

Date: 10th February 2024

Subject: Indian market: Technical + Fundamental – Overview

Indian Market	09-Feb-24	Weekly Change		02-Feb-24
Indices	Close	Change	% Change	Close
Nifty 50	21782.50	-71.30	-0.33%	21853.80
BSE Sensex	71595.49	-490.14	-0.68%	72085.63
Banknifty	45634.55	-336.40	-0.73%	45970.95
Nifty Mid-Cap 100	48889.05	412.05	0.85%	48477.00
Nifty Small-Cap 100	16269.30	-8.55	-0.05%	16277.85
India VIX	15.45	0.75	5.10%	14.70
US Market	09-Feb-24	Weekly Change		02-Feb-24
Indices	Close	Change	% Change	Close
Dow 30	38671.69	17.27	0.04%	38654.42
S&P 500	5026.61	68.00	1.37%	4958.61
Nasdaq	15990.66	361.71	2.31%	15628.95

Last week – review

Going into trade last week, we were cautious as market rally seems to be showing some sign of weakness post Budget on 1-Feb-24. We see budget as non-event as there was no major expectation as it was Vote-On-Account ahead of general election in April – May 2024. Market this week ended with minor cuts as RBI MPC policy was due this week.

Global market ended flat to positive, NASDAQ was up by 2.31% this week, U.S.

tech companies' earnings and commentary boost sentiment. S&P500 ended 1.37% up and US Fed chair Jerome Powell interview to "60 Minutes" has said the interest rate cut has to wait beyond march.

Nifty 9-Feb-24 Daily chart



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Banknifty 9-Feb-24 Daily chart



Technical Insight

- Nifty RSI @ 54.56 & RSI average @ 55.64. Nifty manage to hold on to 21680 and fresh up move can be expected on Nifty above 21846.
- Nifty in last two week has been trading in range of 21411 to 22115, Nifty has made double top on last Friday would act as resistance level. Nifty range expected this week is 21680 to 22115.
- Banknifty RSI @ 45.02 & RSI average @ 42.93. Banknifty closed above important support level @ 45295 and 46571 to act as resistance level.
- Banknifty range for this week is expected to be 45295 to 46571. Any major move in Banknifty expected once this range is broken on either side.



Approach on Technical: Indian market reacted to Budget last week and RBI MPC policy this week. We expect indices to follow technical direction as there are no major scheduled event, outcome of which can impact market direction.

Nifty @ 21680 & Banknifty @ 45295 to act as important support level. If indices break this level – fresh downside could be expected, otherwise we see indices could attempt fresh up move. Nifty above 21846 & Banknifty above 46571 could attempt fresh up move and positive momentum can be seen above this level.

Fundamental Insight

RBI Monetary Policy Key Takeaways

- To keep the repo rate unchanged at 6.5% by a 5:1 majority.
- The standing deposit facility rate, pegged 25 basis points below the repo rate, is at 6.25%.
- The marginal standing facility rate, which is 25 basis points above the repo rate, is at 6.75%.

The committee had raised the benchmark repo rate by 250 basis points in the last cycle before opting for a pause starting April last year.

The MPC also decided to remain focused on the withdrawal of accommodation to ensure that inflation progressively aligns with the target, while supporting growth.

Adjusting for government cash balance, potential liquidity is still in surplus, said Das. The stance of withdrawal of accommodation should be seen in the light of incomplete transmission and inflation remaining outside of the target, and the efforts to bring it back to the target on a durable basis, he said.

India To Sell \$11.6 Billion Airwaves to Boost Phone Networks

India's federal cabinet Thursday approved a plan for selling airwaves in an auction to improve quality and coverage of networks in the world's second-biggest telecom market.

The government will sell airwaves valued 963.2 billion rupees (\$11.6 billion) at reserve price, according to a statement from India's Ministry of Communications. A total 10,523.1-megahertz airwaves in eight bands — 800, 900, 1800, 2100, 2300, 2500, 3300 MHz and 26 GHz — will be up for sale. The government didn't give a firm timeline for the auction.

Forex Reserves Jump To \$622.469 Billion

India's forex reserves jumped by \$5.736 billion to \$622.469 billion for the week ended Feb. 2, the Reserve Bank said on Friday. In the previous week, the overall reserves had increased by \$591 million to \$616.733 billion.

For the week ended Feb. 2, the foreign currency assets, a major component of the reserves, increased by \$5.186 billion to \$55.331 billion, as per the data of RBI.

Equichain Wealth Advisors: Market View & Strategy

After two eventful weeks for US Fed meeting, Union budget Vote-On-Account ahead of general election and RBI MPC Policy this week. Corporate earnings for Q3FY24 will end this week as many PSU 's will be coming out with result this week. We have remained cautious in last few weeks and continue to remain cautiously optimistic but will continue to follow strategy of fresh allocation on correction.



We see market at current level has factored in political stability, US fed pivot on interest rate and earnings season so far has failed to provide fresh positive triggers. Rally in PSU stocks continue on optimism of political stability, but we do believe valuation are stretched in near term.

We would continue to keep exposure around 75% and major allocation would be preferred on correction. We may review our stance incase indices hit fresh high supported by some positive triggers on interest rate going down or any other substantial news which could change market narrative. We continue to remain bullish with long term view and remain cautious in near term and expect correction, it could be stock specific.

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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