



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



Daily Research Reports



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Good Morning & Welcome to Monday's trading session at Dalal Street, dated 8th August 2022.

As we start a brand new week, there are some good and some bad news...

The good news first:

Oil prices tumble around 10% in the week gone.

Last week, FIIs were buyers in all the 5 trading sessions of the week with a figure of Rs. 6992 crores.

The July jobs report numbers were blowout as the U.S. economy created 528,000 jobs in July. The good news is that job boom in the US indicates there is no recession.

Now the bad news...

- 1) The bad and the troubling sign is that a booming US jobs report for July bolsters the case for the Federal Reserve to continue its aggressive policy tightening path. Fed gets the license to continue with its rate-hiking spree.
- 2) The biggest negative catalyst at the moment is that the US yield curve have steepened. The U.S Treasury yield curve continues to widen, with no signs that the trend is nearing an end.

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 jumps on the back of a stronger-than-expected jobs report for July. The 2-year/10-year yield curve remained inverted at around 41 basis points, a key recession warning.

Benchmark 2-year Treasury note yields fell to 3.24%, while 10-year notes are pegged at 2.83%, pegging the so-called inversion of the yield curve.

Long story short: This could make the markets turn volatile.

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 (17398): Buy between 17200-17250 zone. Strict stop at 16789. Targets 17557. Aggressive targets at 18000-18100 zone.

Bank Nifty (37921): Buy between 37100-37300 zone. Strict stop at 35879. Targets 38250/38765. Aggressive targets at 41289.

INDICES		
Nifty	17398	0.09%
Bank Nifty	37921	0.44%
Nifty Auto Index	12804	-1.09%
Nifty FMCG Index	42931	0.23%
Nifty Infra Index	4951	0.32%
Nifty IT Index	29974	0.64%
Nifty Media Index	2087	-0.52%
Nifty Midcap Index	8226	0.09%
Nifty Metal Index	5596	-0.44%
Nifty Pharma Index	12940	-0.33%
Nifty Reality Index	438	0.31%
Nifty Smallcap Index	9318	-0.06%
Sensex	58388	0.15%
SGX Nifty	17360	-0.37%

Outlook for the Day	
	Consolidation day 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 Monday: Volatility likely to be the hallmark of the day.

Please note, our stock markets will remain closed on Tuesday, 9th August on account of Muharram.

Now, the biggest catalyst in the near term would be the US monthly inflation which will be reported on Wednesday. Please note, the current inflation rate stands at the highest level since November 1981 at 9.1%, on an annualized basis. Hotter CPI figures will reinforce the need for a super-sized rate hike by the Fed at its next meeting, which could simply lift the dollar and bring back bears in the equity markets across the global stock markets.

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

Monday: ADANI PORTS, BHARTIARTL, INDHOTEL, MOTHERSON, NATIONALUM, POWERGRID, TORNTPOWER, ASTRAZEN, GNFC, JKTYRE, KSCL, LYKALABS, PATELENG, WHIRLPOOL.

Tuesday: BALKRISHNA, BODALCHEM, DBREALTY, DISHTV, IGL, IDFC, LINDEINDIA, MRF, NCC, PCJEWELLER, TATACHEM.

Wednesday: AARTIIND, CESC, COALINDIA, CUMMINSIND, EICHERMOT, EQUITAS, GLENMARK, HIKAL, HINDALCO, IBULHSGFIN, IRCTC, NBCC, OIL, SAIL, TATA CONSUM.

Thursday: APOLLOHOSP, AUROPHARMA, BATAINDIA, BHARATFORG, GRSE, JETAIRWAYS, PAGEIND, WONDERLA.

Friday: AMRUTANJAN, DIVISLABS, NAUKRI, ONGC, PFC, POLYPLEX, SUNTV, WOCKPHARMA.

Saturday: JKCEMENT.

TOP SECTORS:

Bullish Sectors: Banks, Metals, Auto, IT, Infra, FMCG.

Bearish Sectors: MEDIA.

STOCKS IN FOCUS:

BULLISH VIEW: SRF, NMDC, TATA ELXSI, AARTI INDUSTRIES, DEEPAK NITRITE, ICICI BANK, ULTRATECH CEMENT, CONCOR, HDFC BANK, TATA STEEL, GODREJ PROPERTIES, MARUTI, M&M, BANK OF BARODA, FEDERAL BANK, PIDILITE, COROMANDEL INTERNATIONAL, GRASIM.

Technical Strategy

VEDANTA	253
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 mmboe 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.

BEARISH VIEW: BIOCON, INDIAMART, INDIA BULLS HOUSING FINANCE, GLENMARK, SYNGENE, BANDHAN BANK.

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

The 1 Stock to Buy Right Now: SRF (CMP 2499)

Incorporated in 1970, SRF is engaged primarily in the manufacturing of industrial and speciality chemical intermediates. The company has diversified into packaging films, technical textiles and coated and laminated fabrics.

SRF gets 43% of its revenue from the chemical business. Packaging film business which contributes around 40% of the total revenue.

SRF reported a stellar quarter as its consolidated revenue grew 44% in Q1FY23 when compared with Q1FY22. The company's Profit after Tax increased 54% from Rs.395 crore to Rs.608 crores in Q1FY23 when compared with Q1FY22.

Technically, brace yourselves for a massive breakout on the monthly charts from a probable Flag Pattern. Add to that a bullish divergence and a rising stochastic signal (on daily charts) with recent increase in volumes signaling a larger rebound. SRF's 200 days Exponential Moving Average are placed at 2342 zone.

Preferred trade with interweek/intermonth perspective: Simply buy at CMP, and on dips between 2200-2250 zone, targeting 2775 mark and then aggressive targets at psychological 300 mark. Stop below 2143. 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 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 17003 mark. All bullish eyes on Nifty's psychological 17500 mark.

Bank Nifty: In Friday's session, Bank Nifty was seen consolidating amidst slight overbought technical conditions and most importantly, ended the day above the dotted lines. Bank Nifty ended 0.44% higher as against Nifty gains of 0.09%. 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 18.92 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 17000 levels followed by 16500 levels. Call writing was seen at 17500 and then at 17200 strike price, while there was meaningful Put writing at 17400 and then at 17200 strike prices.

In Friday's trade, Foreign institutional investors (FIIs) net bought shares worth Rs 1605.80 crore, whereas domestic institutional investors (DIIs) sold shares worth Rs 495.40 crore.

The Put-Call Open Interest Ratio is at 1.39 for Nifty.

ECONOMIC CUES:

All eyes will be on the U.S inflation data, with the July consumer price index (CPI) set to be released Wednesday morning

The U.S. economy added 528,000 new jobs in July, topping consensus for 250,000 new jobs in June, while the unemployment rate unexpectedly fell to 3.5%. The good news is that job boom in the US indicates there is no recession.

But the jobs report flags an uptick in wage pressures that will likely keep inflation elevated, and gives the Federal Reserve the green light to continue front-loading rate hikes. But, a booming US jobs report for July bolsters the case for the Federal Reserve to continue its aggressive policy tightening path. Fed gets the license to continue with its rate-hiking spree.

The Monetary Policy Committee (MPC), the rate setting panel of the Reserve Bank of India, has unanimously decided to hike lending rates by 50 bps to 5.40%, above the pre-pandemic level of 5.15%, the highest since 2019 and for the third time since the beginning of the current fiscal year.

GLOBAL STOCK MARKETS:

In Friday's trade at Wall Street, the **Dow Jones Industrial Average** was up 0.2% at 32,803. The **S&P 500 Index** was off 0.2% at 4,145, while the tech-heavy **Nasdaq Composite** – whose components are most sensitive to rising rates – shed 0.5% to 12,657.

In the week gone by on a weekly basis, the Dow Jones ended 0.13% lower at 32803 while the S&P 500 ended up 0.36% at 4145. Nasdaq was star out performer, ending 2.15% higher at 12658, thus outperforming the Dow & S&P for the week ended.

RECAP OF PREVIOUS DAY'S TRADING SESSION:

Nifty ends in mild green after a much-expected rate hike by the RBI.

Nifty (+16, 17398).

Sensex (+89, 58388)

Nifty wavered throughout the day's session after the rate hike of 50 basis points by the RBI and also due to the fact that the street awaits closely watched US jobs data which is set to trickle-in later in the evening.

The positive takeaway however was the benchmarks ended the week on a positive note where Nifty ended a tad below the psychological 17400 mark.

Bank Nifty ended 0.44% higher as against Nifty gains of 0.09% thus totally outperforming the benchmark Nifty.

Interest rate sensitive bank, realty and auto stocks ended on a mixed note on Friday, on a day when the RBI raised the key interest rate by 50 basis points.

Among bank stocks, ICICI Bank climbed 2.26 per cent, AU Small Finance Bank advanced 1.66 per cent, Axis Bank (0.90 per cent) and Federal Bank (0.88 per cent). However, Bandhan Bank declined 1.70 per cent, IndusInd Bank fell 1.30 per cent, Bank Of Baroda (0.59 per cent), State Bank of India (0.42 per cent), HDFC Bank (0.27 per cent) and Kotak Mahindra Bank (0.08 per cent).

Long story short: A nervous session eventually ended on a quiet note.

The key highlights of Friday's trade:

Nifty's Major Gainers: SHREECEM (+2.60%) ULTRACEMCO (+2.44%) ICICIBANK (+2.04%)

Nifty's Major Losers: BRITANNIA (-2.28%) HINDALCO (-2.22%) EICHERMOT (-2.03%).

Adv-Dec 28 — 22

Nifty PCR 1.39

BANK NIFTY PCR 1.10

INDIA VIX 18.915 (-1.77%)

Nifty MidCap (+0.09%, 8226)

NiftySmallC (-0.06%, 9318)

BANK Nifty (+0.44%, 37921)

Nifty IT (+0.64%, 29974)

USD/INR (-0.19%, 79.39)

TOP PICKS (F & O)

It's like having investment binoculars !

MPHASIS & COFORGE: Our preferred bets on the buy side from IT space. We also like SRF.

STOCKS	LTP	S1	S2	R1	R2	BIAS	TRADING STRATEGY
AARTI INDUSTRIES	814	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	3935	3803	3717	4003	4251	Positive	Buy at CMP. Stop 3771. Targets 4003/4107. Aggressive targets at 4251. (Interweek Strategy). Rationale: Momentum Play.
MPHASIS	2395	2317	2151	2419	2601	Positive	Buy at CMP. Stop 2277. Targets 2419/2501. Aggressive targets at 2601. (Intermonth Strategy). Rationale: Oversold zone.
PERSISTENT SYSTEMS	3793	3571	3489	3817	4251	Positive	Buy at CMP. Stop 3559. Targets 3889/3927. Aggressive targets at 4251. (Intermonth Strategy). Rationale: Momentum Play.
SRF	2499	2403	2289	2551	2781	Positive	Buy between 2445-2475 zone. Stop 2371. Targets 2551/2621. Aggressive targets at 2781. (Intermonth Strategy). Rationale: Breakout Play.

Derivatives Strategies

Future Call: SELL VOLTAS AUGUST FUTURES at CMP 970.65. Targets at 949 and then at 923 zone. Stop: 999. Holding Period: Intraday. Analyst's Remark: Breaking Down. (VOLTAS AUGUST Futures CMP 970.65)

Option Call: SELL NIFTY 11th AUGUST CE Strike Price 17400 at CMP 135.35. Maximum Profit: ₹ 6,767.5/-. Loss: Unlimited. Stop: Exit Call Option if NIFTY moves above 17601. (NIFTY AUGUST Futures CMP 17414.95)

Market Summary:

- Nifty August Futures ended Friday's session at a premium of +17 vs discount of -12.
- The 11th August expiry Put-Call Open Interest Ratio was at 0.80 for Nifty whereas it was 0.86 for Bank Nifty.
- The 11th August expiry Put-Call Volume Ratio was at 0.91 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 11th August Series. Short Buildup was seen at strike prices 17400-18200.
- 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 16000-16800.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 38500 Strike Price and Maximum Put Open Interest stands at 37000 Strike Price.
- As per Friday's provisional data available on the NSE, FIIs bought shares worth Rs. 1605.81 crores in the Indian Equity Market. DIIs on the other hand, sold shares worth Rs. 495.94 crores.
- Long Buildup: ICICIPRULI, ICICIBANK, ASIANPAINTS.
- Short Buildup: GAIL, M&M, VOLTAS, EICHERMOT.
- Short Covering: IEX, UPL, CHAMBALFERT, PETRONET.
- Long Unwinding: BEL, HAVELLS, PVR, RELIANCE.
- Stocks banned in F&O segment:** BALRAMCHIN, DELTACORP, ESCORTS.
- New in Ban: BALRAMCHIN, DELTACORP.
- Out of Ban: NIL

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

Nifty Spot	17397.50 (+0.09%)
Bank Nifty Spot	37920.60 (+0.44%)
VIX	18.915 (-1.78%)
Premium	+17 vs -12
Nifty Future OI	1.0 crores (+0.39%)
Bank Nifty Future OI	23.38 lakhs (+3.93%)

Cash Volumes (INR in Cr.)	Yesterday	Day Before Yesterday
BSE Cash Vol. (Rs. in Cr)	3647.12	4169.82
NSE Cash Vol. (Rs. in Cr)	59,168.56	61,346.32
NSE Derivative Vol. (Rs. in Cr)	74,42,995	3,12,34,157

Derivatives Vol. (INR in Cr.)	No of contracts	Turnover (Rs. In cr.)
Index Future Volumes	3,70,336	33,586
Stock Future Volumes	8,77,204	60,416
Index Option Volumes	7,78,70,713	71,19,983
Stock Option Volumes	31,36,521	2,29,010
Total	8,22,54,774	74,42,995

Major Changes in Nifty Options (OI)

Calls	in lakhs (% Change)
17600	53.66 (+129%)
17700	32.88 (+132%)
17800	35.5 (+117%)
Puts	in lakhs (% Change)
17300	28.86 (+38%)
17400	28.01 (+155%)
17500	13.58 (+100%)

Buy on dips preferred for US Dollar Index

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
GOLD \$	1792	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 (\$)	19.86	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 (\$)	88.53	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	1.0182	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	106.43	103.75	101.00	111.00	115.00	Positive	Interweek Strategy: Buy at CMP. Targets 111/115 with stop at 103.71.
DOW JONES	32803	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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