

Sentiments take a hit as U.S Bond Yields Spike.

Oil prices jump to 7-Year Highs amidst supply concerns and drone strikes.

Nifty's support seen at 17901 mark.



Daily Research Reports

Good Morning & Welcome to Wednesday's trading session at Dalal Street, dated 19th of January 2022.

In early action SGX Nifty is seen treading water —indicating investors are likely to remain risk-averse amidst the sharp decline witnessed in overnight trade at Wall Street.

The key negative catalysts:

1. The U.S Dollar preserves its strength at 95.69 mark.
2. The 10-year US Treasury yield soared to a fresh two-year high of 1.856%, while the yield on the 2-year bond reached 1.06%.
3. Oil prices jump to 7-Year Highs amidst supply concerns and drone strikes.

Before, we get into details — here is our preferred strategy:

Nifty (18113): Sell between 18201-18250 zone. Strict stop at 18389. Targets 18011/17901. Aggressive targets at 17586-17615 zone.

Bank Nifty (38210): Sell at CMP. Stop 39113. Targets 37757/37007. Aggressive targets at 35881.

Outlook for Wednesday: Volatile session likely.

The gyan mantra for the day says that with multiple risks looming, it's as important as ever for investors to guard against complacency.

This brings us to our **call of the day** which suggests that Dalal Street looks set for another rough session on fears that the US Federal Reserve will have to accelerate further its tightening pace. So, commanding attention from here-on would be the two-day FOMC meeting beginning Jan. 25th.

Also fueling pessimism are yesterday's institutional activity where both, FIIs and DIIs camp sold shares in Indian stock markets. Foreign institutional investors (FIIs) net sold shares worth Rs 1,254.95 crore, while domestic institutional investors (DIIs) net offloaded shares worth Rs 220.20 crores.

The negative takeaway is that both the institutions sold shares for 2nd consecutive day.

The street will be also bit apprehensive as scorching inflation is seen hurting retail sales. The Dow Jones index had slipped in Friday's trade as weighing on sentiment was a wide miss by December retail sales, with a 1.9% month-over-month decline coming in far worse than expectations for a mere 0.1% slip.

INDICES

Nifty	18113	-1.07%
Bank Nifty	38210	-0.02%
Nifty Auto Index	11599	-2.38%
Nifty FMCG Index	37503	-1.28%
Nifty Infra Index	5210	-2.16%
Nifty IT Index	38092	-1.84%
Nifty Media Index	2301	-1.16%
Nifty Midcap Index	8698	-2.28%
Nifty Metal Index	5755	-2.26%
Nifty Pharma Index	13698	-1.19%
Nifty Reality Index	503	-2.61%
Nifty Smallcap Index	11687	-2.45%
Sensex	60755	-0.90%
SGX Nifty	18137	0.02%

Outlook for the Day

Negative session likely

Nifty Outlook

Intraday	Positive (18035-18257)
Medium Term	Positive (17500-18607)
Long Term	Positive (15251-19001)

Key Levels to Watch

Nifty Support	17921/17775
Nifty Resistance	18351/18605

Pivot Level

Nifty	17489
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The street also fears that Omicron variant has still not subsided.

Lastly, IT stocks earnings were generally strong so far but IT index fails to rally—fireworks missing. The Fed's hawkish talk is seen denting hopes of tech sector re-bound.

Earnings season kicks off strongly this week with the key corporate earnings to trickle in are:

Wednesday, 19th Jan: TATACOMM, OFSS, JSWSENERGY, LICHSGFIN, ICICIGI, CEATLTD, BAJAJ AUTO.

Thursday, 20th Jan: SOUTHBANK, MPHASIS, PNB HOUSING, HUL, CENTURYTEX, BAJAJFINSV, ASIANPAINT, BIOCON, CONCOR.

Friday, 21st Jan: RELIANCE, SBILIFE, PVR, L&TFH, JSWSTEEL, IDEA, HDFCLIFE, IDBI, HINDZINC, BANDHANBANK.

TOP SECTORS:

- # **Bullish View:** ENERGY
- # **Bearish view:** REALTY, AUTO, METAL, IT.

STOCKS IN FOCUS:

- # **BULLISH VIEW:** AXISBANK, HDFCBANK.
- # **BEARISH VIEW:** BIOCON, LAL PATH LABS, METROPOLIS, MUTHOOT FINANCE, INDUSIND BANK, M&M FINANCIAL, RBL BANK, METROPOLIS, WIPRO.
- # Our **chart of the day** is bearish on stocks like BIOCON, AMBUJACEM & TATASTEEL with inter-week perspective.
- # **Sell Something:** Sell BIOCON (CMP 349): Sell between 353-357 zone. Stop 379. Targets 341/333. Aggressive targets at 311. (Interweek Strategy).

WHAT TECHNICAL TELLS US ON NIFTY/SENSEX:

Daily chart of Nifty:



Technical Strategy

DIVI'S LABS	4527
Action	SELL
Target	4323
Support	4323/4125
Resistance	4719/4925
Holding Period	30 Days.

Divis Lab ended on a negative note in yesterday's trade, down 2.23%.

We believe, in near term, the stock is likely to underperform on the bourses primarily on backdrop of concerns on major profit booking; hence, we initiate a 'SELL'.

Firstly, overbought technical conditions prevail on the daily charts on backdrop of a probable dark cloud cover pattern. The momentum oscillators are seen shifting in sell mode signaling further sharp corrective down move. The stock price is has already signaled a break down from a "higher consolidation zone" on the weekly — confirmation of the same below 4356 mark. Aggressive downside risk below a 4356 close is at psychological 4000 zone.

The 200-DMA of the stock is around 4605 levels.

Establishing short positions at CMP should be the preferred trading strategy, targeting 4425/4323 and then aggressive targets at 4000 zone. Stop above 4229. Holding Period: 21-30 days.

Technically speaking, immediate intraday support on Nifty is placed at 18019 mark. Below 18109 levels, Nifty can swiftly slip towards 17901 mark.

Bulls are likely to regain control only above the 18277 mark. Above 18277 mark, all eyes will be on Nifty's magical goalpost at 18605 mark and then at aggressive inter-month targets at 19001 mark.

Please note, Nifty's 200 day SMA is still at 16545 mark.

Bank Nifty: Bank Nifty was seen struggling in yesterday's trade as well. The biggest support now seen at 37741 mark. Please note, the bears are likely to be everywhere only below 35501 mark. Below 35501 mark, we suspect, sharp corrective declines likely to take Bank Nifty towards 34011 mark. The biggest hurdles now seen at 39101 mark and then at 40211 mark.

DERIVATIVE & INSTITUTIONAL CUES:

India VIX, which measures the expected volatility in the market, ended 1.02% higher at 17.78 levels in Tuesday's trade.

The **Nifty options** data for January series suggests Nifty is likely to be in a trading range of 17500-18500 zone. Maximum Call OI is at 18300 followed by 18500 strike price. So, the 18500 mark will be Nifty's crucial resistance zone. Maximum Put open interest stands at 18000 levels followed by 17500 levels. Call writing was seen at 18300 and then at 18200 strike price, while there was meaningful Put writing at 17900 and then at 18200 strike prices.

As per Tuesday's provisional data available on the NSE, FIIs sold shares worth Rs. 1254.95 crores in the Indian Equity Market. DIIs too sold shares worth Rs. 220.20 crores

In Friday's trade, FIIs sold shares to the tune of Rs. 1598.20 crores.

The Put-Call Open Interest Ratio is at 1.60 for Nifty.

Stock banned in F&O segment: BHEL, ESCORTS, INDIABULLS HOUSING FINANCE, VODAFONE IDEA, SAIL, GRANNULES..

ECONOMIC CUES:

Amongst economic data, there are a few economic reports on the calendar, including the Fed's Empire State manufacturing survey Tuesday and the Philadelphia Fed manufacturing survey Thursday. Existing home sales are also reported Thursday.

IPO Note:

The primary market will be active again as AGS Transact Technologies will launch its initial public offering (IPO) on January 19. The price band for the offer, which closes January 21, has been fixed at Rs 166-175 a share.

The company aims to raise Rs 680 crore the IPO, which is entirely an offer for sale by shareholders.

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GLOBAL STOCK MARKETS:

The major averages fell sharply Tuesday as government bond yields hit Covid-era highs and after Goldman Sachs reported disappointing earnings.

The Treasury bond yields leapt and oil prices surged to the highest levels in seven years, as investors look to kick-off another key week in corporate earnings gripped by concern over inflation and Federal Reserve rate hikes.

The Dow Jones Industrial Average had its worst day of the new year, ending down 543 points, or 1.51%, to 35,368, while the S&P 500 lost 1.85%, extending its year-to-date decline to around 3.95%.

The tech-focused Nasdaq, meanwhile, fell 2.6% as benchmark 10-year Treasury note yields climbed to a post-pandemic high of 1.879%.

The technology-focused Nasdaq sits more than 10% from its most recent high and closed below its 200-day moving average for the first time since April 2020. The small-cap benchmark Russell 2000 slid nearly 3.1%

RECAP OF PREVIOUS DAY'S TRADING SESSION:**Profit booking drags the benchmarks lower.**

Nifty (-195, 18113)

Sensex (-554, 60755)

Adv-Dec 06 — 43

Nifty PCR 1.38

INDIA VIX 17.78 (+6.05%)

Nifty MidCap (-2.28%, 8698)

NiftySmallCap (-2.45%, 11687)

BANK Nifty (-0.02%, 38210)

Nifty IT (-1.84%, 38092)

USD/INR (+0.43%, 74.62)

Profit booking was the order of the day as the benchmarks witnessed selling pressure with Nifty ending 1.07% lower at 18113 and Sensex ended 0.90% lower at 60755 mark.

Blame the profit booking to rising bond yields as 10 year US treasury yields jumped to 1.83%, the highest point in 2 years.

Long story short: Nifty took a deep breather on its way to all-time high at 18605 mark!

The key highlights of yesterday's trade:

Nifty quits psychological 18300 mark. Nifty Realty Index the biggest loser, down 2.61%

All other sectoral indices end in red too.

Top Index Gainers: AXISBANK (+1.78%) ICICIBANK (+0.45%) HDFCBANK (+0.43%).

Top Index Losers: MARUTI (-4.07%) TATACONSUM (-3.94%) ULTRACEMCO (-3.81%).

Sell Something. Sell Biocon on any early strength.

STOCKS	LTP	S1	S2	R1	R2	BIAS	TRADING STRATEGY
AMBUJACEM	381	369	347	397	411	Negative	Sell between 391-393 zone. Stop 417. Targets 369/347. Aggressive targets at 333. (Interweek Strategy).
AUROPHARMA	669	643	619	695	724	Negative	Sell between 673-678 zone. Stop 701. Targets 643/619. Aggressive targets at 565. (Interweek Strategy).
BIOCON	349	341	311	361	377	Negative	Sell between 353-357 zone. Stop 379. Targets 341/333. Aggressive targets at 311. (Interweek Strategy).
HDFC	2663	2617	2501	2760	3075	Negative	Sell between 2671-2678 zone. Stop 2771. Targets 2617/2585. Aggressive targets at 2501. (Interweek Strategy).
HDFCBANK	1529	1492	1457	1571	1611	Positive	Buy between 1513-1515 zone. Stop 1471. Targets 1571/1611. Aggressive targets at 1634. Key support at 1492. (Interweek Strategy).

Derivatives Strategies

Future Call: SELL LICHSGFIN JANUARY FUTURES at CMP 378.40. Targets at 370 and then at 363 zone. Stop: 387. Holding Period: Intraday. Analyst's Remark: Breaking Down (LICHSGFIN JANUARY Futures CMP 378.40)

Option Call: SELL NIFTY 20th JANUARY PE Strike Price 18100 at CMP 193.90. Maximum Profit: Rs. 9,695. Loss: Unlimited. Stop: Exit Put Option if NIFTY moves above 18275. (NIFTY JANUARY Futures CMP 18113.70).

Market Summary:

- Nifty January Futures ended Tuesday's session at a premium of 0 vs premium of +32.
- The 20th January expiry Put-Call Open Interest Ratio was at 0.59 for Nifty whereas it was 0.77 for Bank Nifty.
- The 20th January expiry Put-Call Volume Ratio was at 0.94 for the Nifty and 0.85 for Bank Nifty.
- For Nifty, Maximum Call Open Interest (OI) stands at 18300 Strike Price, followed by 18400 Strike Price for 20th January Series. Short buildup was seen at strike prices 18000-18600.
- Maximum Put Open Interest (OI) was seen at strike price 17500 followed by 18000 strike prices for 20th January series. Short covering was seen at strike prices 18000-18500.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 39000 Strike Price and Maximum Put Open Interest stands at 38000 Strike Price.
- As per Tuesday's provisional data available on the NSE, FIIs sold shares worth Rs. 1254.95 crores in the Indian Equity Market. DIIs too sold shares worth Rs. 220.20 crores.
- Long Buildup: ICICIGI, NESTLEIND, BALKRISHIND.
- Short Buildup: MANAPPURAM, AMBUJACEM, LICHSGFIN.
- Short Covering: AXISBANK.
- Long Unwinding: INDIACEM, GRANULES, ADANIENT.
- Stocks banned in F&O segment:** BHEL, ESCORTS, GRANULES, IBULHSGFIN, IDEA, SAIL.
- New in Ban: BHEL.
- Out of Ban: NIL.

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

Nifty Spot	18113.05 (-1.07%)
Bank Nifty Spot	38210.30 (-0.02%)
VIX	17.78 (+6.05%)
Premium	0 vs +32
Nifty Future OI	0.97 crores (-4.37%)
Bank Nifty Future OI	22.5 lakhs (+3.25%)

Cash Volumes (INR in Cr.)	Yesterday	Day Before Yesterday
BSE Cash Vol. (Rs. in Cr)	5386.33	5018.61
NSE Cash Vol. (Rs. in Cr)	63,291.70	61,950.78
NSE Derivative Vol. (Rs. in Cr)	46,17,190	46,17,190

Derivatives Vol. (INR in Cr.)	No of contracts	Turnover (Rs. In cr.)
Index Future Volumes	1,94,808	18,282
Stock Future Volumes	9,13,556	69,342
Index Option Volumes	4,47,09,879	42,14,642
Stock Option Volumes	40,55,963	3,14,924
Total	4,98,74,206	46,17,190

Major Changes in Nifty Options (OI)

Calls	in lakhs (% Change)
18000	8.22 (+41%)
18100	15.24 (+166%)
18200	48.34 (+76%)

Puts	in lakhs (% Change)
18200	28.83 (-35%)
18300	16.18 (-41%)
18400	2.77 (-57%)

Stock	CMP	Support	Resistance	21 DMA	200 DMA	Intraday	Short Term	Long Term
ALUMINIUM 1	239	232	246	228	210	UP	UP	UP
CARDAMOM 1	1505	1475	1535	1478	2690	DOWN	UP	DOWN
CASTOR 1	6254	6129	6379	5953	5708	UP	UP	DOWN
CHANA 1	5240	5135	5345	5109	5002	UP	UP	UP
COPPER 1	742	727	757	749	737	DOWN	UP	UP
COTTON 1	36200	35476	36924	33898	27406	UP	UP	UP
CRUDEOIL 1	6297	6171	6423	5721	5363	UP	UP	UP
GOLD 1	47948	46989	48907	47922	47617	DOWN	UP	UP
GUARGUM5 1	11515	11285	11745	11119	8591	UP	UP	DOWN
GUARSEED10 1	6317	6191	6443	6151	5166	UP	UP	DOWN
JEERAUNJHA 1	17420	17072	17768	16681	14608	UP	UP	UP
LEAD 1	186	180	191	188	180	DOWN	DOWN	UP
MENTHAOIL 1	993	973	1013	1003	959	DOWN	DOWN	UP
NATURALGAS 1	303	294	312	296	305	UP	DOWN	DOWN
NICKEL 1	1632	1599	1664	1572	1437	UP	UP	UP
RMSEED 1	7503	7353	7653	7759	7475	DOWN	DOWN	DOWN
RUBBER 1	16350	16023	16677	16498	17204	DOWN	DOWN	DOWN
SILVER 1	63120	61858	64382	61810	65555	DOWN	UP	DOWN
SYBEANIDR 1	6007	5887	6127	6285	7070	DOWN	DOWN	UP
ZINC 1	291	283	300	288	256	UP	UP	DOWN

Crude oil prices to trade with positive bias in near term

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
MCX GOLD	47948	47557	47011	48169	48545	Neutral	The biggest negative catalyst still continues to be scorching Inflation update from the U.S. where headline inflation hits 7% and the core CPI jumps to 5.5% is . Hurdles at 48169 mark. Intraday strategy: Sell below 47557, targeting 47011/46871 and then aggressive targets at 46011 with stop at 48211.
MCX SILVER	63120	61672	59901	64011	64951	Positive	Silver prices ended with solid gains in yesterday's trade. Intraday strategy: Buy between 62751-62835 zone, targeting 63661/64011/64511 and then aggressive targets at 66001 with stop at 61671.
MCX CRUDE OIL	6297	6119	5953	6277	6431	Neutral	Oil prices were seen trading with positive bias amidst value buying. Key support seen at 6061 while major hurdles at 6431. Intraday Strategy: Buy between 6245-6251 zone, targeting 6431/6601 mark. Strict Stop at 6119.
MCX COPPER	742.25	731	703	763	807	Neutral	Copper prices witnessed a muted session in yesterday's trade. Key support at 731 mark. Buying advised only above 763. Intraday strategy: Sell between 747-749 zone. Targets 731/717/703. Strict stop at 767.
MCX NATURAL GAS	318.9	301	289	349	381	Positive	MCX Natural Gas prices were seen consolidating with positive bias. Key intraday support seen at 301. Hurdles at 349. Intraday Strategy: Buy at CMP, targeting 349/381/401 mark. Stop at 283.
USD-INR	74.62	74.01	73.21	74.37	74.81	Positive	USD/INR inched up in yesterday's session amidst oversold technical conditions. Key support now seen at 73.79 zone. Interweek hurdles now seen at 74.81 zone. Interweek Strategy: Buy between 74.35-74.45 zone, targeting 74.81/75.10 mark. Strict Stop at 74.01.

At global stock markets, commanding attention would be the two-day FOMC meeting beginning Jan. 25th.

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
GOLD (USD)	1813	1791	1773	1835	1851	Neutral	Key support at 1791. Interweek Strategy: Establish sell positions only below 1807 zone. Targets 1791/1760/1745 mark with stop at 1841.
SILVER (USD)	23.51	20.50	19.00	23.46	25.05	Neutral	Key hurdles at 25.05. Interweek Strategy: Establish sell positions at CMP. Targets 20.50/19 with stop at 23.71.
WTI CRUDE OIL (USD)	85.88	84.24	81	87.9	91	Positive	Oil prices traded with strength in last week's trade as value buying was the preferred theme. Interweek Strategy: Establish buy positions between 83-8.50 zone. Targets 85.50/87.50. Stop at 82.60.
EUR/USD	1.1323	1.1289	1.1135	1.1554	1.1671	Neutral	Interweek Strategy: Establish sell positions at CMP. Targets 1.1289/1.1079/1.0981 with stop at 1.1475.
US Dollar Index	95.71	93.75	92.45	97.75	101.00	Positive	Interweek Strategy: Establish buy positions at CMP. Targets 97.75/101 with stop at 93.50.
DOW JONES	35368	35101	34651	35751	36201	Negative	Dow slips as weighing on sentiment was a wide miss by December retail sales, with a 1.9% month-over-month decline coming in far worse than expectations for a mere 0.1% slip. Interweek Strategy: Establish Sell positions at CMP. Targets 35101/34651 mark with stop at 35751.

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