

Date: 27th January 2024

Subject: Indian market: Technical + Fundamental – Overview

Indian Market	25-Jan-24	Weekly Change		20-Jan-24
Indices	Close	Change	% Change	Close
Nifty 50	21352.60	-219.20	-1.02%	21571.80
BSE Sensex	70700.67	-722.98	-1.01%	71423.65
Banknifty	44866.15	-1192.05	-2.59%	46058.20
Nifty Mid-Cap 100	47208.65	-854.15	-1.78%	48062.80
Nifty Small-Cap 100	15409.40	-109.50	-0.71%	15518.90
India VIX	13.86	0.06	0.43%	13.80
US Market	26-Jan-24	Weekly Change		19-Jan-24
Indices	Close	Change	% Change	Close
Dow 30	38109.43	245.63	0.65%	37863.8
S&P 500	4890.97	52.16	1.08%	4838.81
Nasdaq	15455.36	144.39	0.94%	15310.97

Last week – review

Market going into 3-day trading week with F&O expiry and profit booking seen in previous week, we expected this week to resume uptrend as ICICIBANK result was in-line with market expectation. Indices seen yet another week of profit booking as Banknifty continue to remain weak closing at 44866.15 which is around 15% correction from 16-Jan-24 close.

Wall Street had another flat to positive week ahead of US Fed meeting outcome

on 31-Jan-24. US Data continues to remain mix market is expecting further cues on interest rate cut.

Nifty 25-Jan-24 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 25-Jan-24 Daily chart



Technical Insight

- Nifty RSI @ 47.94 & RSI average @ 54.05. Nifty close below 21411 can be seen as sign of weakness and could test 20976 in coming weeks.
- Nifty expected to be in range of 20976 on lower end while fresh up move could be expected once Nifty crosses 21680.
- Banknifty RSI @ 32.37 & RSI Average @ 39.78. Banknifty could test 44387 and act as support level while 45295 & 45933 to act resistance level.
- Banknifty range for this week could be seen as 43230 on lower side while fresh up move could be expected once Banknifty sustains above 46571.



Approach on Technical: This week again news flow will drive the market as US FOMC meeting outcome on 31-Jan-24, Indian market will be reacting to it on 1-Feb-24 and Budget ahead of general election will be on 1-Feb-24.

Technical setup is weak and it indicates further downside. Nifty @ 20976 & Banknifty @ 43230 on lower side could be tested this week. Nifty @ 21680 & Banknifty @ 46571 could be tested on higher side. VIX @ 13.86 will be important tool and need to turn cautious if VIX goes above 16. We would remain cautious and have bearish view with current technical setup going into eventful next week.

Fundamental Insight

LIC Gets RBI Nod to Acquire 9.99% Stake in HDFC Bank

Life Insurance Corp. has received the Reserve Bank of India's nod for acquiring up to a 9.99% stake in HDFC Bank Ltd. The state-owned life insurer has been advised by the RBI to acquire the stake in HDFC Bank by Jan. 24, 2025, the bank said in an exchange filing on Thursday.

As of December 2023, LIC had 5.19% stake in the private lender, according to BSE data.

Cabinet Approves Rs 8,500 Crore Incentive Scheme For Coal Gasification Projects: Sources

The Union Cabinet on Wednesday approved a Rs 8,500 crore incentive scheme for coal gasification projects, sources said. The adoption of gasification technology in India is expected to reduce the country's reliance on imports of natural gas, methanol, ammonia and other essential products.

The cabinet has given its go-ahead to Rs 8,500 crore incentive scheme for coal gasification projects, the sources said. The government is targeting to gasify 100 million tonne of coal by 2030.

Forex Reserves Fall By \$2.8 Billion To \$616.1 Billion, Says RBI

Forex reserves declined by \$2.8 billion to \$616.14 billion for the week ended Jan. 19. In the previous reporting week, the overall reserves had increased by \$1.634 billion to \$618.937 billion.

For the week ended Jan. 19, the foreign currency assets—a major component of the reserves—fell \$2.653 billion to \$545.85 billion, according to the weekly Reserve Bank of India data released on Friday.

Budget 2024: Government Likely to Target 5.3% Fiscal Deficit Target for FY25, Say Economists

Aided by robust economic growth and a buoyant revenue stream, economists expect the government to meet its current fiscal deficit target of 5.9% and peg the deficit target for FY25 at 5.3%.

The fiscal deficit target for the year will be met on positive revenue inflows, like higher tax collections and increased dividends received from the Reserve Bank of India, according to Kaushik Das, managing director and chief economist-India and South Asia, Deutsche Bank AG.

Equichain Wealth Advisors: Market View & Strategy

When we compare last two weeks performance, Banknifty is down by 5.96% and HDFCBANK lost by around 15% from its 16-Jan-24 close of 1679. Going into trade this week HDFCBANK will start with positive news flow – LIC gets RBI approval to increase stake to 9.99%.

This week, US FED meeting outcome on 31-Jan-24, Indian market will react to it on 1-Feb-24 along with Union budget



ahead of general election on same date 1-Feb-24. So, we expect any major move is expected on 1-Feb-24.

Our strategy would be to focus on keeping exposure around 70% and have balancing approach where we remain positive with medium to long term view and cautious in short term. Technical setup looks bearish and any lack of positive trigger may lead to correction.

When we see recent rally, which is seen from December 2023, state election result on 3-Dec-23 and US Fed guided that rate hike may done has triggered the ongoing rally. We have mentioned earlier also that now focus will shift to earning season which has been mixed so far. We believe post budget – market could see profit booking as run-up in PSU 's has been one of the best rallies seen in recent past.

Any wild swings in next week could be reaction to events and not necessarily reflect fundamental shift as we continue to believe the two key factor political stability is here stay and global interest is heading downward sooner or later. Market at current valuation looks a bit stretch and correction could be healthy as we see near term top is formed.

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