

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 Tuesday's trading session at Dalal Street, dated 2nd August 2022.

As we start a new trading day, there is a bright possibility that Dalal Street could grind higher as keeping optimism alive will be:

- 1) Overnight, the U.S Treasury yields fall to start August on signs that inflation may be cooling.
- 2) The July Gross Goods and Services Tax (GST) rose 28% to Rs 1.49 lakh crore on an annual basis in July. This is the sixth time that the monthly GST collection crossed the Rs 1.40-lakh-crore mark since the inception of GST and fifth month at a stretch since March 2022.

Last month, FM Nirmala Sitharaman's had stated, "Rs 1.40 lakh crore seems to be the rough bottom line. We're not going below that,"

Honestly speaking, August 2022 is a month to look forward for more positive catalysts like:

1. Hopes of normal monsoon.
2. Goods and services tax (GST) collections on the rise since October 2020.
3. The sentiments are likely to be buoyed by better-than-expected Q1 earnings from India Inc.
4. Easing China Covid curbs.
5. Hopefully, a less hawkish Federal Reserve likely.

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

Nifty (17340): Buy between 17200-17250 zone. Strict stop at 16747. Targets 17557. Aggressive targets at 18000-18100 zone.

Bank Nifty (37903): Buy at CMP. Strict stop at 36501. Targets 38250/38765. Aggressive targets at 41289.

Outlook for Tuesday: Nifty will aim to inch towards 17500 mark.

The renewed optimism is on backdrop of street betting that rate hikes could slow down soon. Investors are in jubilant mood and taking heart from last week's signs that the Federal Reserve will slow down the pace of monetary tightening.

So, judging by Nifty's last week's spectacular positive close, the simple strategy on the benchmark Nifty is to establish long positions and remain a buyer as long as Nifty trades above its biggest interweek support at 16971 mark.

INDICES		
Nifty	17340	1.06%
Bank Nifty	37903	1.10%
Nifty Auto Index	12954	3.27%
Nifty FMCG Index	42527	0.09%
Nifty Infra Index	4979	1.81%
Nifty IT Index	29220	0.23%
Nifty Media Index	2127	2.30%
Nifty Midcap Index	8301	1.59%
Nifty Metal Index	5578	1.68%
Nifty Pharma Index	12767	-0.08%
Nifty Reality Index	453	0.38%
Nifty Smallcap Index	9337	1.80%
Sensex	58116	0.95%
SGX Nifty	17422	0.24%

Outlook for the Day	
	Bullish day likely.

Nifty Outlook	
Intraday	Positive (17200-17550)
Medium Term	Positive (15251-18100)
Long Term	Positive (12500-19001)

Key Levels to Watch	
Nifty Support	17101/16871
Nifty Resistance	17557/18157

Pivot Level	
Nifty	16211

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 SRF, BALRAMPUR CHINNI, AARTI INDUSTRIES, COAL INDIA, BALKRISHNA INDUSTRIES and CHAMBAL FERTILISER.

Well, renewed optimism is following strong global cues and most importantly, amidst return of foreign investors in Friday's trade with a figure of Rs 1046 crores. In yesterday's trade too, FIIs bought shares worth Rs. 2321 crores.

Meanwhile, this wee is shaping up to be another crucial one for Dalal Street as the spotlight will be on the RBI's MPC meeting outcome to be wired on August 5th.

After Fed rate hike decision last week, all eyes will be on RBI MPC's interest rate decision.

The street expects the RBI to hike repo rates by another 50 basis points to 5.4% from the current 4.9%.

The Monetary Policy Committee has increased the key interest rates by 90 basis points in two tranches since May to take it to 4.90% from historic low of 4%, as it strives to rein in inflation that has in recent months consistently remained above the central bank's comfort 4-6% band.

This could make the markets turn volatile.

Investors will spy with one big eye on how stock markets reacts to the RBI's policy outcome.

Now, other than RBI policy outcome the next big catalyst for the week is the Friday's US jobs report. The forecast for Friday's nonfarm payrolls print is 250k in July versus 372k in June.

Bottom-line: Benchmarks likely to continue with their up-move. Nifty likely to aim psychological 17500 mark.

Overnight, the U.S Treasury yields fall to start August on signs that inflation may be cooling.

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

Benchmark 2-year Treasury note yields fell to 2.909%, while 10-year notes are pegged at 2.61%, pegging the so-called inversion of the yield curve.

Meanwhile, the Rupee is at 79.01 away from it's 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:

Tuesday: BANKINDIA, BOSCHLTD, DEEPAKNTR, GODREJPROP, INDUSTOWER, JKIL, SIEMENS, VOLTAS.

Technical Strategy

ASHOK LEYLAND	154
Action	BUY
Target	171
Support	139/121
Resistance	171/189
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 119-125 zone, targeting 167.50-171 zone and then aggressive bigger 12-15 months targets at 200 mark. Stop at 107.

Wednesday: ABCAPITAL, ADANIPOWER, BSOFT, GODREJCP, GUJGAS, IDEA, PIIND, TATACOFFEE.

Thursday: ADANIENT, APLD, BALKRISIND, BEML, BERGEPAIN, BHEL, BRITANNIA, CONCOR, DALBHARAT, GAIL, HCC, LICHSFIN, MANAPPURAM, REC, UJJIVAN.

Friday: FORTIS, IRB, M&M, NMDC, PETRONET, PFIZER, TITAN.

Saturday: AMARARAJBAT, IOB, MARICO, SBIN.

TOP SECTORS:

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

Bearish Sectors: PHARMA.

STOCKS IN FOCUS:

BULLISH VIEW: AARTI INDUSTRIES, BALRAMPUR CHINNI, CHAMBAL FERTILISER, COAL INDIA, BALKRISHNA INDUSTRIES, ICICI BANK, ULTRATECH CEMENT, CONCOR, HDFC BANK, TATA STEEL, MARUTI, M&M, BANK OF BARODA, CANARA BANK, COROMANDEL INTERNATIONAL, GRASIM.

BEARISH VIEW: BIOCON, IGL, BANDHAN BANK, SYNGINE, GLENMARK, IGL, DIXION TECHNOLOGIES, IPCA LAB, LUPIN, INDIAMART.

Our **chart of the day** is bullish on SRF, BALRAMPUR CHINNI, AARTI INDUSTRIES, COAL INDIA, BALKRISHNA INDUSTRIES and CHAMBAL FERTILISER with an interweek perspective.

The 1 Stock to Buy Right Now: BALRAMPUR CHINNI (CMP 393):

Balrampur Chini is one of the largest integrated sugar manufacturing companies in India — in a largest sugar consuming country. Rise in supply for ethanol manufacturing is likely to drive growth for Balrampur Chini as the government has increased focus on promoting ethanol blending with petrol.

Technically, brace yourselves for an oversold conditions play on the daily time frames. Add to that a bullish divergence and a rising stochastic signal (on daily charts) with recent increase in volumes signaling a larger rebound. The stock is also piercing its 200 days Exponential Moving Average at 395 zone.

Preferred trade with interweek/intermonth perspective: Simply buy at CMP, and on dips between 365-375 zone, targeting 421/450 mark and then aggressive targets at psychological 500 mark. Stop below 343. Holding Period: 3-5 Months.

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 16971 mark. In case of Nifty's major intraday support at 16971 mark collapses, the next pivot point could be found at psychological 16500 mark. The technicals will turn dramatically positive if Nifty continues to stay above its 200 DMA 17021 mark. All bullish eyes on Nifty's psychological 17500 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 1.10% higher mirroring Nifty gains of 1.28%. Bank Nifty will face a major hurdle placed at 38765 mark. The biggest support for Bank Nifty seen at 36900 mark. We have a positive bias on Bank Nifty as long as 36900 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 to 17.48 levels.

The **Nifty options data** for August series suggests Nifty is likely to be in a trading range of 16500-18000 zone. Maximum Call OI is at 18000 followed by 17500 strike price. So, the 17500 mark will be Nifty's crucial resistance zone. Maximum Put open interest stands at 16500 levels followed by 16000 levels. Call writing was seen at 18000 and then at 18500 strike price, while there was meaningful Put writing at 17000 and then at 17300 strike prices.

In yesterday's trade, Foreign institutional investors (FIIs) net bought shares worth Rs 2321 crore, whereas domestic institutional investors (DIIs) net sold shares worth Rs 822 crore.

The Put-Call Open Interest Ratio is at 1.49 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:

In overnight trade at Wall Street, U.S. stocks were mixed on the first trading day of August after Wall Street finished its best month since 2020 amid ongoing uncertainty about the direction of the economy and whether earnings will continue to beat expectations amid still-rampant inflation and rising interest rates

In the US too, investors found reason to cheer despite Federal Reserve Chairman Jerome Powell said that another 75-basis-point move in September was quite possible -- the decision would depend on forthcoming economic data. Powell asserted the Fed would bring stubbornly high inflation down and that the economy would need to see below-trend growth, traders saw prospects for the Fed to slow the pace of rate increases and no reason to budge their expectations for the federal funds rate to ultimately top out somewhere south of 3.5%.

In the week gone by on a weekly basis, Dow Jones ended 2.96% higher at 32845 while the S&P 500 ended up 4.26% at 4130. Nasdaq was star out performer, ending 4.71% higher at 12391, thus outperforming the Dow & S&P for the week ended.

RECAP OF PREVIOUS DAY'S TRADING SESSION:

Nifty clings more decent gains.

Nifty (+182, 17340).

Sensex (+545, 58116)

The wind is clearly blowing in the bulls' sails as Nifty & Bank Nifty closed decisively higher in today's trade. The positive takeaway was that the benchmark Nifty and many a momentum stocks shined all-throughout the day as risk flows dominated the trading theme. The buying stampede simply continued.

The positive catalyst: On the back of economic recovery, GST collections rose 28% to Rs 1.49 lakh crore on an annual basis in July.

The key highlights of Monday's trade:

Bank Nifty ended 1.10% higher mirroring Nifty gains of 1.28%.

Auto Index jumped 3% as Tata Motors and M&M were on top gear, up 6.5% each.

Nifty's Major Gainers: TATA MOTORS (+6.77%) M&M (+6.02%) ADANI PORTS (+4.88%)

Nifty's Major Losers: SUN PHARMA (-2.86%) HDFC LIFE (-1.89%) HUL (-1.53%).

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Nifty PCR 1.49

BANK NIFTY PCR 1.10

INDIA VIX 17.48 (+5.65%)

Nifty MidCap (+1.53%, 8296)

NiftySmallCap (+1.72%, 9329)

BANK Nifty (+1.10%, 37903)

Nifty IT (+0.26%, 29228)

USD/INR (-0.42%, 79.00)

TOP PICKS (F & O)

It's like having investment binoculars !

SRF shall eye its all-time-high at 2773 with an an inter-month perspective. Immediate targets at 2505.

STOCKS	LTP	S1	S2	R1	R2	BIAS	TRADING STRATEGY
AARTI INDUSTRIES	802	781	757	837	901	Positive	Buy at CMP. Stop 773. Targets 837/859. Aggressive targets at 901. (Intermonth Strategy). Rationale: Momentum Play.
BALRAMPUR CHINNI	393	372	359	409	433	Positive	Buy at CMP. Stop 369. Targets 409/419. Aggressive targets at 433. (Interweek Strategy). Rationale: Momentum Play.
CHAMBAL FERTILISER	336	325	309	351	369	Positive	Buy between 329-333 zone. Stop 319. Targets 3457/351. Aggressive targets at 369. (Interweek Strategy). Rationale: Momentum Play.
SRF	2454	2401	2289	2505	2781	Positive	Buy at CMP. Stop 2371. Targets 2505/2621. Aggressive targets at 2781. (Intermonth Strategy). Rationale: Breakout Play.
TATA COMMUNICATION	1049	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 SBICARD AUGUST FUTURES at CMP 949. Targets at 965 and then at 1001 zone. Stop: 925. Holding Period: Intraday. Analyst's Remark: Momentum Play. (SBICARD AUGUST Futures CMP 949)

Option Call: SELL NIFTY 04th AUGUST CE Strike Price 17300 at CMP 121.20. Maximum Profit: ₹ 6,060/-. Loss: Unlimited. Stop: Exit Call Option if NIFTY moves above 17501. (NIFTY AUGUST Futures CMP 17370.50)

Market Summary:

- Nifty August Futures ended Monday's session at a premium of +31 vs premium of +49.
- The 04th August expiry Put-Call Open Interest Ratio was at 1.47 for Nifty whereas it was 1.3 for Bank Nifty.
- The 04th August expiry Put-Call Volume Ratio was at 0.94 for the Nifty and 0.95 for Bank Nifty.
- For Nifty, Maximum Call Open Interest (OI) stands at 17500 Strike Price, followed by 17600 Strike Price for 04th August Series. Short Covering was seen at strike prices 16600-17100.
- Maximum Put Open Interest (OI) was seen at strike price 17200 followed by 17000 strike prices for 04th August series. Short Buildup was seen at strike prices 17000-17300.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 38000 Strike Price and Maximum Put Open Interest stands at 37500 Strike Price.
- As per Monday's provisional data available on the NSE, FIIs bought shares worth Rs. 2320.61 crores in the Indian Equity Market. DIIs on the other hand, sold shares worth Rs. 822.23 crores.
- Long Buildup: ITC, SBIN, CHAMBALFERT, TATAMOTORS.
- Short Buildup: VOLTAS, MCX, DIVISLABS.
- Short Covering: RELIANCE, GUJGASLTD, RAIN, SBICARD.
- Long Unwinding: NAUKRI, PEL, HUL.
- Stocks banned in F&O segment:** NIL
- New in Ban: NIL
- Out of Ban: NIL

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

Nifty Spot	17340.05 (+1.06%)
Bank Nifty Spot	37903.20 (+1.10%)
VIX	17.485 (+5.65%)
Premium	+31 vs +49
Nifty Future OI	1.06 crores (+9.18%)
Bank Nifty Future OI	22.3 lakhs (+12.98%)

Cash Volumes (INR in Cr.)	Yesterday	Day Before Yesterday
BSE Cash Vol. (Rs. in Cr)	13591.08	3952.33
NSE Cash Vol. (Rs. in Cr)	58,619.30	62,590.43
NSE Derivative Vol. (Rs. in Cr)	73,29,022	70,42,513

Derivatives Vol. (INR in Cr.)	No of contracts	Turnover (Rs. In cr.)
Index Future Volumes	3,07,441	27,626
Stock Future Volumes	9,14,580	63,912
Index Option Volumes	7,74,95,669	69,94,800
Stock Option Volumes	33,21,152	2,42,684
Total	8,20,38,842	73,29,022

Major Changes in Nifty Options (OI)

Calls	in lakhs (% Change)
17000	15.25 (-29%)
17100	16.01 (-54%)
17200	25.16 (-29%)

Puts	in lakhs (% Change)
17200	84.56 (+469%)
17300	42.49 (+818%)
17400	11.74 (+404%)

Crude Oil likely to witness further correction

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
GOLD \$	1785	1741	1711	1800	1821	Positive	Oversold conditions likely to propel Gold prices up. Interweek Strategy: Buy at CMP. Targets 1800/1821 mark with stop at 1741.
SILVER (\$)	20.26	19.11	18.00	22.00	24.00	Positive	Silver prices likely to witness further bounce. Interweek Strategy: Buy at CMP. Targets 22/24 mark with stop at 19.11.
WTI CRUDE OIL (\$)	93.95	90	86	97	101	Negative	Crude Oil likely to slide amidst overbought conditions. Interweek strategy: Establish Sell positions at CMP. Targets 90/86/82 zone. Stop at 97.
EUR/USD	1.0255	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	105.36	103.75	101.00	111.00	115.00	Positive	Interweek Strategy: Buy at CMP. Targets 111/115 with stop at 103.71.
DOW JONES	32762	32501	32001	33001	33551	Positive	Interweek Strategy: Establish long positions at CMP. Targets 33001/33551 mark with stop at 32475.

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Contact



Suresh Rathi Group

Mobile no. 9649654000

Email: info@sureshrathi.in

Web: www.sureshrathi.com

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