

17<sup>th</sup> December 2022

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

| Indian Market       | 16-Dec-22 | Weekly Change |          | 09-Dec-22 |
|---------------------|-----------|---------------|----------|-----------|
| Indices             | Close     | Change        | % Change | Close     |
| Nifty 50            | 18269.00  | -227.60       | -1.23%   | 18496.60  |
| BSE Sensex          | 61337.81  | -843.86       | -1.36%   | 62181.67  |
| Banknifty           | 43219.50  | -413.95       | -0.95%   | 43633.45  |
| Nifty Mid-Cap 100   | 32010.10  | -364.40       | -1.13%   | 32374.50  |
| Nifty Small-Cap 100 | 10017.45  | 47.85         | 0.48%    | 9969.60   |
| India VIX           | 14.07     | 0.59          | 4.38%    | 13.48     |
| US Market           | 16-Dec-22 | Weekly Change |          | 09-Dec-22 |
| Indices             | Close     | Change        | % Change | Close     |
| Dow 30              | 32920.46  | -556.00       | -1.66%   | 33476.46  |
| S&P 500             | 3852.36   | -82.02        | -2.08%   | 3934.38   |
| Nasdaq              | 10705.41  | -299.21       | -2.72%   | 11004.62  |

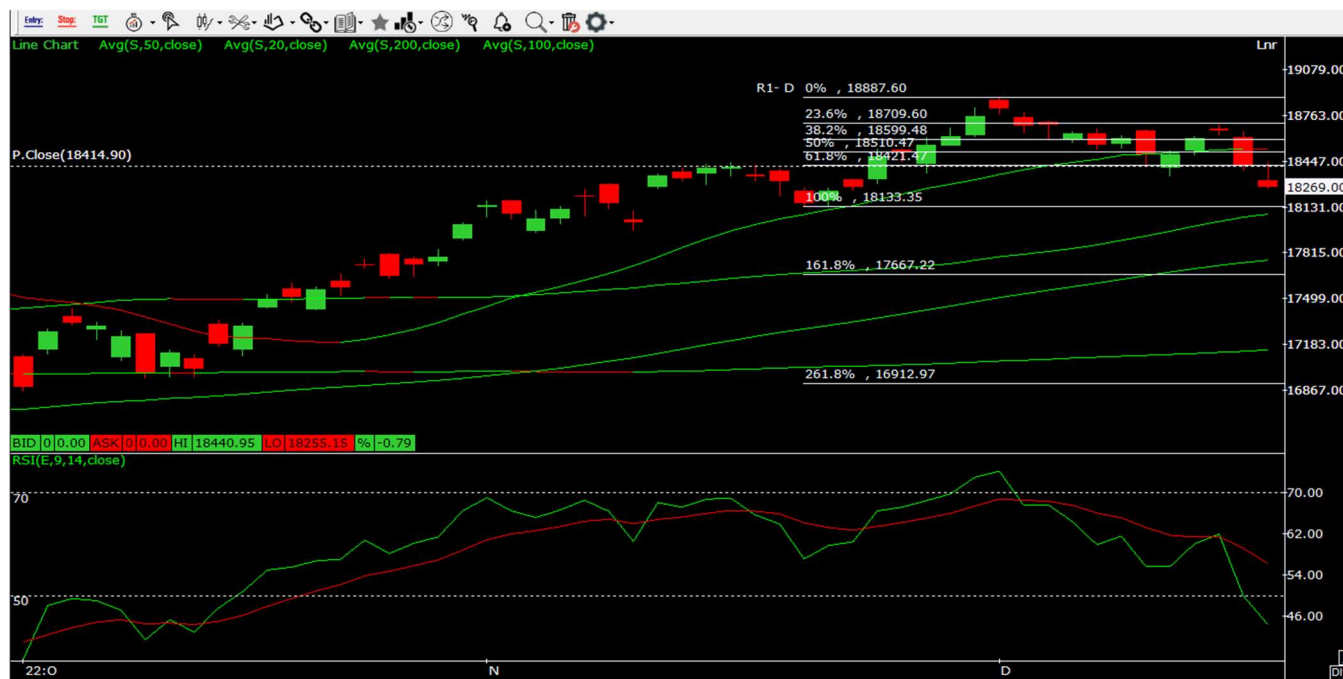
### Last week - review

Last week we change our stance to cautious from bullish, awaiting further clarity from US Fed meeting outcome. Technical setup which was indicating in overbought zone, reacted to downward move along the expected line.

Indian market was down around 1% on indices and Wall Street was down by 1.66% to 2.72%, global market corrected on Thursday & Friday on reacting to US Fed, BOE & ECB which was hawkish as compared to dovish expectation. Market was expecting dovish comment as few

inflation data show some sign of inflation peeking out, US Fed not indicated pause.

### Nifty 16-Dec-22 – Daily chart



EQUICHAIN WEALTH ADVISORS

Telegram Channel: <https://t.me/Equichain>

SEBI Registration for Investment Advisor (RIA) – INA000016472 Website: [www.equichainwealth.com](http://www.equichainwealth.com)

Mobile: 9824075424

Email: [info@equichainwealth.com](mailto:info@equichainwealth.com)

### Banknifty 16-Dec-22 Daily chart



### Technical Insight

- Nifty RSI @ 44.47 & RSI average @ 56.27. Recent rally from 18133 to 18887 is near to complete 100% retracement, Friday's closing at 18269.
- Nifty closing below 18421 can now expect to test 18133. Nifty above 18599 could make an attempt to resume uptrend.
- Banknifty RSI @ 56.14 & RSI average @ 67.66. Banknifty RSI was above 70 for 8-Dec to 14-Dec before showing sharp fall on 15-Dec & 16-Dec 2022.
- Banknifty below 42937 could open further downside to 42292 and uptrend to resume above 43584.



**Approach on Technical:** Indices corrected from overbought zone and correction came along with volatile move. VIX from below 13 level has closed on Friday above 14.

Nifty @ 18133 & Banknifty @ 42997 / 42937 could test and take support and will face resistance on Nifty @ 18599 & Banknifty @ 43584. We believe, correction and downtrend to continue next week in a volatile

move and market will be critical if Nifty breaks below 18133 & Banknifty below 42937, will review downtrend in case Nifty moves above 18599 & Banknifty above 43584.

**EQUICHAIN WEALTH ADVISORS**

Telegram Channel: <https://t.me/Equichain>

SEBI Registration for Investment Advisor (RIA) – INA000016472 Website: [www.equichainwealth.com](http://www.equichainwealth.com)

Mobile: 9824075424

Email: [info@equichainwealth.com](mailto:info@equichainwealth.com)

## Fundamental Insight

### US Fed meeting 13 – 14 December 2022 – Key points

- US Fed increase rate by 50-bps to 4.25% - 4.50% - In line with market expectation.
- Core inflation forecast increase to 4.80% from earlier 4.50% in September 2022 meeting
- Median forecast for 2023 raised to 5.1% up 50-bps from September 2022 meeting.
- Fed Chair Powell: Ongoing rate hike appropriate

US Fed chair Jerome Powell has not signaled pause which was widely expected. By increasing median forecast for 2023 to 5.10% quashes all hopes of rate cut in 2023.

### BOE – Bank of England meeting outcome on 15-Dec-22

- BOE raised rate by 50-bps to 3.50% - 9<sup>th</sup> increase this year.
- BOE MPC divides 3 ways on interest rate hike, 6 members for 50-bps, 1 for 75-bps hike & 2 members for unchanged.
- BOE MPC repeats willingness to act forcefully if needed.

### ECB – European central Bank meeting outcome on 15-Dec-22

- ECB raised rate by 50-bps to 2.50% - In line with market expectation.
- ECB President Lagarde: "We have more ground to cover, we have longer to go and we are in for a long game."
- ECB – Quantitative tightening to begin from March 2023 as measure and predictable pace.

### Oil Drops as Mounting Recession Fears Weigh On Risky Assets

West Texas Intermediate fell as much as 3.7% before paring losses to trade near \$74 a barrel. Oil's decline tracked with a generalized gloomy consensus that pushed markets across the globe lower amid concern the resolve of central banks to continue their fight against inflation will tip economies into recession.

### India's Forex Reserves Swell By \$2.91 Billion To \$564.1 Billion

India's forex reserves rose by \$2.908 billion to \$564.06 billion for the week ended on December 9, according to the Reserve Bank data released on Friday.

In October 2021, the country's foreign exchange kitty had reached an all-time high of \$645 billion. The reserves had been declining as the central bank deployed the reserved to defend the rupee amid pressures caused majorly by global developments.

### RBI Fortnightly data as on 2-Dec-22

- Credit growth continues to remain robust – credit growth @ 17.5%
- Deposit growth rate increased to 9.9%

### Market View & Strategy

Market reaction on Thursday & Friday was disappointment from outcome of US Fed, BOE & ECB which was more hawkish than earlier stance. Global central banks obsession seen for bringing inflation back to 2% in long term.

With year end of 2022, market remain venerable to year end volatility as all major scheduled event is over. Indian market is trading at fresh high and global market also trading significantly above lows made in June / July 2022 when inflation was at its peak.



We see these factors to guide action this week are as mentioned below

- 1) Increase volatility in coming week based on data – VIX move above 16 does require to turn extra cautious.
- 2) Market has corrected by only 2% - 4% from its recent high, further downside possible – as disappointment from US Fed & ECB could trigger further selling pressure.
- 3) Normally, inflows are seen and market remain in positive bias due to year end portfolio valuation / performance report – we expect further selling from FII which could bring further correction in market.

**Last week we change our view from bullish to cautious. We continue to maintain our stance and remain cautious. Next 2 weeks market could be in holiday mood or see profit booking as recession fear weighs on market which could trigger profit booking by FII & Institutional selling.**

**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.

Equichain Wealth Advisors – SEBI registration number (RIA): INA000016472

Telegram channel: <https://t.me/Equichain>

Nikunj Vithlani