

The background features a magnifying glass with a black handle and frame. Inside the lens, a red line graph representing a stock market index is visible, showing fluctuations. To the right of the graph, a stylized illustration of a tall, modern building with many windows is shown. The background outside the magnifying glass consists of green and yellow radial lines emanating from a central point, suggesting a sun or a bright light source.

**A person who keeps patience
is sure to win in share market.**



Daily Research Reports



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Good Morning & Welcome to Friday's trading session at Dalal Street, dated 29th of July 2022.

This Friday morning, there is a good news and a bad news!

First, the bad news: The US GDP report confirms 'Technical Recession'

Now, the good news: The good news for Nifty bulls is that the markets across globe are seen shrugging off growth and recession concerns and most importantly, also have overcome the inflation worries.

Nifty's immediate targets at its 200-DMA at 17029 and then all eyes will be on 17500.

Our **call of the day** suggests it's likely to be another robust day of trading, and definitely a nice bullish follow-up day – especially for stocks like COFORGE, BALKRISHNA INDUSTRIES and DEEPAK NITRITE.

Now, before we get into details, here is the preferred trade on Nifty and Bank Nifty:

Nifty (16930): Buy at CMP. Strict stop at 16611. Targets 17029/17297. Aggressive targets at 17500.

Bank Nifty (37378): Buy at CMP. Strict stop at 36611. Targets 38000/38765. Aggressive targets at 41289.

Outlook for Friday: Nifty will aim to close above its 200 DMA at 17029 mark.

In early action, SGX Nifty is trading with green ink indicating a bullish day out for our stocks markets and that's in line with our call of the day which suggests to stay aggressively bullish as long as Nifty stays above 16611 mark.

Well, renewed optimism is despite the US GDP report confirming 'Technical Recession'.

The U.S. economy contracted by a much-worse-than-expected 0.9% over the three months ending in June, marking the second consecutive quarterly decline. The second quarter GDP indicated a -0.9% annualized contraction for the world's biggest economy, a much steeper decline than the 0.5% gain expected by forecasters.

Wall Street however bounced backed as investors took heart in signs of Federal Reserve Chairman Jerome Powell's statement that, "I do not think the U.S. is currently in a recession," following the central bank's second consecutive 75 basis point rate hike.

INDICES		
Nifty	16930	1.73%
Bank Nifty	37378	1.62%
Nifty Auto Index	12384	0.47%
Nifty FMCG Index	42272	0.56%
Nifty Infra Index	4825	0.41%
Nifty IT Index	28663	2.81%
Nifty Media Index	2050	1.38%
Nifty Midcap Index	8069	0.80%
Nifty Metal Index	5282	1.70%
Nifty Pharma Index	12661	0.25%
Nifty Reality Index	447	2.07%
Nifty Smallcap Index	9018	0.85%
Sensex	56858	1.87%
SGX Nifty	16960	0.00%

Outlook for the Day	
	Bullish day likely.

Nifty Outlook	
Intraday	Positive (16751-17100)
Medium Term	Positive (14251-17501)
Long Term	Positive (12500-19001)

Key Levels to Watch	
Nifty Support	16749/16321
Nifty Resistance	17029/17557

Pivot Level	
Nifty	16211

"It doesn't make sense that the U.S. would be in recession," Powell had emphasized

Benchmark 2-year Treasury note yields fell 10 basis points, to 2.866%, while 10-year notes are pegged at 2.671%, pegging the so-called inversion of the yield curve.

The U.S. Treasury yields slipped somewhat yesterday but are still flashing recession signal. The 2-year/10-year yield curve remained inverted at around 16 basis points, a key recession warning.

Meanwhile, the Rupee is at 79.62 away from its an all-time low of 80.235. Well, INR has already depreciated by 5% this fiscal year amid FPI outflows.

Meanwhile, the Q1 earning calendar will kick off with reports from the likes of:

Friday: ASHOKLEY, CHOLAMANDALAM INVESTMENT, CIPLA, DAAWAT, DLF, EXIDEIND, GESHIP, GMRINFRA, HDFC, IOC, JKPAPER, NILKAMAL, NTPC, PEL, STAR, SUNPHARMA, TORNTPHARM.

Saturday: BANKBARODA, DCBBANK, INDIANB, MCX.

TOP SECTORS:

Bullish Sectors: BANK NIFTY, METALS, IT, PSU BANKS, INFRA, FMCG, REALITY

Bearish Sectors: PHARMA.

STOCKS IN FOCUS:

BULLISH VIEW: ICICI BANK, COFORGE, BALKRISHNA INDUSTRIES, DEEPAK NITRITE, BANK OF BARODA, CANARA BANK, ULTRATECH, LARSEN, COROMANDEL INTERNATIONAL, CONCOR, ASHOK LEYLAND, TATA STEEL

BEARISH VIEW: BIOCON, GLENMARK, IGL, DIXION TECHNOLOGIES, TATA MOTORS, SYNGENE, IPCA LAB, LUPIN, INDIAMART.

Our **chart of the day** is bullish on COFORGE, BALKRISHNA INDUSTRIES and DEEPAK NITRITE with an interweek perspective.

The 1 Stock to Buy Right Now: Buy COFORGE (CMP 3846): Buy at CMP. Stop 3669. Targets 3927/4001. Aggressive targets at 4327. (Intermonth Strategy). Rationale: Momentum Play.

Technical Strategy

ASHOK LEYLAND	146
Action	BUY
Target	169
Support	139/121
Resistance	157/175
Holding Period	90-120 Days

Incorporated in 1948, **Ashok Leyland (AL)** is the second-largest Commercial Vehicle (CV) manufacturer in India. The firm has a strong presence in the truck segment with a market share of 29% as of FY22 and now commands a market cap of Rs 41,083 Crore.

We remain bullish on Ashok Leyland amidst recent softening in metal prices, firms' new launches, gaining on market share (Avtar, Bada Dost, Partner) and most importantly, on expectation of improvement in core economic activities, higher influx of infra projects, especially, the Govt. reform action to support growth momentum, a 24% CAGR in volume growth over FY22-24E quite likely. Also, helping growth dynamics in near and in long term are reports of AL's robust capex plan in Electric vehicle under the UK Subsidiary 'Switch' and to use India as export hub. Also note, with covid pandemic almost behind, the overall CV, bus, CNG and tipper segments demand should shoot up from hereon.

On backdrop of price hike, Q4FY22 revenue grew by 25% YoY (58% QoQ) and 22% growth was seen in the M&HCV segment. The positive takeaway was that despite higher input cost, margins expanded by 120bps.

Technically, brace yourselves for a major breakout play from a probable classic 'flag pattern' breakout on the monthly charts. An impulse uptrend is seen forming on the daily time scale, with positive SAR series, with recent sequence of higher high/low intact on all time frames.

Add to that a bullish divergence and a rising stochastic signal (on weekly charts) with recent increase in volumes signaling a larger rebound. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 129 zone. The level of Rs 125-129 zone will act as a strong support zone and any corrective declines to these levels should be used as an opportunity to initiate aggressive long positions.

Look to buy at CMP, and on any corrective dips between 121-125 zone, targeting 167.50-171 zone and then aggressive bigger 12-15 months targets at 200 mark. Stop at 111.

WHAT TECHNICAL TELLS US ON NIFTY/SENSEX:

Daily chart of Nifty:



Nifty: Technically speaking, on the downside, the line in the sand is at Nifty's support at 16611 mark. In case of Nifty's major intraday support at 16611 mark collapses, the next pivot point could be found at psychological 16300 mark. The technicals will turn dramatically positive if Nifty scales above its 200 DMA 17029 mark. Above 17029, expect Nifty to scale towards 16557 mark.

Bank Nifty: In yesterday's session, Bank Nifty was seen trading with positive bias amidst value buying and most importantly, ended the day on a positive note. Bank Nifty ended 1.62% higher as against Nifty's gains of 1.73%. Bank Nifty will face a major hurdles placed at 38000 mark. The biggest support for Bank Nifty seen at 36961 mark. We have a positive bias on Bank Nifty as long as 36201 support holds with aggressive inter-month targets at its all-time-high at 41830 mark.

DERIVATIVE & INSTITUTIONAL CUES:

India VIX, which measures the expected volatility in the market, has inched lower to 17.01 levels.

The **Nifty options data** for August series suggests Nifty is likely to be in a trading range of 16400-17400 zone. Maximum Call OI is at 17000 followed by 17500 strike price. So, the 17000 mark will be Nifty's crucial resistance zone. Maximum Put open interest stands at 16000 levels followed by 16500 levels. Call writing was seen at 17400 and then at 17200 strike price, while there was meaningful Put writing at 16900 and then at 17100 strike prices.

In yesterday's trade, Foreign institutional investors (FIIs) net bought shares worth Rs 1637.70 crore, whereas domestic institutional investors (DIIs) too net bought shares worth Rs 600.30 crore.

The Put-Call Open Interest Ratio is at 1.50 for Nifty.

ECONOMIC CUES:

The policy-setting FOMC raised policy rates by 75 basis points to 2.25-2.5%. as expected. That is roughly the level that is considered neutral, where interest rates neither stimulate nor restrict economic activity. the fourth consecutive rate hike, and pushing borrowing costs to the highest level since 2019,

Meanwhile, Chairman Jerome Powell says,

- 1) We want to get policy rate to 3% to 3.5% by end-2022.
- 2) Very hard to say with any confidence what the US economy will be like in 6-12 months.
- 3) He could not predict monetary policy range for next year and that next decisions will be data dependent

The International Monetary Fund (IMF) has cut its gross domestic product (GDP) growth forecast for India for the current financial year by 80 basis points to 7.4 percent. A similar downgrade has been made to the growth forecast for FY24, which now stands at 6.1% per percent as against 6.9% earlier.

"For India, the revision reflects mainly less favourable external conditions and more rapid policy tightening," the IMF said on July 26 in an update to its World Economic Outlook report.

Russia's invasion of Ukraine in late February disrupted supplies of crucial commodities, pushing up prices globally.

GLOBAL STOCK MARKETS:

Overnight at Wall Street, the US stocks continued their gains, following its recent Fed-inspired surge after news that the U.S. economy shrank for a second quarter in a row.

A dovish Fed, alongside stronger-than-expected outlooks from Microsoft and Google, have stocks trading firmly higher into the Thursday close.

Tech stocks were well in green after they had their biggest one-day gain on Wednesday, in fact, in more than two years as Treasury bond yields slumped in the wake of the Fed's dovish rate decision.

The Fed delivered its second consecutive 75 basis point rate hike Wednesday afternoon, taking the benchmark Fed Funds rate to a range of between 2.25% and 2.5%, while acknowledging that some conditions in the broader economy had softened.

RECAP OF PREVIOUS DAY'S TRADING SESSION:

Upward and upward went Nifty — with absolutely no signs of hesitation!

Nifty (+288, 16930).

Sensex (+1041, 56858)

Dalal Street staged spectacular rebound, echoing global stock markets' optimism amidst oversold conditions. The positive takeaway was that the benchmark Nifty and many a momentum stocks shined all-throughout the day. The buying stampede simply continued.

The Positive Catalyst: The Fed's decision to hike rates by 75 bps gave Nifty bulls a signal to rise. The street is betting that rate hikes could slow down soon.

The key highlights of Thursday's trade:

Bajaj Finance jumped 10.62% after its consolidated net profit for the quarter ended June was at Rs 2,596.25 crore, its highest ever, up 158.99% from Rs 1,002.44 crore in the same quarter of the previous year.

Tata Motors' clearly disappointed as the stock was down 0.55% post Q1. Tata Motors' Q1 loss widens to Rs 5,007 cr amid chip woes, China lockdown.

Bank Nifty ends +1.62% higher.

Nifty's Major Gainers: BAJAJ FINANCE (+10.46%) BAJAJ FINSERV (+10.09%) TATASTEEL (+4.43%)

Nifty's Major Losers: SHREECEM (-3.06%) BHARTIARTL (-1.17%) ULTRACEMCO (-0.92%).

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Nifty PCR 1.50

BANK NIFTY PCR 1.11

INDIA VIX 17.01 (-6.16%)

Nifty MidCap (+0.80%, 8069)

NiftySmallC (+0.85%, 9018)

BANK Nifty (+1.62%, 37378)

Nifty IT (+2.81%, 28663)

USD/INR (-0.26%, 79.92)

TOP PICKS (F & O)

It's like having investment binoculars !

Coforge: A screaming buy Immediate targets seen at 4001.

STOCKS	LTP	S1	S2	R1	R2	BIAS	TRADING STRATEGY
BANK OF BARODA	117.15	113	105	121	133	Positive	Buy between 113-115 zone. Stop 103. Targets 121/125. Aggressive targets at 133. (Intermonth Strategy). Rationale: Momentum Play.
BALKRISHNA INDUSTRIES	2279	2201	2167	2375	2723	Positive	Buy at CMP. Stop 2193. Targets 2337.50/2375. Aggressive targets at 2723. (Intermonth Strategy). Rationale: Momentum Play.
COFORGE	3846	3677	3603	4001	4327	Positive	Buy at CMP. Stop 3669. Targets 3927/4001. Aggressive targets at 4327. (Intermonth Strategy). Rationale: Momentum Play.
DEEPAK NITRITE	1903	1791	1739	2001	2157	Positive	Buy at CMP. Stop 1771. Targets 2001/2059. Aggressive targets at 2157. (Intermonth Strategy). Rationale: Oversold zone.
TATA COMMUNICATION	1034	1005	949	1107	1157	Positive	Buy at CMP. Stop 977. Targets 1071/1107. Aggressive targets at 11157. (Interweek Strategy). Rationale: Momentum Play.

Derivatives Strategies

Future Call: BUY JINDALSTEL AUGUST FUTURES at CMP 378. Targets at 393 and then at 409 zone. Stop: 365. Holding Period: Intraday. Analyst's Remark: Momentum Play. (JINDALSTEL AUGUST Futures CMP 378)

Option Call: SELL NIFTY 04th AUGUST PE Strike Price 17100 at CMP 238.90. Maximum Profit: ₹ 11,945/-. Loss: Unlimited. Stop: Exit Put Option if NIFTY moves below 16806. (NIFTY AUGUST Futures CMP 16953.95)

Market Summary:

- Nifty August Futures ended Thursday's session at a premium of +24.
- The 04th August expiry Put-Call Open Interest Ratio was at 1.37 for Nifty whereas it was 1.09 for Bank Nifty.
- The 04th August expiry Put-Call Volume Ratio was at 1.01 for the Nifty and 0.95 for Bank Nifty.
- For Nifty, Maximum Call Open Interest (OI) stands at 18000 Strike Price, followed by 17500 Strike Price for 04th August Series. Short Covering was seen at strike prices 16500-16700.
- Maximum Put Open Interest (OI) was seen at strike price 16000 followed by 16600 strike prices for 04th August series. Short Buildup was seen at strike prices 16000-17000.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 38000 Strike Price and Maximum Put Open Interest stands at 36500 Strike Price.
- As per Thursday's provisional data available on the NSE, FIIs bought shares worth Rs. 1637.69 crores in the Indian Equity Market. DIIs too bought shares worth Rs. 600.29 crores.
- Long Buildup: HINDALCO, ICICIBANK, DLF, JINDALSTEL.
- Short Buildup: BHARTIARTL, MCDOWELL-N, BIOCON.
- Short Covering: ZEEL, WIPRO, RELIANCE, HDFCLIFE.
- Long Unwinding: TATAPOWER, GRANULES, PETRONET, MCX.

Changes in Open Interest (OI) in yesterday's trade.

Nifty Spot	16929.60 (+1.73%)
Bank Nifty Spot	37378.15 (+1.62%)
VIX	17.0125 (-6.16%)
Premium	+18 vs +18
Nifty Future OI	0.89 crores (+50.81%)
Bank Nifty Future OI	18.29 lakhs (+47.13%)

Cash Volumes (INR in Cr.)	Yesterday	Day Before Yesterday
BSE Cash Vol. (Rs. in Cr)	3356.23	2763.24
NSE Cash Vol. (Rs. in Cr)	57,908.32	44,096.77
NSE Derivative Vol. (Rs. in Cr)	2,30,08,990	1,06,69,183

Derivatives Vol. (INR in Cr.)	No of contracts	Turnover (Rs. In cr.)
Index Future Volumes	6,43,627	56,454
Stock Future Volumes	23,81,818	1,56,274
Index Option Volumes	25,28,22,959	2,25,43,436
Stock Option Volumes	36,59,778	2,52,826
Total	25,95,08,182	2,30,08,990

Major Changes in Nifty Options (OI)

Calls	in lakhs (% Change)
17200	20.44 (+92%)
17300	18.74 (+294%)
17400	16.57 (+233%)

Puts	in lakhs (% Change)
16900	19.26 (+3831%)
17000	10.64 (+1465%)
17100	1.57 (+1327%)

Dow Jones likely to aim 33000 mark

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
GOLD \$	1749	1721	1697	1767	1781	Positive	Oversold conditions likely to propel Gold prices up. Interweek Strategy: Buy at CMP. Targets 1767/1781 mark with stop at 1721.
SILVER (\$)	19.92	18.35	17.00	20.45	22.00	Positive	Silver prices likely to witness further bounce. Interweek Strategy: Buy at CMP. Targets 20.45/22 mark with stop at 18.35.
WTI CRUDE OIL (\$)	96.91	92	87	101	106	Neutral	Crude Oil likely to move lower amidst profit booking. Interweek strategy: Establish buy positions only above 99. Targets 102/107/109 zone. Stop at 94.
EUR/USD	1.0164	0.0975	0.0650	1.0361	1.0451	Negative	Interweek Strategy: Establish Sell positions at CMP. Targets 0.0975/0.0650 with stop at 1.0271.
US Dollar Index	106.35	105.45	101.00	111.00	115.00	Positive	Interweek Strategy: Buy at CMP. Targets 111/115 with stop at 105.75.
DOW JONES	32551	32001	31475	33001	33751	Positive	Interweek Strategy: Establish long positions at CMP. Targets 32001/32561 mark with stop at 31451.

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Disclosure of interest statement – • Analyst interest of the stock /Instrument(s): - No.
• Firm interest of the stock / Instrument (s): - No.