

Can Nifty Bulls halt the famous adage – ‘Sell in May & Go Away’.

Honestly speaking, an uphill battle likely for Nifty bulls as long as inflation remains white-hot.

Nifty’s support seen at 16000/15597 mark.



Daily Research Reports



Good Morning & Welcome to Wednesday's trading session at Dalal Street, dated 11th of May 2022.

Overnight, Dow was not able to cling-onto intraday gains and ended in red for fourth consecutive session ahead of key inflation data slated to release today later in the evening. Nasdaq composite & S&P 500 however managed to end well above the dotted lines.

The good news is that the 10-year American Treasury yield has fallen, dipping below the 3% mark despite fears of rising inflation and a potential economic slowdown lingered. The 10-year Treasury had briefly touched 3.2%.

Another somewhat positive development was that WTI Crude Oil cratered to \$99.73 per barrel, amidst ongoing worries that China's strict COVID-19 lockdowns will cramp oil prices.

The big question: Can falling treasury yields and falling crude oil prices give a chance for the benchmarks at Dalal Street to recover?

Honestly speaking, the fear of an economic slowdown is more profound than it appears. We say so because, the Nasdaq Composite has re-entered bear-market territory, has fallen nearly 28% from its January highs. The S&P 500 is at its lowest close since March 31, 2021 and now needs to lose another 4% or so before entering a bear market while the Dow Jones Industrial Average needs to fall another 9% to enter bear market. And if you see Nifty's slide, well then it has tanked over 10% from its recent high on 4th April 2022 at 18115 mark.

And another main reason for the fall can be attributed to relentless selling from the FIIs camp. FIIs continue to be net sellers for the 8th straight month since October 2021. Well, in order to gain traction on the buy side, the FIIs camp need to participate on the buy side and that too with humongous numbers.

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

Nifty (16240): Sell at CMP. Strict stop at 16501. Targets 15901/15657. Aggressive targets at 14901 zone.

INDICES

Nifty	16240	-0.38%
Bank Nifty	34483	0.60%
Nifty Auto Index	10472	-0.11%
Nifty FMCG Index	36912	0.49%
Nifty Infra Index	4819	-1.09%
Nifty IT Index	30427	-1.00%
Nifty Media Index	1960	-0.35%
Nifty Midcap Index	7534	-1.76%
Nifty Metal Index	5634	-5.20%
Nifty Pharma Index	12596	-1.48%
Nifty Reality Index	391	-2.94%
Nifty Smallcap Index	9147	-2.24%
Sensex	54365	-0.19%
SGX Nifty	16169	-0.32%

Outlook for the Day

Sell on strength

Nifty Outlook

Intraday	Negative (15945-16375)
Medium Term	Neutral (15591-17300)
Long Term	Positive (14100-20001)

Key Levels to Watch

Nifty Support	15901/15651
Nifty Resistance	16601/16851

Pivot Level

Nifty	17001
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Bank Nifty (34483): Sell at CMP. Strict stop at 35201. Targets 33651/33001. Aggressive targets at 32451.

Outlook for Wednesday: Situation at Dalal Street will continue to be grim.

TOP SECTORS:

Bullish Sectors: NIL.

Bearish Sectors: PHARMA, REALTY, IT, METALS.

STOCKS IN FOCUS:

BULLISH VIEW: POWERGRID, BHARTIARTL.

BEARISH VIEW: RELIANCE, HDFCBANK, BANKBARODA, VEDL, INFY, TATAMOTORS, NMDC, NATIONALUM, IDFC, BIOCON, LICHSGFIN, CHOLAFIN.

WHAT TECHNICAL TELLS US ON NIFTY/SENSEX:

Daily chart of Nifty:



Technically speaking, Nifty's make-or-break support seen only at 15901 mark. From a chartist standpoint, the technical landscape has turned grim for Nifty with dim hopes of an immediate recovery. We suspect Nifty likely to break even key support at 15901 mark.

Technical Strategy

TATA MOTORS	392
Action	SELL
Target	365
Support	365/331
Resistance	431/411
Holding Period	30-45 Days.

TATA MOTORS has witnessed a sharp fall in Thursday's trade, as the stock plunged 3.28%. In yesterday's trade, ended a tad below the dotted lines.

The stock is now signaling a down-move below its intermediate 20th December 2021 low at 440. Momentum oscillators signaling major weakness on backdrop of overbought technical conditions + bearish engulfing pattern on the daily charts. Also, the stock is signaling a major breakdown on the daily charts.

Establishing short positions at CMP should be the preferred trading strategy, targeting 365/331 mark and then aggressive targets at 301-315 zone. Stop above 431. Holding Period: 1-2 Months.

Bank Nifty: Bank Nifty's biggest make-or-break support seen at 33651. Hurdles for the day seen at 36001 mark. Bank Nifty likely to tank hard in today's session.

DERIVATIVE & INSTITUTIONAL CUES:

India VIX, which measures the expected volatility in the market has inched up to 22.3025 levels in Tuesday's trade. We suspect VIX will spike up again till 25 given the bearish landscape.

The Nifty options data for May series suggests Nifty is likely to be in a trading range of 16400-18000 zone. Maximum Call OI is at 17000 followed by 17500 strike price. So, the 17000 mark will be Nifty's crucial resistance zone. Maximum Put open interest stands at 16000 levels followed by 16500 levels. Call writing was seen at 16700 and then at 16600 strike price, while there was meaningful Put writing at 15900 and then at 16000 strike prices.

In Tuesday's trade, FIIs sold shares worth Rs. 3960.59 Crores while DIIs bought shares worth Rs. 2958.4 Crores.

The Put-Call Open Interest Ratio is at 1.23 for Nifty.

Stock banned in F&O segment: NIL.

ECONOMIC CUES:

The India Services Business Activity Index, compiled by IHS Markit, stood at 57.9 in April 2022 from 53.6 in March, according to a media statement. A reading above 50 indicates expansion in business activity. The Composite PMI Output Index, too, rose to 57.6 from 54.3 in March.

The trading theme across globe revolves around lingering concerns about global economic growth stemming from China.

Blame it to the growth concerns amidst renewed COVID surge in China and Russia's Ukrainian invasion.

Well in 2009, just after the famous Lehman Brothers bankruptcy, when the global economy was in mess, China's economic policymakers had saved the world's economy by providing massive monetary policy support to the Chinese economy and by taking measures to prevent Chinese currency depreciation.

As on date, the world economy once again finds itself in a problematic position. It could have benefit from Chinese economy.

Unfortunately, this time around the Chinese economy is in no position to once again bring out the world economy from a probable stagflation scenario.

To make things worse, China, the world's second largest economy, could soon become part of the world economic growth problem rather than the solution.

The International Monetary Fund has also warned about the bright chances of a probable debt crises in many highly indebted emerging market economies as a consequence of the Russian war-induced surge in energy and food prices.

Also, the street will react to Auto Sales numbers for the month of April. US Non-farm payrolls data will be eyed on Friday, 6th May too.

India's oil imports bill has doubled to \$119 billion in FY22. India's crude oil import bill nearly doubled to \$119 billion in the fiscal year that ended on March 31, as energy prices soared globally following the return of demand and war in Ukraine.

India, the world's third biggest oil consuming and importing nation, spent \$119.2 billion in 2021-22 (April 2021 to March 2022), up from \$62.2 billion in the previous fiscal year, according to data from the oil ministry's Petroleum Planning & Analysis Cell (PPAC).

GLOBAL STOCK MARKETS:

Wall Street's main indexes fell in volatile trading on Tuesday dragged down by banks and some megacap growth stocks as investors fretted over prospects of aggressive monetary tightening and slowing economic growth. Dow Jones ended at 32160.74, down 0.26%. Nasdaq Composite & S&P 500 however ended well above the dotted lines, up 0.98% at 11737.67 and 0.25% at 4001.05 respectively.

RECAP OF PREVIOUS DAY'S TRADING SESSION:

The benchmarks fail to defend intraday gains; but Bank Nifty outperforms

Nifty (-62, 16240)

Sensex (-106, 54365)

The benchmarks mostly stayed above the dotted lines in yesterday's session but last hour sell-off resulted in a negative close for the 6th straight day at Dalal Street. Nifty ended 0.38% lower while Sensex ended 0.19% down. BankNifty, however, outperformed the benchmark Nifty, up 0.6%.

All the sectoral indices ended in red except FMCG index, with maximum pain seen in Metal, IT & Realty space. The Metal index played the biggest spoilsport for the bulls and dropped over 5% today in afternoon trade led by aluminium & steel.

USD/INR was steady at 77.34 in yesterday's trade.

The key highlights of yesterday's trade:

- # Nifty ends lower for 6th day in a row, quits psychological 16300 mark.
- # Bank Nifty (+0.60%) totally outperformed Nifty (-0.38%)
- # Top Index Gainers: HUL (+3.03%) ASIANPAINT (+2.85%) INDUSINDBANK (+2.38%)
- # Top Index Losers: COALINDIA (-7.54%) TATASTEEL (-7.27%) ONGC (-7.04%)

- # Adv-Dec 16 — 34
- # Nifty PCR 1.26
- # INDIA VIX 22.3025 (+1.22%)
- # Nifty MidCap (-1.76%, 7534)
- # NiftySmallCap (-2.24%, 9147)
- # BANK Nifty (+0.61%, 34483)
- # Nifty IT (-1%, 30427)
- # USD/INR (-0.28%, 77.34)

Reliance Industries likely to tank further amidst average Q4 performance.

STOCKS	LTP	S1	S2	R1	R2	BIAS	TRADING STRATEGY
BIOCON	331	313	295	351	375	Negative	Sell at CMP. Stop 353. Targets 317/295. Aggressive targets at 284. (Interweek Strategy). Rationale: Breaking down.
BANK OF BARODA	101	97	91	105	112	Negative	Sell at CMP. Stop 105. Targets 97/91. Aggressive targets at 83. (Interweek Strategy). Rationale: Breaking down.
MANAPPURAM	107	103	95	110	117	Negative	Sell at CMP. Stop 111. Targets 103/95. Aggressive targets at 87. (Interweek Strategy). Rationale: Breaking down.
RELIANCE INDUSTRIES	2475	2387	2301	2601	2725	Negative	Sell at CMP. Stop 2601. Targets 2387/2301. Aggressive targets at 2235. (Interweek Strategy). Rationale: Breaking down.
SAIL	84.1	79	74	88	98	Negative	Sell at CMP. Stop 89. Targets 79/74. Aggressive targets at 68. (Interweek Strategy). Rationale: Breaking down.

Derivatives Strategies

Future Call: SELL JSWSTEEL MAY FUTURES at CMP 646.75. Targets at 625 and then at 601 zone. Stop: 664. Holding Period: Intraday. Analyst's Remark: Breaking Down (JSWSTEEL MAY Futures CMP 646.75)

Option Call: SELL NIFTY 19th MAY CE Strike Price 16300 at CMP 184.65. Maximum Profit: ₹ 9,232.5/-. Loss: Unlimited. Stop: Exit Call Option if NIFTY moves above 16401. (NIFTY MAY Futures CMP 16222.15).

Market Summary:

- Nifty May Futures ended Tuesday's session at a discount of -18 vs premium of +08.
- The 12th May expiry Put-Call Open Interest Ratio was at 0.59 for Nifty whereas it was 0.70 for Bank Nifty.
- The 12th May expiry Put-Call Volume Ratio was at 0.82 for the Nifty and 0.89 for Bank Nifty.
- For Nifty, Maximum Call Open Interest (OI) stands at 17000 Strike Price, followed by 16500 Strike Price for 12th May Series. Short Buildup was seen at strike prices 16000-16900.
- Maximum Put Open Interest (OI) was seen at strike price 16000 followed by 16200 strike prices for 12th May series. Short covering was seen at strike prices 16300-17000.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 36000 Strike Price and Maximum Put Open Interest stands at 34000 Strike Price.
- As per Tuesday's provisional data available on the NSE, FIIs sold shares worth Rs. 3960.59 crores in the Indian Equity Market. DIIs on the other hand bought shares worth Rs. 2958.4 crores.
- Long Buildup: ASIANPAINT, MARUTI.
- Short Buildup: TATASTEEL, RELIANCE, JSWSTEEL, LUPIN.
- Short Covering: GNFC, EICHER, SIEMENS.
- Long Unwinding: HINDALCO, NMDC, TATACHEM, ADANI PORTS.
- Stocks banned in F&O segment:** NIL
- New in Ban: NIL
- Out of Ban: NIL

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

Nifty Spot	16240.05 (-0.38%)
Bank Nifty Spot	34482.65 (+0.60%)
VIX	22.3025 (+1.23%)
Premium	-18 vs +08
Nifty Future OI	1.03 crores (-6.61%)
Bank Nifty Future OI	32.55 lakhs (+5.63%)

Cash Volumes (INR in Cr.)	Yesterday	Day Before Yesterday
BSE Cash Vol. (Rs. in Cr)	3548.62	4183.67
NSE Cash Vol. (Rs. in Cr)	53,609.18	55,853.73
NSE Derivative Vol. (Rs. in Cr)	80,08,217	76,64,553

Derivatives Vol. (INR in Cr.)	No of contracts	Turnover (Rs. In cr.)
Index Future Volumes	4,79,401	40,041
Stock Future Volumes	9,11,688	57,696
Index Option Volumes	9,14,87,930	77,18,427
Stock Option Volumes	27,90,072	1,92,053
Total	9,56,69,091	80,08,217

Major Changes in Nifty Options (OI)

Calls	in lakhs (% Change)
16200	24.98 (+51%)
16300	36.95 (+89%)
16400	50.08 (+62%)

Puts	in lakhs (% Change)
15200	14.69 (-49%)
15300	16.85 (+39%)
15400	39.66 (+155%)

Stock	CMP	Support	Resistance	21 DMA	200 DMA	Intraday	Short Term	Long Term
ALUMINIUM 1	234	227	241	260	237	DOWN	DOWN	DOWN
CARDAMOM 1	1505	1475	1535	1478	2686	DOWN	UP	DOWN
CASTOR 1	7238	7093	7383	7174	6344	DOWN	UP	UP
CHANA 1	5240	5135	5345	5109	4998	UP	UP	UP
COPPER 1	751	736	766	797	755	DOWN	DOWN	DOWN
COTTON 1	47450	46501	48399	44835	33661	UP	UP	UP
CRUDEOIL 1	7713	7559	7867	7897	6300	DOWN	DOWN	UP
GOLD 1	50620	49608	51632	51881	48741	DOWN	DOWN	DOWN
GUARGUM5 1	11651	11418	11884	12394	10518	DOWN	DOWN	UP
GUARSEED10 1	6029	5908	6150	6294	5920	DOWN	DOWN	UP
JEERAUNJHA 1	20885	20467	21303	22001	17090	DOWN	DOWN	UP
LEAD 1	181	176	186	185	185	UP	DOWN	UP
MENTHAOIL 1	1130	1107	1153	1098	983	UP	DOWN	UP
NATURALGAS 1	564	553	576	553	370	UP	DOWN	UP
NICKEL 1	2211	2167	2255	2467	1758	DOWN	DOWN	DOWN
RMSEED 1	8241	8076	8406	7680	7528	UP	UP	UP
RUBBER 1	17350	17003	17697	17187	17225	UP	UP	UP
SILVER 1	60824	59608	62040	65692	63920	DOWN	DOWN	DOWN
SYBEANIDR 1	7850	7693	8007	7257	7006	UP	UP	UP
ZINC 1	309	300	318	356	290	DOWN	DOWN	DOWN

Crude Oil likely to tank further

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
MCX GOLD	50658	50305	49000	52651	54001	Neutral	Gold prices witnessed muted action in yesterday's trade. Major hurdles at 52651. Intraday Strategy: Buy only above 51451, targeting 51850/52651 with stop at 49901.
MCX SILVER	60750	59701	58641	61652	63001	Negative	Silver price heavily underperformed gold prices. Major hurdles now at 62651 mark. Intraday strategy: Sell at CMP, targeting 60350/59201 with stop at 62651.
MCX CRUDE OIL	7782	7525	7401	7901	8201	Negative	Oil prices witness continue to slide. Intraday Strategy: Sell at CMP, targeting 7525/7401 mark. Strict Stop at 7901.
MCX COPPER	753.60	741	719	773	797	Negative	Copper prices witnessed muted action yesterday as well. Intraday strategy: Sell at CMP. Targets 741/719/675. Strict stop at 773.
MCX NATURAL GAS	562.0	540	522	588	611	Neutral	MCX Natural Gas continued to trade volatile. Intraday Strategy: Buy only above 575, targeting 588/611 zone. Stop at 556.
USD-INR	77.34	77.21	76.55	79.00	82.00	Neutral	USD/INR likely to scale more higher. Key support now seen at 77.21 zone. Interweek hurdles now seen at 79 zone. Interweek Strategy: Buy between 77.35-77.H1942, targeting 79/82 mark. Strict Stop at 76.75.

Dow in fails to hold onto intraday gains, ends again on a negative note

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
GOLD (USD)	1837	1817	1795	1853	1881	Negative	Gold prices continue to tank. Interweek Strategy: Sell at CMP. Targets 1817/1795 mark with stop at 1853.
SILVER (USD)	21.21	20.91	19.45	22.65	24.00	Negative	Silver too witnessed profit booking throughout last week. Interweek Strategy: Sell at CMP zone. Targets 20.91/19.45 mark with stop at 22.65.
WTI CRUDE OIL (USD)	99.62	95	88	104	111	Negative	Oil prices continue to slide further. Interweek strategy: Establish Sell positions at CMP. Targets 95/88/84 zone. Stop at 104.
EUR/USD	1.0533	1.0431	1.0251	1.0645	1.0951	Negative	Interweek Strategy: Establish sell positions at CMP. Targets 1.0431/1.0251 with stop at 1.0645
US Dollar Index	103.93	101.00	97.05	105.00	109.00	Positive	Interweek Strategy: Establish buy positions at CMP. Targets 105/109 with stop at 101.
DOW JONES	32164	31851	31451	32451	33001	Negative	Interweek Strategy: Establish Sell positions at CMP. Targets 31851/31451 mark with stop at 32451.

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