



**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 22nd November 2022.

Well, if last week's sluggish trading action is any indication, then we suspect – Nifty is likely to trade volatile and choppy this week too.

This morning, there are three bad news and one good news:

First, the bad news:

1. Overnight, Wall Street trades sluggish as China announces first COVID death and also announces new lockdowns.
2. FIIs again sell in yesterday's trade to the tune of Rs.1594 crores.
3. The moves in the US bond markets suggests recession as the yield on one-month Treasury bills top those for 30-year bonds for the first time since late 2019. Each of the two times this has happened -- the other was in 2007 -- the U.S. fell into recession within six months.

Now, the good news:

WTI oil prices have tumbled below to \$79.50 a barrel.

That brings us to our call of the day which suggests an absolutely listless and an uninspiring session trading day on cards despite it being a November F&O series expiry week.

Bottom-line: We will spy with one big eye if there is any celebrative mood from the FIIs camp on backdrop of plunge in oil prices below \$80 a barrel.

The bulls will also hope and pray for some massive short covering.

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

Nifty (18160): Buy between 18000-18050 zone. Stop at 17901. Targets 18350/18605. Aggressive targets at 18751 zone.

Bank Nifty (42437): Buy between 41900-42000 zone. Stop at 41665. Targets 42750/43000. Aggressive targets at 43750 zone.

Outlook for Tuesday: Buy on dips should be the preferred strategy.

Judging by early action at SGX Nifty, investors' enthusiasm on the buy side is missing.

Blame it to fading hopes of a potential slowdown in interest-rate hike from the Federal Reserve.

So commanding attention this week will be the minutes of the Federal Reserve's October policy meeting to be wired on Wednesday, 23rd November.

INDICES		
Nifty	18160	-0.81%
Bank Nifty	42347	-0.21%
Nifty Auto Index	12696	-0.62%
Nifty FMCG Index	43611	-0.31%
Nifty Infra Index	5241	-0.41%
Nifty IT Index	29210	-1.55%
Nifty Media Index	1996	0.25%
Nifty Midcap Index	8536	-0.04%
Nifty Metal Index	6392	-0.81%
Nifty Pharma Index	12795	-0.52%
Nifty Reality Index	443	-1.27%
Nifty Smallcap Index	9637	0.24%
Sensex	61145	-0.84%
SGX Nifty	18222	0.11%

Outlook for the Day	
	Choppy and volatile

Nifty Outlook	
Intraday	Neutral (18000 -18350)
Medium Term	Positive (17100-19000)
Long Term	Positive (14500-19501)

Key Levels to Watch	
Nifty Support	17969/17777
Nifty Resistance	18605/19251

Pivot Level	
Nifty	17677

The street is expecting that the US central bank to raise the policy rate by 50 basis points in December and most importantly, will spy with one big eye if October policy meeting could confirm a smaller hike amid growing concerns over an economic downturn.

Long story short: Nifty bulls will take control only on hints of a dovish Federal Reserve.

Keeping upside capped will be a harsh tone by the Fed officials especially Federal Reserve Governor Christopher Waller statement that markets were "way out in front" and that rates will not fall until there is "clear, strong" evidence inflation is falling.

San Francisco Fed President Mary Daly too has advised that markets should stop thinking about the pace of rate hikes and start thinking about the level.

Investors are also proceeding with caution amid increasing concern for recession in the U.S., the world's biggest economy.

TOP SECTORS:

Bullish Sectors: BANK NIFTY

Bearish Sectors: MEDIA, PHARMA, AUTO, REALTY

STOCKS IN FOCUS:

BULLISH VIEW: PUNJAB NATIONAL BANK, LTTS, PIDILITE, HINDUSTAN AERONAUTICS, LARSEN, BHARTI AIRTEL, BHARAT ELECTRONICS.

BEARISH VIEW: DELTA CORP, EICHER MOTORS, AARTI INDUSTRIES, METROPOLIS HEALTHCARE, INFO EDGE, CIPLA, BANDHAN BANK, LALPATH LABS, PEL, MUTHOOT FINANCE, DIXON TECHNOLOGIES, MINDTREE, METROPOLIS HEALTHCARE, IRCTC, AND LIC HOUSING FINANCE.

Our **chart of the day** is bullish on SBI, PNB, LTTS and ABB with an inter-month perspective.

The 1 stock to buy right now: Buy HBL POWER SYSTEM (CMP 109): Incorporated in 1986, HBL Power Systems Limited is a small-cap company with a market capitalization of 2967 crores and engaged in the manufacturing of different types of batteries (include VRLA, nickel-cadmium, silver, and lithium-ion types) and, power electronics (include thyristor battery charger, battery monitoring system and earth leakage monitor) and concrete products (include spun concrete products, spun concrete piles and spun concrete telecom towers).

HBL engineering solutions consist of training simulators and railways, including data loggers, audio frequency track circuit, electronic interlocking system, train collision avoidance system, digital axle counter and integrated power supply.

Technical Strategy

LTTS	3809
Action	BUY
Target	4257
Support	3711/3614
Resistance	3947/4501
Holding Period	60-90 DAYS

Theme: Incorporated in 2012, **L&T Technology Services Limited (LTTS)** is a global leader in Engineering and R&D (ER&D) services. With 913 patents filed for 57 of the Global Top 100 ER&D spenders, LTTS lives and breathes engineering. With regards to – World's 1st Autonomous Welding Robot, Solar 'Connectivity' Drone, and the Smartest Campus in the World.

LTTS as our top pick in the Tier II IT Services space amidst its expertise in engineering design, product development, smart manufacturing, and digitalization touches every area of human lives – as they have 89 Innovation and R&D design centers globally, we specialize in disruptive technology spaces such as 5G, Artificial Intelligence, Collaborative Robots, Digital Factory, and Autonomous Transport.

LTTS management expects strong growth during the medium term, which implies a growth momentum of ~20% over FY21-25E. Growth is expected to be driven by strong bookings in the transportation vertical (USD 100mn+ Jaunt Air Mobility deal won in Q4 and USD 50mn+ deal in rail won in Q1) and consistency in USD 10mn+ TCV wins (seven in Q1FY23 as compared to six in Q4FY22 and 20 in FY22)

Technical Outlook: Technically, brace yourselves with oversold conditions seen forming on the daily and weekly time scale. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 3735-3750 zone.

Preferred Strategy: Simply buy at CMP, and on dips between 3250-33000 zone, targeting 4150/4751 mark and then targets at psychological 6000 with stop below 2509. Stop at 2921.

HBL has reported a healthy improvement in business performance. Revenue from operations increased by 34% from Rs 909 crore in FY21 to Rs 1,221 crore in FY22, the pre-covid levels. EBITDA more than doubled from Rs 72 crore in FY21 to Rs 160 crore in FY22. EBITDA margin stood at 12 per cent in FY22 against 9 per cent in FY21.

The management commentary is quite positive as they expect overall business to continue to transform in favour of better-margin portfolios. The electronics and defence verticals are high margin spaces and the NCPP and PLT batteries likely to generate healthy returns. Barring unforeseen adversities, the management expects healthy returns in the next 3-4 years.

HBL won multiple contracts for supply of Kavach (Train Collision Avoidance System). HBL along with Siemens has signed the first contract under Mission Raftar project, with Eastern Railway for deployment of Kavach. Kavach (TVAS-Train Collision Avoidance System) involves over 260 km of track and 120 locomotives from Howrah to Pradhankhanta. The contract is valued Rs 286.69 crore, of which HBL's work share is Rs 205.88 crore. The contract is scheduled for completion in 700 days.

HBL's electronics vertical is expected to emerge as the key business and profitability driver over the coming years. Indian Railways have announced their plan to deploy Kavach over 34,368 km of track, covering high density and highly utilised routes, targeting the completion of this ambitious plan by 2026.

The other major opportunity for Kavach (TCAS) is Vande Bharat Trains (Train 18). HBL has received an order for 46 TCAS systems to be installed on new Vande Bharat Trains being produced at ICF for which deliveries are scheduled in the second half of FY23.

Simply buy at CMP, and on dips between 75-80 zone, targeting 121/137.50 mark and then aggressive targets at psychological 150 mark. Stop below 71. Holding Period: 5-8 Months.

WHAT TECHNICAL TELLS US ON NIFTY/SENSEX:

Daily chart of Nifty:



Nifty: Nifty slipped in yesterday's trade- forming a bearish candle on the daily charts.

Technically, Nifty's biggest make-or-break intraday support now placed only at 17969 mark. Only below 17969 mark, Nifty likely to slip quickly to 17750-17777 zone.

For the day, buying on dips shall be the preferred strategy. Expect momentum buying only above 17350 hurdles which can lift Nifty above its upside targets at 18605.

Nifty's 200 DMA at 17025 mark.

Daily chart of Bank Nifty:



Bank Nifty: In yesterday's trade, Bank Nifty slipped but the positive takeaway was that buyers emerged from lower levels. Bank Nifty ended 0.21% lower, still was seen flirting with its fresh all-time-high at 42611.75 mark. PSU Bank index inched up 1.41% higher while Nifty Private Bank index slipped 0.15%.

The positive takeaway is that the recent sequence of higher high/low remains intact for Bank Nifty on all-time-frames.

Intraday support for Bank Nifty seen at 41900 mark. The biggest interweek support for Bank Nifty seen at 40819 mark.

For the day, buying on any sharp declines shall be the preferred strategy.

Bank Nifty's 200 DMA at 37250 mark.

DERIVATIVE & INSTITUTIONAL CUES:

The **Nifty options data** for November series suggests Nifty is likely to be in a trading range of 17500-19000 zone. Maximum Call OI is at 18300 followed by 18400 strike price. So, the 18400 mark will be Nifty's crucial resistance zone. Maximum Put open interest stands at 18000 levels followed by 18300 levels. Call writing was seen at 18200 and then at 18300 strike price, while there was meaningful Put writing at 17900 and then at 17800 strike prices.

The Volatility index inched was hovering well below the 20 levels - now at 14.80 levels as on November 21st.

As per Friday's provisional data available on the NSE, FIIs sold shares worth Rs. 751 crores in the Indian Equity Market. DIIs on the other hand, bought shares worth Rs. 891 crores.

As per Monday's provisional data available on the NSE, FIIs sold shares worth Rs. 1594 crores in the Indian Equity Market. DIIs on the other hand, bought shares worth Rs. 1263 crores.

The Put-Call Open Interest Ratio is at 0.64 for Nifty.

Stocks in Ban for today's trade: ESCORTS, GUJARAT NARMADA VALLEY FERTILIZERS AND CHEMICALS, INDIABULLS HOUSING FINANCE, PUNJAB NATIONAL BANK, AND SUN TV.

ECONOMIC CUES:

India's retail inflation has eased to a three-month low at 6.77% in October as food inflation decelerated.

That said, the easing is unlikely to force a pause in the RBI's rate hiking cycle.

Retail inflation has remained outside of the central bank's Monetary Policy Committee's tolerance band of 2-6 per cent for more than three successive quarters, marking the panel's failure to achieve its legally-mandated inflation target.

GLOBAL STOCK MARKETS:

Overnight at Wall Street, U.S. stocks mostly slipped lower while the dollar built solid gains as markets took a defensive stance into the short Thanksgiving week amid renewed concerns over the pace of Covid infections in China.

In the week gone by, Dow remained almost unchanged, but Nasdaq ended 1.56% lower and S&P 500 too ended 0.69% lower.

RECAP OF PREVIOUS DAY'S TRADING SESSION:

Nifty ends lower for 3rd day in a row as all sectoral indices end in red barring Nifty PSU Banks index.

Nifty (-148, 18160).

Sensex (-519, 61145)

The way our Nifty moved up in today's session would have put a tortoise to shame. And you could also compare the market's range with that of a porcupine's spines.

Yep, absolutely listless and an uninspiring session despite it being a November F&O series expiry week.

Bottom-line: Investors preferred to stay on the sidelines. The celebrative mood on backdrop of plunge in oil prices below \$80 a barrel was missing with totality albeit with no conviction and limited breadth.

Top Index Gainers: BPCL (+2.10%) BHARTI AIRTEL (+1.72%) AXIS BANK (+1.18%)

Top Index Losers: ADANI PORTS (-2.13%) TECH MAHINDRA (-2.11%) HEROMOTO CORP (-2.02%)

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Nifty PCR 0.64

BANK NIFTY PCR 0.96

INDIA VIX 14.80 (+2.83%)

Nifty MidCap (-0.05%, 8535)

NiftySmallC (+0.18%, 9631)

BANK Nifty (-0.21%, 42347)

Nifty IT (-1.61%, 29192)

USD/INR (+0.24%, 81.82)



TOP PICKS (F & O)

It's like having investment binoculars !

LTTS appears attractive with an inter-month perspective.

STOCKS	LTP	S1	S2	R1	R2	BIAS	TRADING STRATEGY
ABB	3076	3013	2945	3213	3466	Positive	Buy at CMP. Stop 2993. Targets 3207/3293. Aggressive targets at 3466. (Intermonth Strategy). Rationale: Rebound Play.
BEL	106	103	99	112	125	Positive	Buy at CMP. Stop 102. Targets 112/117. Aggressive targets at 125. (Intermonth Strategy). Rationale: Breakout Play.
MCDOWELL	874	855	837	913	1001	Positive	Buy at CMP. Stop 831. Targets 913/941. Aggressive targets at 1001. (Intermonth Strategy). Rationale: Momentum Play.
LTTS	3809	3721	3611	3943	4289	Positive	Buy at CMP. Stop 3701. Targets 3943/4041. Aggressive targets at 4289. (Intermonth Strategy). Rationale: Momentum Play.
RBL BANK	142	137	130	153	161	Positive	Buy between 137-139 zone. Stop 135. Targets 153/157. Aggressive targets at 163. (Intermonth Strategy). Rationale: Momentum Play.

Derivatives Strategies

Future Call: SELL AMBUJCEM NOVEMBER FUTURES at CMP 564.50. Targets at 554 and then at 541 zone. Stop: 575. Holding Period: Intraday. Analyst's Remark: Breaking Down. (AMBUJCEM NOVEMBER Futures CMP 564.50)

Option Call: BUY NIFTY 24th NOVEMBER PE Strike Price 18200 at CMP 83.50. Maximum Loss: ₹ 4150/-. Profit: Unlimited. Stop: Exit Put Option if NIFTY moves above 18321. (NIFTY NOVEMBER Futures CMP 18194)

Market Summary:

- Nifty November Futures ended Monday's session at a premium of +34 vs premium of +37.
- The 24th November expiry Put-Call Open Interest Ratio was at 0.64 for Nifty whereas it was 0.97 for Bank Nifty.
- The 24th November expiry Put-Call Volume Ratio was at 0.88 for the Nifty and 0.98 for Bank Nifty
- For Nifty, Maximum Call Open Interest (OI) stands at 18300 Strike Price, followed by 18400 Strike Price for 24th November Series. Short Buildup was seen at strike prices 18000-18600.
- Maximum Put Open Interest (OI) was seen at strike price 18000 followed by 18300 strike prices for 24th November series. Short Covering was seen at strike prices 18300-18700.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 42500 Strike Price and Maximum Put Open Interest stands at 42000 Strike Price.
- As per Monday's provisional data available on the NSE, FIIs sold shares worth Rs. 1593.83 crores in the Indian Equity Market. DIIs on the other hand, bought shares worth Rs. 1262.91 crores.
- Long Buildup: BHARTIARTL, CANBK, AXISBANK, BPCL
- Short Buildup: ADANI PORTS, HDFCBANK, AMBUJCEM.
- Short Covering: BIOCON, BSOFT, ADANI ENT.
- Long Unwinding: ZEEL, BANKBARODA, ASHOKLEY.
- Stocks banned in F&O segment:** ESCORTS, GNFC, IBULHSGFIN, PNB, SUNTV.
- New in Ban: ESCORTS.
- Out of Ban: BALRAMCHIN, BHEL, DELTACORP.

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

Nifty Spot	18159.95 (-0.81%)
Bank Nifty Spot	42346.55 (-0.21%)
VIX	14.79 (+2.78%)
Premium	+34 vs +11
Nifty Future OI	0.96 crores (-10.77%)
Bank Nifty Future OI	21.50 lakhs (-7.67%)

Cash Volumes (INR in Cr.)	Yesterday	Day Before Yesterday
BSE Cash Vol. (Rs. in Cr)	3030.8	3797.64
NSE Cash Vol. (Rs. in Cr)	46,489.62	50,546.68
NSE Derivative Vol. (Rs. in Cr)	87,04,606	84,86,201

Derivatives Vol. (INR in Cr.)	No of contracts	Turnover (Rs. In cr.)
Index Future Volumes	2,77,507	26,779
Stock Future Volumes	20,48,972	1,38,982
Index Option Volumes	8,52,30,392	82,34,493
Stock Option Volumes	42,24,723	3,04,352
Total	9,17,81,594	87,04,606

Major Changes in Nifty Options (OI)

Calls	in lakhs (% Change)
18100	17.66 (+72%)
18200	65.68 (+265%)
18300	121.04 (+65%)

Puts	in lakhs (% Change)
18300	52.97 (-23%)
18400	27.88 (-24%)
18500	9.63 (-46%)

Buying on dips shall be the preferred strategy for Dow Jones Index.

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
GOLD \$	1738	1721	1703	1753	1771	Negative	Gold prices witnessed downward correction. Interweek Strategy: Sell at CMP. Targets 1721/1703 mark with stop at 1757.
SILVER (\$)	20.83	19.46	18.00	21.45	22.30	Negative	Silver prices too seen trading with negative bias. Interweek Strategy: Sell at CMP. Targets 20.15/19.46 mark with stop at 21.60.
WTI CRUDE OIL (\$)	79.38	77	74	83.5	88	Negative	The technicals are aggressively bearish. Establish Sell positions at CMP. Targets 77/74/71 zone. Stop at 84.
EUR/USD	1.0250	0.9131	0.8501	1.0359	1.0551	Negative	Interweek Strategy: Establish short positions at CMP . Targets 1/0.9131 with stop at 1.0389.
US Dollar Index	107.69	105.70	104.00	112.00	115.00	Positive	Buy on dips shall be the preferred strategy. Interweek Strategy: Buy between 106.50-107 zone. Targets 112/115 with stop at 105.35.
DOW JONES	33783	33451	33001	34001	34201	Positive	Interweek Strategy: Establish buy positions at CMP. Targets 34001 mark and then at 34201 with stop at 33451.

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