

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 5th August 2022.

The 2-big positive catalysts this morning:

- 1) WTI Crude-oil prices tumble to \$88 a barrel.
- 2) Return of foreign investors in Indian equities as FIIs remain net buyers in the last 5-sessions. This week, FIIs have bought shares to the tune of Rs. 5386 crores.

The 2-big themes of the day:

- 1) Friday's federal jobs report. The forecast for Friday's nonfarm payrolls print is 250k in July versus 372k in June.
- 2) RBI's MPC's interest rate decision to be wired at 10am. 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.

The biggest negative catalyst: 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.

The U.S. Treasury yields slipped on Thursday but are still flashing recession signal. The 2-year/10-year yield curve remained inverted at around 38 basis points, a key recession warning.

Benchmark 2-year Treasury note yields fell to 3.059%, while 10-year notes are pegged at 2.677%, pegging the so-called inversion of the yield curve.

Technically, the biggest intraday make-or-break support on Nifty seen at 17089 mark.

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

Nifty (17382): Buy at CMP. Strict stop at 16963. Targets 17557. Aggressive targets at 18000-18100 zone.

Bank Nifty (37776): Buy between 37100-37300 zone. Strict stop at 35879. Targets 38250/38765. Aggressive targets at 41289.

INDICES		
Nifty	17382	-0.04%
Bank Nifty	37756	-0.62%
Nifty Auto Index	12946	0.20%
Nifty FMCG Index	42830	0.48%
Nifty Infra Index	4935	-0.73%
Nifty IT Index	29783	1.24%
Nifty Media Index	2097	-0.89%
Nifty Midcap Index	8219	-0.01%
Nifty Metal Index	5620	1.21%
Nifty Pharma Index	12982	2.37%
Nifty Reality Index	437	-1.14%
Nifty Smallcap Index	9323	-0.36%
Sensex	58299	-0.09%
SGX Nifty	17415	-0.07%

Outlook for the Day	
	Positive session likely.

Nifty Outlook	
Intraday	Positive (17150-17550)
Medium Term	Positive (15251-18100)
Long Term	Positive (12500-19001)

Key Levels to Watch	
Nifty Support	17121/16871
Nifty Resistance	17557/18157

Pivot Level	
Nifty	16211

Outlook for Friday: Volatility likely to be the hallmark of the day.

The positive takeaway from yesterday's trade is that Dalal Street and the Nifty bulls clawed their way out of the hole from morning sharp losses. Honestly speaking, there is more work to be done before the bulls can do a victory lap.

So, judging by Nifty's recouping most of its losses, the simple strategy on the benchmark Nifty is to establish long positions and remain a buyer as long as Nifty trades above its biggest intraday support at 17089 mark.

Our **call of the day** suggests it's likely to be another robust day of trading as Nifty is likely to trade on the front foot amidst renewed optimism on the backdrop of return of foreign investors in Indian equities.

Actually, the renewed optimism is on backdrop of street betting that Fed's 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.

Meanwhile, the Rupee is at 79.23 away from its an all-time low of 80.235.

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

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: MEDIA.

STOCKS IN FOCUS:

BULLISH VIEW: AARTI INDUSTRIES, COFORGE, MPHASIS, PERSISTENT SYSTEM, BALKRISHNA INDUSTRIES, ICICI BANK, ULTRATECH CEMENT, TATA STEEL, BANK OF BARODA, CANARA BANK, COROMANDEL INTERNATIONAL, TATA COMMUNICATION.

BEARISH VIEW: BATA INDIA, INDUS TOWERS, GUJARAT STATE PETRONET, NTPC, CITY UNION BANK, AND JUBILANT FOODWORKS.

Our **chart of the day** is bullish on SRF, AARTI INDUSTRIES, COFORGE, PERSISTENT SYSTEM, BALKRISHNA INDUSTRIES and MPHASIS with an interweek perspective.

Technical Strategy

VEDANTA	252
Action	BUY
Target	301
Support	241/221
Resistance	271/323
Holding Period	90-120 Days

Incorporated in the year 1965, **Vedanta Ltd** is one of the world's leading diversified resources producing company which include aluminum, Oil & Gas, copper, Iron Ore, zinc-lead-silver, Power and scrap. Vedanta is also one of the largest resources company in India.

In Q1FY23, EBITDA stood at ₹10,741 crore up by 7% from ₹10,032 crore of Q1FY22, however, down by 22% from ₹13,768 crore of Q4FY22.

Gross debt increased by ₹8,031 crore in 1QFY23 to ₹61,140 crore as on 30th June 2022.

The key positive catalyst in favor of Vedanta's stock price is the firm's improving operating performance, supported by stable volume across business segments and increased commodity prices. 85%+ of EBITDA comes from Zinc, Aluminium and Oil & Gas. The magnificent uptick in metal prices augurs well for Vedanta.

Vedanta is largest aluminum capacity in India with captive power and an alumina refinery and the 9th largest Aluminium producer globally in terms of smelting production.

Vedanta is one of the Largest integrated zinc- lead smelter, Rampura Agucha – largest underground mine globally, 6th largest silver producer globally, Gamsberg - one of the largest zinc deposits in the world.

Vedanta is India's largest private sector crude oil producer and one of the lowest cost producers in the world with strong exploration fundamentals supports reserves and resources growth (OALP 51 blocks having >5.5 mboe with 65,000 sq km average).

Vedanta is India's largest private sector exporter of iron ore since 2003, according to the Federation of Indian Mineral Industries. ESL Steel is engaged in the manufacturing of steel with a total current capacity of 1.5 Mt per year and the potential to increase to 3 Mt per year.

Buy at CMP, targeting 275 and then aggressive targets at psychological 300 mark with stop at 201 mark. Aggressive targets 1-year targets at 350 levels.

The 1 Stock to Buy Right Now: MPHASIS (CMP 2370): Buy at CMP. Stop 2237. Targets 2419/2501. Aggressive targets at 2601. (Intermonth Strategy). Rationale: Oversold zone.

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 17089 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 17007 mark. All bullish eyes on Nifty's psychological 17500 mark.

Bank Nifty: In yesterday's session, Bank Nifty was seen drifting down amidst profit booking and most importantly, ended the day on a negative note. Bank Nifty ended 0.62% lower as against Nifty losses of 0.04%. Bank Nifty will face a major hurdles 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 spiked to 19.26 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 18000 mark will be Nifty's crucial resistance zone. Maximum Put open interest stands at 16500 levels followed by 17000 levels. Call writing was seen at 18500 and then at 18200 strike price, while there was meaningful Put writing at 16500 and then at 17400 strike prices.

In yesterday's trade, Foreign institutional investors (FIIs) net bought shares worth Rs 1474.77 crore, whereas domestic institutional investors (DIIs) sold shares worth Rs 46.79 crore.

The Put-Call Open Interest Ratio is at 1.37 for Nifty.

ECONOMIC CUES:

On the economic data front, investors this week are awaiting the July nonfarm payrolls report slated for release Friday for further clues into the state of the economy and the job market. The street is expecting 250,000 new jobs were added to the economy last month following June's 372,000 gain.

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."

GLOBAL STOCK MARKETS:

In overnight trade at Wall Street, U.S. stocks wavered on Thursday ahead of additional earnings reports as well as key economic numbers that will provide further clarity on the direction of the economy and whether the Federal Reserve's inflation-fighting rate hikes are proving effective.

U.S. government debt prices traded a bit higher as investors looked past ongoing geopolitical tensions between China and Taiwan and braced for Friday's July nonfarm payrolls report.

The key economic number will come Friday, however, when July's nonfarm payrolls report is released. Analysts polled by FactSet are expecting 250,000 new jobs were added to the economy last month following June's 372,000 gain.

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 snaps its 6-day winning streak. Profit booking blamed.

Nifty (-6, 17382).

Sensex (-52, 58299)

Volatility was hallmark of today's trade as Nifty wobbled amidst reports of rising US-China tension. The positive takeaway however was that Nifty recouped almost of its losses from day's low of 17161 to end a tad below the dotted lines at 17382 marks.

Bank Nifty ended 0.62% lower as against Nifty losses of 0.04%. Nifty Pharma index was star out-performer the day, up 2.35% followed by Nifty IT index, up 1.16% while Nifty PSU Banks and Nifty Realty index slipped 1.86% and 1.30% respectively.

Long story short: Nifty hits the pause button.

The key highlights of Thursday's trade:

- # Nifty's Major Gainers: CIPLA (+3.18%) NESTLE (+2.45%) SUN PHARMA (+2.33%)
- # Nifty's Major Losers: NTPC (-3.32%) TATA CONSUMER (-3.05%) COAL INDIA (-2.38%).

- # Adv-Dec 23 — 27
- # Nifty PCR 1.37
- # BANK NIFTY PCR 1.06
- # INDIA VIX 19.26 (+4.38%)
- # Nifty MidCap (-0.04%, 8215)
- # NiftySmallC (-0.42%, 9319)
- # BANK Nifty (-0.78%, 37694)
- # Nifty IT (+1.16%, 29757)
- # USD/INR (+0.30%, 79.33)

TOP PICKS (F & O)

It's like having investment binoculars !

MPHASIS & COFORGE: Our preferred bets on the buy side from IT space.

STOCKS	LTP	S1	S2	R1	R2	BIAS	TRADING STRATEGY
AARTI INDUSTRIES	809	781	757	837	901	Positive	Buy between 781-787 zone. Stop 753. Targets 837/859. Aggressive targets at 901. (Intermonth Strategy). Rationale: Momentum Play.
COFORGE	3901	3803	3717	4003	4251	Positive	Buy at CMP. Stop 3771. Targets 4003/4107. Aggressive targets at 4251. (Interweek Strategy). Rationale: Momentum Play.
MPHASIS	2371	2297	2151	2419	2601	Positive	Buy at CMP. Stop 2237. Targets 2419/2501. Aggressive targets at 2601. (Intermonth Strategy). Rationale: Oversold zone.
PERSISTENT SYSTEMS	3769	3571	3489	3817	4001	Positive	Buy at CMP. Stop 3559. Targets 3817/3889. Aggressive targets at 4001. (Interweek Strategy). Rationale: Momentum Play.
SRF	2453	2401	2289	2505	2781	Positive	Buy between 2401-2420 zone. Stop 2271. Targets 2505/2621. Aggressive targets at 2781. (Intermonth Strategy). Rationale: Breakout Play.

Derivatives Strategies

Future Call: SELL ICICIGI AUGUST FUTURES at CMP 1207. Targets at 1171 and then at 1143 zone. Stop: 1240. Holding Period: Intraday. Analyst's Remark: Weakening Momentum. (ICICIGI AUGUST Futures CMP 1207)

Option Call: SELL NIFTY 11th AUGUST CE Strike Price 17400 at CMP 150. Maximum Profit: ₹ 7,500/-. Loss: Unlimited. Stop: Exit Call Option if NIFTY moves above 17601. (NIFTY AUGUST Futures CMP 17370)

Market Summary:

- Nifty August Futures ended Thursday's session at a discount of -12 vs premium of +36.
- The 11th August expiry Put-Call Open Interest Ratio was at 0.98 for Nifty whereas it was 0.72 for Bank Nifty.
- The 11th August expiry Put-Call Volume Ratio was at 0.91 for the Nifty and 0.96 for Bank Nifty.
- For Nifty, Maximum Call Open Interest (OI) stands at 18000 Strike Price, followed by 17500 Strike Price for 11th August Series. Short Buildup was seen at strike prices 17100-17900.
- Maximum Put Open Interest (OI) was seen at strike price 17000 followed by 16500 strike prices for 11th August series. Short Buildup was seen at strike prices 16200-17000.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 38500 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. 1474.77 crores in the Indian Equity Market. DIIs on the other hand, sold shares worth Rs. 46.79 crores.
- Long Buildup: HINDALCO, JINDALSTEL, BSOFT, PIIND.
- Short Buildup: GUJGASLTD, ICICIGI.
- Short Covering: LUPIN, BIOCON, M&MFIN, AUROPHARMA.
- Long Unwinding: POWERGRID, SBIN, HDFC, CANBK.
- Stocks banned in F&O segment:** ESCORTS.
- New in Ban: NIL.
- Out of Ban: NIL

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

Nifty Spot	17382.00 (-0.04%)
Bank Nifty Spot	37755.55 (-0.62%)
VIX	19.2575 (+4.38%)
Premium	-12 vs +36
Nifty Future OI	0.99 crores (+1.9%)
Bank Nifty Future OI	22.49 lakhs (-4.73%)

Cash Volumes (INR in Cr.)	Yesterday	Day Before Yesterday
BSE Cash Vol. (Rs. in Cr)	4169.82	6931.9
NSE Cash Vol. (Rs. in Cr)	61,346.32	57,396.79
NSE Derivative Vol. (Rs. in Cr)	3,12,34,157	1,26,32,038

Derivatives Vol. (INR in Cr.)	No of contracts	Turnover (Rs. In cr.)
Index Future Volumes	5,60,204	50,373
Stock Future Volumes	9,73,264	65,091
Index Option Volumes	33,88,99,646	3,08,86,863
Stock Option Volumes	33,49,453	2,31,830
Total	34,37,82,567	3,12,34,157

Major Changes in Nifty Options (OI)

Calls	in lakhs (% Change)
17400	19.92 (+150%)
17500	33.47 (+177%)
17600	23.46 (+169%)
Puts	in lakhs (% Change)
17400	10.99 (+192%)
17500	6.78 (+199%)
17600	1.75 (+257%)

Gold prices likely to move further

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
GOLD \$	1811	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 (\$)	20.22	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 (\$)	88.64	90	86	94	97	Negative	Crude Oil likely to slide amidst overbought conditions. Interweek strategy: Establish Sell positions at CMP. Targets 90/86/82 zone. Stop at 94.
EUR/USD	1.0243	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	105.65	103.75	101.00	111.00	115.00	Positive	Interweek Strategy: Buy at CMP. Targets 111/115 with stop at 103.71.
DOW JONES	32713	32651	32201	33001	33551	Positive	Interweek Strategy: Establish long positions at CMP. Targets 33001/33551 mark with stop at 32651.

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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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