

## Investors primarily remain worried about:

- 1) Inflation, Inflation and Inflation.
- 2) Dollar index is the new king, hovering at its 19-year high at 104.50. A strong dollar is the latest threat to the stock market.
- 3) FIIs persistent selling.
- 4) The Nasdaq Composite has re-entered bear-market territory, has fallen nearly 30% from its January highs while the Dow Jones Industrial Average needs to fall another 9% to enter bear market.
- 5) WTI Crude Oil on front foot, rebounds to \$107 per barrel despite ugly macro backdrop.
- 6) A subdued Q4 earning season.

**Nifty's intraday support at 15597 and then inter-month support at 14251 mark.**



## Daily Research Reports

## Good Morning & Welcome to Friday's trading session at Dalal Street, dated 13th of May 2022.

Its Friday the 13th!

Friday the 13th is considered an unlucky day. The number 13 is taken seriously, probably because it is positioned after 12, which is considered to be a "complete" number by numerologists. Think about it—there are 12 months, 12 zodiac signs, 12 gods of Olympus, 12 apostles of Jesus... the list goes on and on, and 13 is only divisible by one and itself. Probably, the number 13 is just beyond that perfect 12 and it makes people feel uneasy.

The big question this Friday the 13th? Will today's session be ill-fated and pan out to an unlucky day for investors?

Honestly speaking, caution likely to be in the air as investors' worries pile up and you can blame it to: Inflation, Inflation and Inflation.

Well, India's CPI inflation has galloped to 8-year high of 7.79%. Hurting sentiments further is the fact that food inflation has jumped to 8.38% from 7.68% in March. This raises the odds of a rate hike in June by the RBI.

So, investors need to brace for volatility in the near term amidst the likelihood of a back-to-back rate increase in June 2022.

### Long Story Short: Bear machete likely to attack in Friday's session as well.

Honestly speaking, the fear of an economic slowdown is more profound than it appears. We say so because, U.S. stock indexes traded lower on Thursday, as concerns about lingering inflationary pressures weighed across several asset classes. Economic data showed slowing wholesale inflation in April, but still intense price pressures. Meeting forecasts, prices rose 0.5% in April, from a 1.6% jump in March. Prices over the year slowed to 11% from 11.5%. Meanwhile, weekly jobless claims rose 1,000 to 203,000 in the week ended May 7, the Labor Department reported.

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:**

INDICES		
Nifty	15808	-2.22%
Bank Nifty	33532	-3.35%
Nifty Auto Index	10164	-2.05%
Nifty FMCG Index	36222	-1.19%
Nifty Infra Index	4679	-2.19%
Nifty IT Index	29757	-0.98%
Nifty Media Index	1925	-1.60%
Nifty Midcap Index	7317	-2.43%
Nifty Metal Index	5426	-3.70%
Nifty Pharma Index	12424	-1.06%
Nifty Reality Index	386	-2.14%
Nifty Smallcap Index	8714	-1.87%
Sensex	52930	-2.14%
SGX Nifty	15848	0.16%

Outlook for the Day	
	Sell on strength

Nifty Outlook	
Intraday	Negative (15600-16050)
Medium Term	Neutral (14851-17100)
Long Term	Positive (14100-20001)

Key Levels to Watch	
Nifty Support	15597/14901
Nifty Resistance	16137/16375

Pivot Level	
Nifty	17001

# **Nifty (15808)**: Sell at CMP. Strict stop at 16137. Targets 15657/15201. Aggressive targets at 14901 zone.

# **Bank Nifty (33532)**: Sell at CMP. Strict stop at 34651. Targets 33001/32451. Aggressive targets at 31851.

**Outlook for Friday: Friday the 13th coupled with 'Sell in May & Go Away' adage likely to rule investor's mindset.**

### TOP SECTORS:

# **Bullish Sectors:** NIL.

# **Bearish Sectors:** AUTO, PHARMA, REALTY, IT, METALS.

### STOCKS IN FOCUS:

# **BULLISH VIEW:** ALKEM, ABBOTT.

# **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**, expect more downside in Nifty below 15657 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 15657 as well.

## Technical Strategy

<b>TATA MOTORS</b>	372
<b>Action</b>	SELL
<b>Target</b>	365
<b>Support</b>	331/301
<b>Resistance</b>	401/445
<b>Holding Period</b>	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 421. Holding Period: 1-2 Months.

# **Bank Nifty:** Bank Nifty likely to trade with negative bias especially after yesterday's negative close. Hurdles for the day seen at 34651 mark. Bank Nifty likely to tank hard in today's session as well.

#### **DERIVATIVE & INSTITUTIONAL CUES:**

# India VIX, which measures the expected volatility in the market has inched up to 25.0875 levels in Thursday's trade. We suspect VIX stay above 25 mark given the bearish landscape.

The Nifty options data for May series suggests Nifty is likely to be in a trading range of 15600-16600 zone. Maximum Call OI is at 17000 followed by 16000 strike price. So, the 16000 mark will be Nifty's crucial resistance zone. Maximum Put open interest stands at 16000 levels followed by 15000 levels. Call writing was seen at 16100 and then at 15800 strike price, while there was meaningful Put writing at 15600 and then at 15700 strike prices.

# In Thursday's trade, FIIs sold shares worth Rs. 5255.75 Crores while DIIs bought shares worth Rs. 4815.64 Crores.

# The Put-Call Open Interest Ratio is at 1.02 for Nifty.

# **Stock banned in F&O segment:** IBULHSGFIN, PNB.

#### **ECONOMIC CUES:**

# The pressures that have kept inflation elevated for months remain strong, fresh data released Wednesday showed in US, a challenge for households that are trying to shoulder rising expenses and for the White House and Federal Reserve as they try to put the economy on a steadier path. Annual inflation moderated for the first time in months in April, but the Consumer Price Index still increased 8.3 percent, an uncomfortably rapid pace. At the same time, a closely watched measure that subtracts food and fuel costs actually accelerated. Core inflation — which excludes costs for groceries and gas — picked up 0.6 percent in April from the prior month, faster than its 0.3 percent increase in March. That measure is particularly important for policymakers, who use it as a gauge to help determine where inflation is headed.

# 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:

After Thursday's open, the Dow Jones Industrial Average moved down 0.6%, and the S&P 500 lost 0.8%. The tech-heavy Nasdaq composite sold off 1% in morning trade.

The 10-year Treasury yield dropped to 2.82% Thursday morning, as bonds continued to rebound vs. the stock market's retreat. On Wednesday, the 10-year Treasury yield fell for a third straight day, closing at 2.92%. Meanwhile, U.S. oil prices traded more than 1% lower, with Texas

## RECAP OF PREVIOUS DAY'S TRADING SESSION:

The benchmarks crash land after four days of falling

# Nifty (-359, 15808)

# Sensex (-1158, 52930)

Bears were everywhere throughout the day at Dalal Street as the benchmark indices closed at 9-week lows as investors tried to digest the elevated April month US CPI inflation data which pegs at 40-year highs.

All the sectoral indices ended in red with maximum pain seen in Metal, Realty & Auto space. Tata Motors slid 3.8% ahead of Q4 earnings slated to release later in the evening today.

USD/INR again hit 77.73 mark in intraday trade before being steady at 77.51.

**The key highlights of yesterday's trade:**

- # Nifty ends lower for 5th day in a row, not only quits psychological 16000 mark but also 15900 mark.
- # After remaining a star for 2 days and outperforming the benchmark Nifty, Bank Nifty ultimately ended 3.35% lower in yesterday's trade, thus underperforming benchmark Nifty loss of 2.22%.
- # Top Index Gainers: HCLTECH (+0.64%) TCS (+0.49%) ASIANPAINT (+0.33%)
- # Top Index Losers: ADANI PORTS (-5.51%) HINDALCO (-5.51%) INDUSINDBANK (-4.94%)
  
- # Adv-Dec 03 — 47
- # Nifty PCR 1.05
- # INDIA VIX 24.7625 (+8.59%)
- # Nifty MidCap (-2.43%, 7317)
- # NiftySmallC (-1.87%, 8714)
- # BANK Nifty (-3.35%, 33532)
- # Nifty IT (-0.98%, 29757)
- # USD/INR (+0.1%, 77.52)

## Banking stocks have started to feel the heat from yesterday. Sell ICICI Bank

STOCKS	LTP	S1	S2	R1	R2	BIAS	TRADING STRATEGY
BIOCON	328	313	295	345	375	Negative	Sell at CMP. Stop 345. Targets 313/295. Aggressive targets at 284. (Interweek Strategy). Rationale: Breaking down.
ICICI BANK	696	679	664	721	735	Negative	Sell at CMP. Stop 721. Targets 679/664. Aggressive targets at 651. (Interweek Strategy). Rationale: Breaking down.
UNITED SPIRITS (MC-DOWELL)	792	765	721	811	837	Negative	Sell at CMP. Stop 815. Targets 765/721. Aggressive targets at 699. (Interweek Strategy). Rationale: Breaking down.
RELIANCE INDUSTRIES	2399	2355	2275	2465	2577	Negative	Sell at CMP. Stop 2480. Targets 2355/2275. Aggressive targets at 2135. (Interweek Strategy). Rationale: Breaking down.
SAIL	80.7	74	69	85	93	Negative	Sell at CMP. Stop 85. Targets 74/69. Aggressive targets at 62. (Interweek Strategy). Rationale: Breaking down.

## Derivatives Strategies

**Future Call:** SELL ICICIBANK MAY FUTURES at CMP 697.6. Targets at 683 and then at 661 zone. Stop: 717. Holding Period: Intraday. Analyst's Remark: Breaking Down (ICICIBANK MAY Futures CMP 697)

**Option Call:** SELL NIFTY 19th MAY CE Strike Price 15800 at CMP 218.20. Maximum Profit: ₹ 10,910/-. Loss: Unlimited. Stop: Exit Call Option if NIFTY moves above 16001. (NIFTY MAY Futures CMP 15818).

### Market Summary:

- Nifty May Futures ended Thursday's session at a premium of +08 vs premium of +37.
- The 19th May expiry Put-Call Open Interest Ratio was at 0.40 for Nifty whereas it was 0.52 for Bank Nifty.
- The 19th May expiry Put-Call Volume Ratio was at 0.61 for the Nifty and 0.72 for Bank Nifty.
- For Nifty, Maximum Call Open Interest (OI) stands at 17000 Strike Price, followed by 16000 Strike Price for 19th May Series. Short Buildup was seen at strike prices 15800-16600.
- Maximum Put Open Interest (OI) was seen at strike price 16000 followed by 15800 strike prices for 19th May series. Long Buildup was seen at strike prices 15400-16000.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 34000 Strike Price and Maximum Put Open Interest stands at 32500 Strike Price.
- As per Thursday's provisional data available on the NSE, FIIs sold shares worth Rs. 5255.75 crores in the Indian Equity Market. DIIs on the other hand bought shares worth Rs. 4815.64 crores.
- Long Buildup: ALKEM, ABBOTT.
- Short Buildup: BANKBARODA, HINDALCO, TATAMOTORS, INDUSINDBANK, ICICIBANK.
- Short Covering: IOC, FSL, GUJGASLTD, SIEMENS.
- Long Unwinding: IEX, VOLTAS, SBIN.
- Stocks banned in F&O segment:** IBULHSGFIN, PNB.
- New in Ban: PNB
- Out of Ban: NIL

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

<b>Nifty Spot</b>	16167.10 (-0.45%)
<b>Bank Nifty Spot</b>	34693.15 (+0.61%)
<b>VIX</b>	22.8025 (+2.24%)
<b>Premium</b>	+37 vs -18
<b>Nifty Future OI</b>	1.03 crores (+0.21%)
<b>Bank Nifty Future OI</b>	35.00 lakhs (+7.56%)

Cash Volumes (INR in Cr.)	Yesterday	Day Before Yesterday
<b>BSE Cash Vol. (Rs. in Cr)</b>	4521.53	3548.62
<b>NSE Cash Vol. (Rs. in Cr)</b>	60,615.48	53,609.18
<b>NSE Derivative Vol. (Rs. in Cr)</b>	1,18,31,013	80,08,217

Derivatives Vol. (INR in Cr.)	No of contracts	Turnover (Rs. In cr.)
<b>Index Future Volumes</b>	5,53,552	46,005
<b>Stock Future Volumes</b>	10,43,365	63,843
<b>Index Option Volumes</b>	13,70,17,332	1,15,16,390
<b>Stock Option Volumes</b>	30,74,673	2,04,775
<b>Total</b>	14,16,88,922	1,18,31,013

### Major Changes in Nifty Options (OI)

Calls	in lakhs (% Change)
16000	5.71 (+80%)
16100	15.26 (+503%)
16200	47.82 (+71%)

Puts	in lakhs (% Change)
16300	10.33 (-55%)
16400	5.11 (-62%)
16500	6.21 (-27%)





Stock	CMP	Support	Resistance	21 DMA	200 DMA	Intraday	Short Term	Long Term
ALUMINIUM 1	233	226	240	255	239	DOWN	DOWN	DOWN
CARDAMOM 1	1505	1475	1535	1478	2690	DOWN	UP	DOWN
CASTOR 1	7286	7140	7432	7152	6420	DOWN	UP	UP
CHANA 1	5240	5135	5345	5109	5002	UP	UP	UP
COPPER 1	744	729	759	789	756	DOWN	DOWN	DOWN
COTTON 1	48210	47246	49174	45255	34159	UP	UP	UP
CRUDEOIL 1	8251	8086	8416	7970	6365	UP	DOWN	UP
GOLD 1	50493	49483	51503	51722	48826	DOWN	DOWN	DOWN
GUARGUM5 1	11492	11262	11722	12222	10599	DOWN	DOWN	UP
GUARSEED10 1	6016	5896	6136	6242	6012	DOWN	DOWN	DOWN
JEERAUNJHA 1	21025	20605	21446	21826	17342	DOWN	DOWN	UP
LEAD 1	181	175	186	185	185	DOWN	DOWN	UP
MENTHAOIL 1	1133	1110	1156	1097	984	UP	DOWN	UP
NATURALGAS 1	587	575	598	563	376	UP	DOWN	UP
NICKEL 1	2151	2108	2194	2459	1779	DOWN	DOWN	DOWN
RMSEED 1	8241	8076	8406	7680	7535	UP	UP	UP
RUBBER 1	17850	17493	18207	17226	17227	UP	UP	UP
SILVER 1	59609	58417	60801	64999	63805	DOWN	DOWN	DOWN
SYBEANIDR 1	7850	7693	8007	7316	7000	UP	UP	UP
ZINC 1	307	297	316	352	292	DOWN	DOWN	DOWN

## Copper prices likely to tank further

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
MCX GOLD	50175	49351	48001	51350	52651	Neutral	Gold prices slid further below. Major hurdles at 51350. Intraday Strategy: Sell at CMP, targeting 49351/48001 with stop at 52001.
MCX SILVER	58699	57751	56001	60201	63001	Negative	Silver price witnessed muted action. Major hurdles now at 60201 mark. Intraday strategy: Sell at CMP, targeting 57751/56001 with stop at 60211.
MCX CRUDE OIL	8175	7813	7641	8375	8551	Positive	Oil prices bounced back in yesterday's trade. Intraday Strategy: Buy at CMP, targeting 8375/8551 mark. Strict Stop at 7813.
MCX COPPER	744.80	730	719	763	797	Negative	Copper prices witnessed negative action yesterday as well. Intraday strategy: Sell at CMP. Targets 730/719/675. Strict stop at 763.
MCX NATURAL GAS	597.4	565	533	611	641	Positive	MCX Natural Gas was up in yesterday's trade. Intraday Strategy: Buy at CMP, targeting 611/641 zone. Stop at 565.
USD-INR	77.57	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)	1822	1795	1761	1856	1888	Negative	Gold prices tumble. Interweek Strategy: Sell at CMP. Targets 1795/1761 mark with stop at 1856.
SILVER (USD)	20.66	19.45	18.00	21.65	23.00	Negative	Silver too tumbled yesterday. Interweek Strategy: Sell at CMP. Targets 19.45/18 mark with stop at 21.65.
WTI CRUDE OIL (USD)	106.22	99	92	111	118	Positive	Oil prices recovered. Interweek strategy: Establish Buy positions at CMP. Targets 111/118/124 zone. Stop at 99.
EUR/USD	1.0373	1.0251	0.9754	1.0451	1.0601	Negative	Interweek Strategy: Establish sell positions at CMP. Targets 1.0373/0.9754 with stop at 1.0451.
US Dollar Index	104.87	102.00	97.05	107.00	109.00	Positive	Interweek Strategy: Establish buy positions at CMP. Targets 107/109 with stop at 102.
DOW JONES	31280	30851	30351	31651	32201	Negative	Interweek Strategy: Establish Sell positions at CMP. Targets 30851/30351 mark with stop at 31651.

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