

Nifty's sell-off to resume...

Technically, Sell-off on Dalal Street to gain steam if Nifty slips below 15971 mark. Bulls have a chance to fight only above Nifty 16411 mark.



Daily Research Reports



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

In early action, SGX Nifty is in a panic mode indicating a gap-down start for our stock markets. Blame it to stock markets across globe which are in sea of red.

Radiating anxiety and nervousness are deteriorating macro sentiments:

1. Soaring inflation.
2. Recession fears.
3. The prospect of the Federal Reserve getting even more hawkish.

Our **call of the day** suggests 'Nifty is at risk of collapse'.

Technically, Sell-off on Dalal Street to gain steam if Nifty slips below 15971 mark. Below Nifty 15971, Nifty could shiftily slip to 15671 mark. Bulls have a chance to fight only above Nifty 16411 mark.

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

Nifty (16240): Sell at CMP. Strict stop at 16413. Targets 15971/15671. Aggressive targets at 14251-14501 zone.

Bank Nifty (34302): Sell at CMP. Strict stop at 35711. Targets 33001/32155. Aggressive targets at 30251.

Outlook for Thursday: Nifty likely to wobble. Caution advised.

Another main reason for the pessimism can be attributed to relentless selling from the FIIs camp. FIIs continue to be net sellers for the 8th straight month since October 2021. Relentless selling from the FIIs camp as they sold shares worth Rs. 36,682 mark in the month of May.

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.

Investors primarily remain worried about:

- 1) India's WPI inflation hits 15.08% in April, in double-digits for 13th straight month.

INDICES

Nifty	16240	-0.12%
Bank Nifty	34164	-0.40%
Nifty Auto Index	10909	-0.02%
Nifty FMCG Index	37898	1.25%
Nifty Infra Index	4797	-0.79%
Nifty IT Index	30078	-0.47%
Nifty Media Index	2007	-0.20%
Nifty Midcap Index	7648	-0.19%
Nifty Metal Index	5709	-0.32%
Nifty Pharma Index	12882	1.06%
Nifty Reality Index	395	-1.75%
Nifty Smallcap Index	9158	-0.39%
Sensex	54209	-0.20%
SGX Nifty	16045	-1.11%

Outlook for the Day

Gap down start

Nifty Outlook

Intraday	Negative (15971-16311)
Medium Term	Neutral (14151-17253)
Long Term	Positive (11900-20001)

Key Levels to Watch

Nifty Support	16136/15971
Nifty Resistance	16411/16657

Pivot Level

Nifty	15811
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- 2) Odds of 'hard landing' for the U.S economy key headwind for stock markets across globe.
- 3) WTI Crude oil struggles at \$110 per barrel. Investors await developments around a proposed EU ban on Russian oil, which would tighten global supply further.
- 4) LIC's poor listing performance (CMP 876, a discount of 8% as against the issue price of 949).
- 5) S&P cuts FY23 India growth forecast to 7.3% on inflation, Ukraine war.
- 6) The 10-year U.S Treasury yield climbs above 2.9%. Last week, the 10-year Treasury had briefly touched 3.2%.
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Q4 earnings to trickle in this week:

Thursday, 19th May: HPCL, ASHOK LEYLAND, BOSCH, CHAMBAL FERTILISERS & CHEMICALS, CONTAINER CORPORATION OF INDIA, ENDURANCE TECHNOLOGIES, GLAND PHARMA, DR REDDY'S LABORATORIES, GODREJ CONSUMER PRODUCTS, NOVARTIS INDIA, RAMCO SYSTEMS, PUNJAB & SIND BANK, UJJIVAN FINANCIAL SERVICES, AND SURYODAY SMALL FINANCE BANK

Friday, 20th May: AMARAJABAT, IBULHSGFIN, IDFC, INDIGOPAINTS, IRFC, NTPC, PFIZER.

Saturday, 21st May: BHEL, JKCEMENT, SHREECEM.

TOP SECTORS:

Bullish Sectors: NIL

Bearish Sectors: REALITY, BANKS.

STOCKS IN FOCUS:

BULLISH VIEW: BALKRISHNA INDUSTRIES, RELIANCE (RIL).

BEARISH VIEW: DLF, ASIAN PAINTS, DR REDDYS LAB, IOC, M&MFIN, AUROPHARMA.

Technical Strategy

JINDAL STEEL & POWER	482
Action	SELL
Target	381
Support	427/379
Resistance	499/527
Holding Period	30-45 Days.

Incorporated in the year 1979, **Jindal Steel and Power Limited (JSPL)** operates in Metals and Ferrous sector dominant presence in steel, power, mining and infrastructure and now commands market capitalisation of Rs 46,267 Cr. JSPL's domestic steel business produces economical and efficient steel through backward and forward integration. It has an installed steel-making capacity of over 6.75 million tons per annum (MTPA); an installed power generation capacity of approximately 5,049 megawatts, and pellet-making capacity of over ten MTPA. JSPL owns and operates state-of-the-art facilities in Chhattisgarh, Odisha and Jharkhand. Promoter holding have gone down from 60.47 (30 Jun 2021) to 60.45 (31 Mar 2022). Also, Foreign Institutional Investors holding have gone down from 10.54 (30 Jun 2021) to 9.7 (31 Mar 2022).

Technically, JSPL's stock price pattern appears ugly at current levels as also weak demand (negative sentiments on Chinese demand), lower ASP, higher-than-expected decline in steel prices, higher-than-expected increase in iron ore prices and high input cost like (coking coal prices) to dent earning results going forward.

Technically speaking, the biggest negative catalysts are prevailing bearish signs for JSPL, among them is excessive bullishness for steel and metal stocks on backdrop of overbought conditions. We suspect, bulls will be unable to support stock price as prices are likely to collapse as recent sequence of lower highs/lows intact on the intraday and daily charts. The daily, weekly and monthly chart for the stock continues to look ugly and are signaling a breakdown below its key support at 426 (4 th March 2022 lows). JSPL's biggest make-or-break support continues to be at 426 as the stock's 200 DMA is placed at 426 zone. Below 426, major weakness likely for the stock.

Establishing short positions at CMP, and on strength between 497-503 zone should be the preferred trading strategy, targeting 426/401 mark and then aggressive targets at 375-381 zone. Stop above 513. Holding Period: 1-2 Months.

WHAT TECHNICAL TELLS US ON NIFTY/SENSEX:

Daily chart of Nifty:



Technically speaking, the line in the sand is at Nifty's support at 15971 mark. Below 15971, Nifty could swiftly move to 15671 mark. Please note, confirmation of strength only above Nifty's 16607 mark on closing basis. Nifty's 200- DMA at 17253 mark.

Bank Nifty: After yesterday's negative session, Bank Nifty likely to trade with negative bias. Hurdles for the day seen at 35257 mark. The biggest support for Bank Nifty seen at 33000 and then all eyes at 32155 mark.

DERIVATIVE & INSTITUTIONAL CUES:

India VIX, which measures the expected volatility in the market has inched lower to 22.18 levels (-1.78%) in yesterday's trade. VIX could again move above 25 levels.

The **Nifty options data** for May series suggests Nifty is likely to be in a trading range of 15500-17000 zone. Maximum Call OI is at 17000 followed by 16500 strike price. So, the 17000 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 16500 and then at 16000 strike price, while there was meaningful Put writing at 16300 and then at 16200 strike prices.

In yesterday's trade, FIIs sold shares worth Rs. 1255 Crores while DIIs bought shares worth Rs. 376 Crores.

The Put-Call Open Interest Ratio is at 1.09 for Nifty.

Stock banned in F&O segment: DELTA CORPORATION, GNFC, IBULHSGFIN, PNB.

ECONOMIC CUES:

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:

In overnight trade at Wall Street, U.S. stocks simply tumbled following disappointing results from another major retailer and comments from Federal Reserve Chair Jerome Powell regarding the Fed's efforts to combat inflation.

Powell said the Fed was determined to reduce inflation and reiterated that it hoped to do so without prompting a jump in joblessness. The Fed is aggressively raising rates to reduce price pressures.

In an interview with the 'The Wall Street Journal's Future of Everything Festival', he signaled that in both June and July, the central bank likely would repeat the half-percentage-point rise in rates it put in place early this month.

Growth concerns remain paramount in global markets, however, with surging inflation and aggressive central bank rate signaling raising the specter of stagflation -- or recession -- in major economies around the world.

In the week gone by, Dow was down 2.14% at 32196.66. The S&P 500 posted a 2.41% weekly loss at 4023.89 & the Nasdaq was the biggest laggard last week, losing 2.79% at 11805.

RECAP OF PREVIOUS DAY'S TRADING SESSION:

Early morning gains du jour as Nifty witnesses a wobbly and an uneven session.

Nifty (-19, 16240)

Sensex (-110, 54209)

Nifty struggled to extend Tuesday's spectacular rebound as market sentiment dwindled amidst key negative catalysts like:

- 1) S&P cuts FY23 India growth forecast to 7.3% on inflation, Ukraine war.
- 2) Powell warning of further rate hike. The Federal Reserve's chairman said it will raise interest rates further if needed to cool inflation.
- 3) Odds of 'hard landing' for the U.S economy key headwind for stock markets across globe.
- 4) Wavering Asian and European markets amidst inflation and stagflation fears.
- 5) LIC's poor listing performance (CMP 876, a discount of 8% as against the issue price of 949).

The key highlights of yesterday's trade:

- # Nifty ends a volatile and choppy session lower.
- # Nifty FMCG and Pharma index gains 1.15 each while Nifty Reality index slumps 1.82%.
- # Bank Nifty slips (-0.40%) mostly mirrors Nifty's losses of 0.12%.
- # Top Index Gainers: TATA CONSUMER (+3%) HUL (+2%) ULTRATECH CEMENT (+2%)
- # Top Index Losers: POWERGRID (-4.5%) BPCL (-3.23%) TECH MAHINDRA (-2.23%)
- # UK inflation jumps to 40-year high of 9% as food and energy prices spiral

- # Adv-Dec 24 — 26
- # Nifty PCR 1.02
- # INDIA VIX 22.18 (-2.46%)
- # Nifty MidCap (-0.06%, 6713)
- # NiftySmallC (-0.43%, 9154)
- # BANK Nifty (-0.40%, 34164)
- # Nifty IT (-0.34%, 30117)
- # USD/INR (+0.02%, 77.58)

The stock market suddenly looks treacherous again. Sell something.

STOCKS	LTP	S1	S2	R1	R2	BIAS	TRADING STRATEGY
ASIAN PAINTS	3100	2937	2841	3163	3309	Negative	Sell between 3090-3101 zone. Stop 3172. Targets 2937/2841. Aggressive targets at 2593. (Interweek Strategy). Rationale: Weakening Momentum.
DLF	325	311	283	345	357	Negative	Sell at CMP. Stop 351. Targets 311/297. Aggressive targets at 283. (Interweek Strategy). Rationale: Breaking down.
DR REDDYS LAB	3906	3789	3667	3975	4063	Negative	Sell between 3951-3971 zone. Stop 4171. Targets 3789/3667. Aggressive targets at 3509. (Interweek Strategy). Rationale: Breaking down.
IOC	118	111	101	125	136	Negative	Sell at CMP. Stop 126. Targets 111/101. Aggressive targets at 93. (Interweek Strategy). Rationale: Breaking down.
JINDAL STEEL & POWER	482	431	397	501	527	Negative	Sell at CMP. Stop 507. Targets 447/431. Aggressive targets at 383. (Interweek Strategy). Rationale: Breaking down.

Derivatives Strategies

Future Call: SELL TECHM MAY FUTURES at CMP 1174.15. Targets at 1145 and then at 1123 zone. Stop: 1206. Holding Period: Intraday. Analyst's Remark: Breaking Down (TECHM MAY Futures CMP 1174.15)

Option Call: SELL NIFTY 26th MAY CE Strike Price 16100 at CMP 273. Maximum Profit: ₹ 13,650/-. Loss: Unlimited. Stop: Exit Call Option if NIFTY moves above 16374. (NIFTY MAY Futures CMP 16237).

Market Summary:

- Nifty May Futures ended Wednesday's session at a discount of -03 vs premium of +07.
- The 19th May expiry Put-Call Open Interest Ratio was at 0.74 for Nifty whereas it was 0.82 for Bank Nifty.
- The 19th May expiry Put-Call Volume Ratio was at 0.93 for the Nifty and 1.02 for Bank Nifty.
- For Nifty, Maximum Call Open Interest (OI) stands at 16500 Strike Price, followed by 16700 Strike Price for 19th May Series. Short Buildup was seen at strike prices 16300-16700.
- Maximum Put Open Interest (OI) was seen at strike price 16000 followed by 15800 strike prices for 19th May series. Long Unwinding was seen at strike prices 15000-15600.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 34500 Strike Price and Maximum Put Open Interest stands at 33000 Strike Price.
- As per Wednesday's provisional data available on the NSE, FIIs sold shares worth Rs. 1254.64 crores in the Indian Equity Market. DIIs on the other hand bought shares worth Rs. 375.61 crores.
- Long Buildup: ITC, HUL, PIIND.
- Short Buildup: BPCL, HINDPETRO, TECHM.
- Short Covering: ADANI PORTS, UPL, SUNPHARMA, ASIANPAINT.
- Long Unwinding: SBIN, TATASTEEL, TORNTPOWER.
- Stocks banned in F&O segment:** DELTACORP, GNFC, IBULHSGFIN, PNB.
- New in Ban: DELTACORP.
- Out of Ban: NIL

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

Nifty Spot	16240.30 (-0.12%)
Bank Nifty Spot	34163.70 (-0.40%)
VIX	22.295 (-1.97%)
Premium	-03 vs +07
Nifty Future OI	0.84 crores (-5.25%)
Bank Nifty Future OI	24.43 lakhs (-11.31%)

Cash Volumes (INR in Cr.)	Yesterday	Day Before Yesterday
BSE Cash Vol. (Rs. in Cr)	3742.06	3722.94
NSE Cash Vol. (Rs. in Cr)	59,932.35	55,967.23
NSE Derivative Vol. (Rs. in Cr)	1,13,11,313	84,51,511

Derivatives Vol. (INR in Cr.)	No of contracts	Turnover (Rs. In cr.)
Index Future Volumes	4,63,841	38,537
Stock Future Volumes	10,23,616	63,391
Index Option Volumes	13,08,65,242	1,09,58,307
Stock Option Volumes	38,34,043	2,51,078
Total	13,61,86,742	1,13,11,313

Major Changes in Nifty Options (OI)

Calls	in lakhs (% Change)
16300	64.22 (+65%)
16400	63.6 (+97%)
16500	102 (+81%)

Puts	in lakhs (% Change)
16200	47.7 (+71%)
16300	25.43 (+168%)
16400	4.66 (+69%)

Stock	CMP	Support	Resistance	21 DMA	200 DMA	Intraday	Short Term	Long Term
ALUMINIUM 1	239	232	246	249	239	DOWN	DOWN	DOWN
CARDAMOM 1	1505	1475	1535	1478	2690	DOWN	UP	DOWN
CASTOR 1	7496	7346	7646	7234	6461	UP	UP	UP
CHANA 1	5240	5135	5345	5109	5002	UP	UP	UP
COPPER 1	757	742	772	776	756	DOWN	DOWN	DOWN
COTTON 1	49080	48098	50062	46220	34603	UP	UP	UP
CRUDEOIL 1	8348	8181	8515	8086	6434	UP	UP	UP
GOLD 1	50288	49282	51294	51162	48870	DOWN	DOWN	DOWN
GUARGUM5 1	11613	11381	11845	12059	10707	DOWN	DOWN	UP
GUARSEED10 1	6041	5920	6162	6182	6046	DOWN	DOWN	DOWN
JEERAUNJHA 1	22150	21707	22593	21726	17514	DOWN	UP	UP
LEAD 1	181	176	186	184	185	DOWN	DOWN	UP
MENTHAOIL 1	1103	1081	1125	1095	986	UP	DOWN	UP
NATURALGAS 1	643	630	655	575	382	UP	UP	UP
NICKEL 1	2080	2038	2122	2395	1791	DOWN	DOWN	DOWN
RMSEED 1	8241	8076	8406	7680	7535	UP	UP	UP
RUBBER 1	17550	17199	17901	17261	17234	UP	UP	UP
SILVER 1	61038	59817	62259	63232	63760	DOWN	UP	DOWN
SYBEANIDR 1	7850	7693	8007	7316	7000	UP	UP	UP
ZINC 1	309	300	318	340	294	DOWN	DOWN	DOWN

Silver Prices likely to move further down

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
MCX GOLD	50278	49351	48001	51350	52651	Negative	Gold prices witnessed sluggish action. Major hurdles at 51350. Intraday Strategy: Sell at CMP, targeting 49351/48001 with stop at 52001.
MCX SILVER	60757	59300	57751	62401	63501	Negative	Sell on strength strategy for silver prices. Major hurdles now at 62401. Intraday strategy: Sell at CMP, targeting 59300/57751 with stop at 62401.
MCX CRUDE OIL	8515	8351	8120	8950	9215	Neutral	Oil prices likely witnessed profit booking. Intraday Strategy: Buy only above 8701, targeting 9001/9215 mark. Strict Stop at 8475.
MCX COPPER	755.80	744	727	783	801	Neutral	Copper prices again witnessed correction . Intraday strategy: Buy only above 768. Targets 783/801. Strict stop at 744.
MCX NATURAL GAS	645.3	611	575	663	681	Positive	MCX Natural Gas continues its positive momentum. Intraday Strategy: Buy at CMP, targeting 663/681 zone. Stop at 611.
USD-INR	77.64	77.37	76.55	79.00	82.00	Neutral	USD/INR likely to scale more higher. Key support now seen at 77.37 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.

Precious metals likely to stay under some pressure

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
GOLD (USD)	1817	1795	1761	1837	1888	Negative	Gold prices tumble. Interweek Strategy: Sell at CMP. Targets 1795/1761 mark with stop at 1856.
SILVER (USD)	21.48	19.45	18.00	22.00	23.57	Negative	Silver witnessed some bounce in Monday's trade but negative bias remains. Interweek Strategy: Sell at CMP. Targets 19.45/18 mark with stop at 22.21.
WTI CRUDE OIL (USD)	106.9	104.6	97	118	126	Positive	Oil prices likely to scale higher. Interweek strategy: Establish Buy positions at CMP. Targets 111/118/124 zone. Stop at 99.
EUR/USD	1.0484	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	103.75	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	31609	31201	30751	32001	32501	Negative	Interweek Strategy: Establish Sell positions at CMP. Targets 31201/30751 mark with stop at 32001.

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