

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 10th August 2022.

Dalal Street looks set for a cautious open this Wednesday as investors brace for the biggest catalyst of the day i:e the US monthly inflation which will be reported on Wednesday at around 6PM IST.

The street suspects that the CPI report could move back below 9%.

Please note, the current inflation rate in the US 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.

Technically, the biggest intraday make-or-break support on Nifty seen at 17127 mark.

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

Nifty (17525): Buy between 17250-17300 zone. Strict stop at 17077. Targets 17607/17889. Aggressive targets at 18000-18100 zone.

Bank Nifty (38237): Buy between 37500-37750 zone. Strict stop at 35879. Targets 38765. Aggressive targets at 39155/41289.

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

Overnight, WTI Oil prices bounces back to \$92 a barrel on supply disruption.

Another bad and the troubling sign for Nifty bulls is that a booming Friday's 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 biggest negative catalyst at the moment is that 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 2-year/10-year yield curve remained inverted at around 47 basis points, a key recession warning.

Benchmark 2-year Treasury note yields fell to 3.27%, while 10-year notes are pegged at 2.803%, pegging the so-called inversion of the yield curve.

| INDICES | | |
|----------------------|-------|--------|
| Nifty | 17525 | 0.73% |
| Bank Nifty | 38237 | 0.84% |
| Nifty Auto Index | 12928 | 0.97% |
| Nifty FMCG Index | 42979 | 0.11% |
| Nifty Infra Index | 4975 | 0.48% |
| Nifty IT Index | 29968 | -0.02% |
| Nifty Media Index | 2103 | 0.80% |
| Nifty Midcap Index | 8258 | 0.39% |
| Nifty Metal Index | 5668 | 1.29% |
| Nifty Pharma Index | 12940 | 0.00% |
| Nifty Reality Index | 439 | 0.16% |
| Nifty Smallcap Index | 9350 | 0.34% |
| Sensex | 58853 | 0.80% |
| SGX Nifty | 17512 | -0.09% |

| Outlook for the Day | |
|---------------------|---------------------------|
| | Consolidation day likely. |

| Nifty Outlook | |
|---------------|------------------------|
| Intraday | Positive (17300-17650) |
| Medium Term | Positive (15251-18100) |
| Long Term | Positive (12500-19001) |

| Key Levels to Watch | |
|---------------------|-------------|
| Nifty Support | 17345/17121 |
| Nifty Resistance | 17889/18157 |

| Pivot Level | |
|-------------|-------|
| Nifty | 16211 |

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

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

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, Infra, FMCG.

Bearish Sectors: MEDIA.

STOCKS IN FOCUS:

BULLISH VIEW: JK PAPER, ANDHRA PAPER, SESHASAYEE PAPER, SRF, NMDC, TATA ELXSI, AARTI INDUSTRIES, DEEPAK NITRITE, ICICI BANK, CONCOR, HDFC BANK, TATA STEEL, MARUTI, M&M, BANK OF BARODA, FEDERAL BANK, PIDILITE, COROMANDEL INTERNATIONAL.

BEARISH VIEW: BIOCON, DIXION TECHNOLOGIES, MCX, INDIA BULLS HOUSING FINANCE, GLENMARK, SYNGENE, BANDHAN BANK.

Our **chart of the day** is bullish on JK PAPER, ANDHRA PAPER and SESHASAYEE PAPER on any corrective declines with an interweek perspective.

The 1 Stock to Buy Right Now: JK Paper (JKP) (CMP 389)

Incorporated in March 1960, **JK Paper (JKP)** has been a star performer amongst paper stocks, and now commanding a market capitalization of Rs. 6472 crores. JKP is the market leader in Branded Copier Paper in India and amongst the top two players of Coated Paper and high-end Packaging Boards in the Country - In copier paper company is a market leader its current market share is ~25%. - In Coated paper company is amongst leading players its current market share is ~11%. - In Packaging Board company is

Technical Strategy

| | |
|-----------------------|-------------|
| COAL INDIA | 215 |
| Action | BUY |
| Target | 251 |
| Support | 198/173 |
| Resistance | 251/301 |
| Holding Period | 90-120 Days |

Incorporated in 1975, **COAL INDIA Limited (CIL)** is the largest coal producer in the world and accounts for ~80% of the domestic coal production in FY22. Its raw coal production in FY22 stood at 623MT, up 4.4% YoY and functions through its subsidiaries in 84 mining areas spread over eight (8) states of India. CIL has 318 mines (as of 1st April 2022) of which 141 are underground, 158 opencast, and 19 mixed mines.

CIL was conferred the Maharatna status by the government of India (GOI) on Apr'11, which gave the company operational and financial autonomy. CIL has strategic importance in meeting India's energy requirement as ~51% (as of May'22) of the country's power generation capacity is derived from coal-based thermal power plants.

CIL is committed to playing a major role in achieving the Nation's energy security. Based on the demand projection in 'Vision 2024' for the coal sector in the country and subsequent demand projection on CIL, a roadmap has been prepared wherein CIL has envisioned 1 Billion Tonne (Bt) production in the year 2024-25 to meet the coal demand of the country.

The key positive catalyst in favor of CIL is its robust business profile with stable and healthy operating margins. Also, higher international coal prices shall lead to higher e-auction coal prices.

Dispatch of coal and coal products during 2021-22 was at 662.566 Mts and despatch to power utilities (including special forward e-Auction) was 540.571 MTs. Overall coal stock at power houses at 25.627 Mts (28 days) as of 31.3.2022.

Projects: There are 116 ongoing Mining projects having an annual capacity of 915.36 MTY which have contributed 456.28 MT in the year 2021-22. Other than this, there are 161 completed mining projects having an annual capacity of 379.25 MTY. 52 mining projects have been approved in FY 20-21 and FY 21-22. These projects are expected to contribute additional production of 102 MT in FY 24-25 to augment coal production of CIL to 1 billion tonnes by FY 2024-25.

Technically, brace yourselves for an impulse uptrend seen forming on the daily time scale, with positive SAR series, with recent sequence of higher high/low intact on the daily and weekly 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 176-180 zone. Any corrective declines to 177 zone will be an opportunity to initiate aggressive long positions.

Simply buy at CMP, and on dips between 183-190 zone, targeting 225 mark and then at 251 mark. Stop below 171. Holding Period: 3-5 Months.

Aggressive 1-year targets seen at at psychological 300 mark.

amongst leading players its current market share is ~11%. The key positive catalyst is the rise in paper prices across the board amidst supply disruption on lower availability of paper for recycling. Also, increase in demand witnessed as economy across globe moving to normalization.

Simply buy at CMP, and on any corrective dips between 320-330 zone, targeting 421/457 and then aggressive bigger 12-15 months targets at 550 mark. Stop at 263.

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 17127 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 continue to be dramatically positive if Nifty continues to stay above its 200 DMA 16997 mark. All bullish eyes on Nifty's psychological 17500 mark.

Bank Nifty: In Monday's session, Bank Nifty was seen consolidating with positive bias despite slight overbought technical conditions and most importantly, ended the day above the dotted lines. Bank Nifty ended 0.84% higher as against Nifty gains of 0.73%. 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 19.32 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 Monday's trade, Foreign institutional investors (FIIs) net bought shares worth Rs 1450 crore, whereas domestic institutional investors (DIIs) sold shares worth Rs 141 crore.

The Put-Call Open Interest Ratio is at 1.37 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 Tuesday's trade at Wall Street, U.S. stocks edged lower Tuesday, while the dollar slipped modestly lower against its global peers and oil prices bounced higher, as investors adopted a cautious stance on risk ahead of a key inflation reading later in the week.

Markets remain laser-focused on Wednesday's July inflation reading, which is expected to indicate a pullback in headline CPI from its 41-year peak of 9.1% and possibly being a series of readings that could provide the Federal Reserve with enough data to conclude that its interest rate hikes are finally having an effect.

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 bulls retain control and march forward despite strong headwinds.

Nifty (+128, 17525).

Sensex (+465, 58853)

The positive takeaway from today's trading session was Nifty bulls clawed their way out of the hole especially after SGX Nifty indicated morning drubbing. Well, bulls can do a victory lap as Nifty ended well above the psychological 17500 mark.

The biggest positive catalyst: Oil hovers around 6-month low at \$88.35 a barrel.

Bank Nifty ended 0.87% higher as against Nifty gains of 0.75%. Nifty Metal index was star out-performer the day, up 1.34% followed by Nifty Private Banks index, up 1.27% while Nifty PSU Banks and Nifty IT index slipped 0.50% and 0.03% respectively.

Long story short: Nifty kicks of the week on a bullish note; reclaims 17500 mark.

The key highlights of Monday's trade:

Nifty's Major Gainers: M&M (+3.21%) COAL INDIA (+3.14%) BAJAJ FINSERV (+2.93%)

Nifty's Major Losers: BPCL (-3%) SBI (-2.06%) BRITANNIA (-1.49%)

Adv-Dec 34 — 16

Nifty PCR 1.37

BANK NIFTY PCR 1.20

INDIA VIX 19.32 (+2.13%)

Nifty MidCap (+0.39%, 8258)

NiftySmallC (+0.30%, 9346)

BANK Nifty (+0.85%, 38245)

Nifty IT (-0.03%, 29963)

USD/INR (+0.34%, 79.63)

TOP PICKS (F & O)

It's like having investment binoculars !

BEL: A momentum play above 289 mark.

| STOCKS | LTP | S1 | S2 | R1 | R2 | BIAS | TRADING STRATEGY |
|------------------|------|------|------|------|------|----------|--|
| AARTI INDUSTRIES | 803 | 781 | 757 | 837 | 901 | Positive | Buy between 781-787 zone. Stop 753. Targets 837/859. Aggressive targets at 901. (Intermonth Strategy). Rationale: Momentum Play. |
| BEL | 282 | 267 | 259 | 289 | 311 | Positive | Buy at CMP. Stop 257. Targets 289/301. Aggressive targets at 311. (Interweek Strategy). Rationale: Momentum Play. |
| MPHASIS | 2391 | 2317 | 2151 | 2419 | 2601 | Positive | Buy at CMP. Stop 2277. Targets 2419/2501. Aggressive targets at 2601. (Intermonth Strategy). Rationale: Oversold zone. |
| SRF | 2481 | 2403 | 2289 | 2551 | 2781 | Positive | Buy between 2445-2460 zone. Stop 2371. Targets 2551/2621. Aggressive targets at 2781. (Intermonth Strategy). Rationale: Breakout Play. |
| TATA MOTORS | 468 | 447 | 429 | 485 | 537 | Positive | Buy at CMP. Stop 445. Targets 485/507. Aggressive targets at 537. (Intermonth Strategy). Rationale: Momentum Play. |

Derivatives Strategies

Future Call: BUY MGL AUGUST FUTURES at CMP 806.95. Targets at 821 and then at 840 zone. Stop: 787. Holding Period: Intraday. Analyst's Remark: Rebound Play. (MGL AUGUST Futures CMP 806.95)

Option Call: SELL NIFTY 11th AUGUST PE Strike Price 17500 at CMP 88.60. Maximum Profit: ₹ 4,430/-. Loss: Unlimited. Stop: Exit Put Option if NIFTY moves below 17375. (NIFTY AUGUST Futures CMP 17560)

Market Summary:

- Nifty August Futures ended Monday's session at a premium of +35 vs premium of +17.
- The 11th August expiry Put-Call Open Interest Ratio was at 1.38 for Nifty whereas it was 1.19 for Bank Nifty.
- The 11th August expiry Put-Call Volume Ratio was at 1.17 for the Nifty and 0.98 for Bank Nifty.
- For Nifty, Maximum Call Open Interest (OI) stands at 18000 Strike Price, followed by 18500 Strike Price for 11th August Series. Short Covering was seen at strike prices 17100-17500.
- Maximum Put Open Interest (OI) was seen at strike price 17400 followed by 17300 strike prices for 11th August series. Short Buildup was seen at strike prices 16500-17500.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 38500 Strike Price and Maximum Put Open Interest stands at 38000 Strike Price.
- As per Monday's provisional data available on the NSE, FIIs bought shares worth Rs. 1449.7 crores in the Indian Equity Market. DIIs on the other hand, sold shares worth Rs. 140.73 crores.
- Long Buildup: HDFCBANK, L&T, MGL.
- Short Buildup: SBIN, ICICIPRULI, MFSL.
- Short Covering: RELIANCE, IRCTC, M&M, CHAMBALFERT.
- Long Unwinding: MUTHOOTFIN, SRF, SBICARD.
- Stocks banned in F&O segment:** BALRAMCHIN, DELTACORP, ESCORTS.
- New in Ban: NIL.
- Out of Ban: NIL

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

| | |
|-----------------------------|----------------------|
| Nifty Spot | 17525.10 (+0.73%) |
| Bank Nifty Spot | 38237.40 (+0.84%) |
| VIX | 19.3025 (+2.05%) |
| Premium | +35 vs +17 |
| 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) | 88,37,368 | 3,12,34,157 |

| Derivatives Vol. (INR in Cr.) | No of contracts | Turnover (Rs. In cr.) |
|-------------------------------|-----------------|-----------------------|
| Index Future Volumes | 3,26,393 | 29,769 |
| Stock Future Volumes | 7,34,372 | 52,623 |
| Index Option Volumes | 9,48,68,447 | 85,30,159 |
| Stock Option Volumes | 30,03,208 | 2,24,817 |
| Total | 9,89,32,420 | 88,37,368 |

Major Changes in Nifty Options (OI)

| Calls | in lakhs (% Change) |
|-------|---------------------|
| 17200 | 3.01 (-32%) |
| 17300 | 9.72 (-27%) |
| 17400 | 24.66 (-24%) |
| Puts | in lakhs (% Change) |
| 17500 | 52.63 (+288%) |
| 17600 | 8.02 (+282%) |
| 17700 | 7.28 (+593%) |

Buy on dips preferred for US Dollar Index

| 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 (\$) | 20.47 | 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 (\$) | 90.66 | 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 | 1.0216 | 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 | 106.16 | 103.75 | 101.00 | 111.00 | 115.00 | Positive | Interweek Strategy: Buy at CMP. Targets 111/115 with stop at 103.71. |
| DOW JONES | 32806 | 32651 | 32201 | 33001 | 33551 | Positive | Interweek Strategy: Establish long positions at CMP. Targets 33001/33551 mark with stop at 32651. |

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