategy

Last week market rally was contained to mainly banking stocks, weak news was on IT front after weak guidance from HCLTECH, this is first set of news which was raising concern due to global slowdown or weakness. So, this week, focus will remain on US Fed meeting and commentary by Fed chair Jerome Powell

This week our approach is very clear, any addition in fresh long with a positional view would be after the US Fed meeting outcome and initial reaction to market is done by 15-Dec-22. At the same time, on any sign of weakness would prefer to reduce exposure and increase cash level. After Jerome Powell speech last week, there is around 80% probability of 50-bps rate hike but any news or fear of recession would remain a concern in market.

**This week we are changing our bullish view to cautious and will take fresh view after US Fed meeting outcome. Banknifty made fresh high and valuation are near to peak. With medium to long term view, any correction of 3% to 4% could provide good entry opportunity and we may prefer to reduce some exposure before event on more on any sign of weakness.**



**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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