

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 Wednesday's trading session at Dalal Street, dated 3rd August 2022.

The good news for the bulls' camp is that Nifty is likely to trade on the front foot amidst renewed optimism on the backdrop of return of foreign investors in Indian equities.

Well, FIIs have been buyers in Tuesday, Monday and Friday's trade to the tune of Rs, 825 Cr, 2321 Cr, and Rs 1046 Cr respectively.

That said, please note Taiwan will be in the spotlight as tensions between the US and China are the latest catalyst for stock markets across the globe.

Overnight, the US yield curve have steepened. The gap between the 2-year and 10-year note yields is the widest in over two decades, reflecting the market's lingering concerns.

Technically, the biggest intraday make-or-break support on Nifty seen at 17189 mark.

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

Nifty (17345): Buy between 17200-17250 zone. Strict stop at 16747. Targets 17557. Aggressive targets at 18000-18100 zone.

Bank Nifty (38024): Buy at CMP. Strict stop at 36901. Targets 38250/38765. Aggressive targets at 41289.

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

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.

Actually, 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 yesterday's 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	17345	0.03%
Bank Nifty	38024	0.32%
Nifty Auto Index	13024	0.00%
Nifty FMCG Index	42527	0.54%
Nifty Infra Index	4977	-0.05%
Nifty IT Index	29025	-0.67%
Nifty Media Index	2125	-0.08%
Nifty Midcap Index	8319	0.23%
Nifty Metal Index	5563	-0.26%
Nifty Pharma Index	12780	0.11%
Nifty Reality Index	445	-1.69%
Nifty Smallcap Index	9403	0.71%
Sensex	58136	0.04%
SGX Nifty	17343	0.23%

Outlook for the Day

Volatile day likely.

Nifty Outlook

Intraday	Neutral (17151-17500)
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
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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.

Meanwhile, this week 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 gained on Tuesday and are still flashing recession signal. The 2-year/ 10-year yield curve remained inverted at around 34 basis points, a key recession warning.

Benchmark 2-year Treasury note yields fell to 3.024%, while 10-year notes are pegged at 2.68%, pegging the so-called inversion of the yield curve.

Meanwhile, the Rupee is at 78.48 away from it's an all-time low of 80.235.

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

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

Thursday: ADANIENT, APL LTD, BALKRISIND, BEML, BERGEPAINT, BHEL, BRITANNIA, CONCOR, DALBHARAT, GAIL, HCC, LICHSFIN, MANAPPURAM, REC, UJJIVAN.

Technical Strategy

TEGA INDUSTRIES	487
Action	BUY
Target	601
Support	441/401
Resistance	541/621
Holding Period	90-120 Days

Tega Industries, provides specialised products and serviced for mining, mineral beneficiation, bulk material handling, and slurry transportation industries. The company commenced operations in 1978, with an foreign collaborator with Skega AB. It was founded by Madan Mohanka, who later acquired the entire equity stake of Skega AB in 2001.

The company currently has manufacturing facilities in India, Australia, South Africa, and Chile, with customer base expanding to 72 countries. **The company's products and services can be classified into three categories:**

Product portfolios: includes consumables required in mines and mineral processing sector. The companies provides a wide range of products used in mineral processing mines from blasting to flotation in the following order: chutes and their liners, grinding mill liners, trommels and screens, hydrocyclones, pumps and flotation components, and conveyor products.

Mill liners: are used in mineral beneficiation process, grinding mills. The company's mill liners include DynaPrime, DynaSteel, DynaPulp, and DynaWear, all being company's flagship products.

Services segment: includes a range of services providing specialised plant audit consulting services to clients for improvements in grinding and classification, from selling single replacement parts to all-inclusive solutions for maintenance and operations. Tega also focuses on developing distinctive solutions to improve the efficiency and productivity of the machinery and facilities owned by its clients over the course of their respective lifecycles.

Valuation: We believe that the company is well positioned to exploit the upcoming trends in the industry. The company is currently trading at P/E of 25.9x a discount of 22.4% compared to industry average of 31.7x. We see the stock to trade close to industry average over next one year due to rising industry demand and strong management execution. We recommend BUY with a target price of INR 656.2 with 1-yr forward (FY23E) EPS of INR 20.7.

Preferred strategy: Accumulate at CMP, and on dips between 400-415 zone, targeting 503/521, and then aggressive targets at psychological 600 mark. Stop at 373. Holding period 5-8 Months

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.

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, TATA COMMUNICATION.

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 401):

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 375-383 zone, targeting 421/450 mark and then aggressive targets at psychological 500 mark. Stop below 351. 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 17189 mark. Only in case of Nifty's major interweek 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 17017 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 0.30% higher as against Nifty's gains of 0.03%. 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 18.62 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 825 crore, whereas domestic institutional investors (DIIs) too bought shares worth Rs 117 crore.

The Put-Call Open Interest Ratio is at 1.48 for Nifty.

ECONOMIC CUES:

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,"

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,

We want to get policy rate to 3% to 3.5% by end-2022.

Very hard to say with any confidence what the US economy will be like in 6-12 months.

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.

GLOBAL STOCK MARKETS:

In overnight trade at Wall Street, U.S. stocks were mixed as investors moved to reduce risk as House Speaker Nancy Pelosi's arrival in Taiwan raises concerns, with the first visit by a high-ranking U.S. government official in more than 25 years. The move has stoked concern about increased tensions between the U.S. and China.

Pelosi arrived in Taiwan on Tuesday evening local time to meet with Taiwanese government officials, in what would be the first visit by a House speaker to the democratically governed island since 1997.

Beijing, which claims Taiwan as part of its territory, has warned Pelosi and the U.S. administration not to set foot there. Chinese officials have threatened unspecified military countermeasures should her visit proceed.

Taiwan is a democratic self-ruled island that China sees as a runaway province, and Beijing has been vocal about its opposition to Pelosi's trip.

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 stays above dotted lines despite a tumbling Asia.

Nifty (+5, 17345).

Sensex (+21, 58136)

Despite early morning wobble, Nifty ended the day a tad above the dotted lines – taking the winning streak to five. Most importantly, bulls held to the reins – keeping recession fears at bay.

Digging deeper, we however feel the surface was bit shaky and blame the same to reports of mounting US-China tensions over Taiwan.

Honestly speaking, Taiwan is now the main event risk in the near term.

India VIX, which measures the expected volatility in the market too spiked 6.5% to 18.64 levels.

The key highlights of Tuesday's trade:

Bank Nifty ended 0.32% higher outperforming Nifty gains of 0.03%.

Nifty PSU Banks index was star outperformer, up 2.30% for the day. Bank of Baroda jumped 4.4% higher.

Nifty's Major Gainers: INDUSIND BANK (+2.79%) ASIAN PAINTS (+2.32%) NTPC (+2.04%)

Nifty's Major Losers: UPL (-3.58%) HERO MOTO CORP (-2.38%) SBI LIFE (-2.14%).

Adv-Dec 24 — 26

Nifty PCR 1.48

BANK NIFTY PCR 1.0

INDIA VIX 18.62 (+6.49%)

Nifty MidCap (-0.08%, 8293)

NiftySmallC (+0.49%, 9383)

BANK Nifty (+0.32%, 38024)

Nifty IT (-0.90%, 28957)

USD/INR (-0.38%, 78.66)

TOP PICKS (F & O)

It's like having investment binoculars !

BALKRISHNA INDUSTRIES: The technicals are aggressively bullish.

STOCKS	LTP	S1	S2	R1	R2	BIAS	TRADING STRATEGY
AARTI INDUSTRIES	812	781	757	837	901	Positive	Buy between 781-787 zone. Stop 753. Targets 837/859. Aggressive targets at 901. (Intermonth Strategy). Rationale: Momentum Play.
BALRAMPUR CHINNI	401	383	359	409	433	Positive	Buy at CMP. Stop 379. Targets 409/419. Aggressive targets at 433. (Interweek Strategy). Rationale: Momentum Play.
BALKRISHNA INDUSTRIES	2439	2351	2161	2507	2725	Positive	Buy between 2375-2381 zone. Stop 2319. Targets 2507/2581. Aggressive targets at 2725. (Interweek Strategy). Rationale: Momentum Play.
SRF	2454	2401	2289	2505	2781	Positive	Buy between 2401-2420 zone. Stop 2271. Targets 2505/2621. Aggressive targets at 2781. (Intermonth Strategy). Rationale: Breakout Play.
TATA COMMUNICATION	1059	1005	949	1107	1157	Positive	Buy at CMP. Stop 977. Targets 1071/1107. Aggressive targets at 1157. (Interweek Strategy). Rationale: Momentum Play.

Derivatives Strategies

Future Call: SELL GAIL AUGUST FUTURES at CMP 142.25. Targets at 138.50 and then at 135 zone. Stop: 145. Holding Period: Intraday. Analyst's Remark: Breaking Down. (GAIL AUGUST Futures CMP 142.25)

Option Call: SELL NIFTY 04th AUGUST CE Strike Price 17100 at CMP 221. Maximum Profit: ₹ 11,050/-. Loss: Unlimited. Stop: Exit Call Option if NIFTY moves above 17501. (NIFTY AUGUST Futures CMP 17315.50)

Market Summary:

- Nifty August Futures ended Tuesday's session at a discount of -29 vs premium of +31.
- The 04th August expiry Put-Call Open Interest Ratio was at 1.36 for Nifty whereas it was 1.34 for Bank Nifty.
- The 04th August expiry Put-Call Volume Ratio was at 0.90 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. Long Unwinding was seen at strike prices 16500-17200.
- Maximum Put Open Interest (OI) was seen at strike price 17200 followed by 16500 strike prices for 04th August series. Short Buildup was seen at strike prices 17200-17600.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 38000 Strike Price and Maximum Put Open Interest stands at 38000 Strike Price.
- As per Tuesday's provisional data available on the NSE, FIIs bought shares worth Rs. 825.18 crores in the Indian Equity Market. DIIs too bought shares worth Rs. 117.79 crores.
- Long Buildup: BANKBARODA, SBIN, BALRAMCHIN, TATACOMM.
- Short Buildup: GAIL, SYNGENE, UPL.
- Short Covering: M&M, IRCTC, BALKRISHIND, HUL.
- Long Unwinding: HINDALCO, NATIONALUM, DLF, ZEEL.
- Stocks banned in F&O segment:** ESCORTS
- New in Ban: ESCORTS.
- Out of Ban: NIL

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

Nifty Spot	17345.45 (+0.03%)
Bank Nifty Spot	38024 (+0.32%)
VIX	18.53 (+5.98%)
Premium	-29 vs +31
Nifty Future OI	1.03 crores (-2.3%)
Bank Nifty Future OI	23.4 lakhs (+4.9%)

Cash Volumes (INR in Cr.)	Yesterday	Day Before Yesterday
BSE Cash Vol. (Rs. in Cr)	4684	13591.08
NSE Cash Vol. (Rs. in Cr)	61,982.74	58,619.30
NSE Derivative Vol. (Rs. in Cr)	1,12,98,638	73,29,022

Derivatives Vol. (INR in Cr.)	No of contracts	Turnover (Rs. In cr.)
Index Future Volumes	4,26,597	38,401
Stock Future Volumes	9,05,177	63,397
Index Option Volumes	12,22,03,036	1,09,54,979
Stock Option Volumes	32,51,708	2,41,861
Total	12,67,86,518	1,12,98,638

Major Changes in Nifty Options (OI)

Calls	in lakhs (% Change)
17000	10.24 (-28%)
17100	12.38 (-20%)
17200	19.42 (-12%)

Puts	in lakhs (% Change)
16300	21.76 (-22%)
16400	21.83 (-14%)
16500	77.97 (-16%)

Oversold conditions in US Dollar Index likely to lead to a bounce.

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
GOLD \$	1784	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 (\$)	20.00	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 (\$)	94.72	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	1.0183	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	106.01	103.75	101.00	111.00	115.00	Positive	Interweek Strategy: Buy at CMP. Targets 111/115 with stop at 103.71.
DOW JONES	32563	32421	32001	33001	33551	Neutral	Interweek Strategy: Establish long positions only above 32635. Targets 33001/33551 mark with stop at 32475.

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POTENTIAL CONFLICT OF INTEREST DISCLOSURE (as on date of report)

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

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