

## The key headwinds:

- # Inflation.
- # Recession fears.
- # The progress of the south-west monsoon into India has been disappointing so far.
- # In the June month so far, FIIs have net sold Rs 49,000 crore.
- # The Indian Rupee is at record low (78.38) as rebound in crude oil prices deepens CAD, inflation worries.
- # A new round of Covid restrictions in China.

## The big Nifty's technical levels:

- # Support: 15181
- # Resistance: 15783.



## Daily Research Reports

## Good Morning & Welcome to Thursday's trading session at Dalal Street, dated 23rd of June 2022.

The good news this Thursday morning is that **WTI crude oil prices have fallen more than 7% in overnight trade towards \$102 per barrel**, hitting their lowest levels in a month. Oil prices had recently made a high of \$123.7.

But digging deeper, the fall in oil prices are amid mounting concerns that rising US interest rates aimed at curbing soaring inflation would cause a recession and slowdown in oil demand.

Please note, the Indian Rupee is at record low (78.38) as rebound in crude oil prices deepens CAD, inflation worries. The RBI's assumption is of \$105 a barrel for its full-year inflation projections

So, that brings us to our call of the day which suggests the trading theme at Dalal Street will revolve around:

1. Inflation, inflation and Inflation.
2. Recession fears.

Meanwhile, the minutes of the MPC's June 5-8 meeting expectedly showed an increased degree of concern among members regarding upside risks to India inflation amidst surging commodity prices. MPC aims to bring CPI within target band by Q4.

FOMC Chairman Jerome Powell too promised to fight inflation and the positive takeaway is that he sees strength in U.S economy. Fed is strongly committed to bringing inflation back down, moving expeditiously to do so. Fed's Powell says ongoing interest rate increases will be appropriate.

Pace of future rate increases by Fed will continue to depend on incoming data and evolving economic outlook. Powell says will make decisions meeting by meeting.

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

**# Nifty (15413):** Buy at CMP. Strict stop at 15111. Targets 15557/15783. Aggressive targets at 16181-16477 zone.

**# Bank Nifty (32845):** Buy only above 33594. Strict stop at 32011. Targets 34175/34677. Aggressive targets at 35793 mark.

### INDICES

Nifty	15413	-1.44%
Bank Nifty	32845	-1.04%
Nifty Auto Index	10881	-0.85%
Nifty FMCG Index	36963	-0.95%
Nifty Infra Index	4467	-1.56%
Nifty IT Index	27488	-1.16%
Nifty Media Index	1818	-3.50%
Nifty Midcap Index	7120	-1.55%
Nifty Metal Index	4491	-4.87%
Nifty Pharma Index	11939	-1.32%
Nifty Reality Index	376	-2.19%
Nifty Smallcap Index	8139	-1.41%
Sensex	51823	-1.35%
SGX Nifty	15481	0.60%

### Outlook for the Day

Volatile session likely

### Nifty Outlook

Intraday	Neutral (15300-15601)
Medium Term	Neutral (14251-17001)
Long Term	Positive (12500-19001)

### Key Levels to Watch

Nifty Support	15303/15181
Nifty Resistance	15783/16181

### Pivot Level

Nifty	16211
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## Outlook for Thursday: Volatility likely to be the hallmark.

Meanwhile, the progress of the south-west monsoon into India after making landfall in the last week of May has been disappointing so far. The slow progress in many agriculture-heavy regions of the country could further shake investor confidence in the economy as well as fan concerns over inflation remaining higher for a longer period of time.

### TOP SECTORS:

# **Bullish Sectors:** IT.

# **Bearish Sectors:** Pharma, Media.

### STOCKS IN FOCUS:

# **BULLISH VIEW:** COROMANDEL INTERNATIONAL, HUL, BLUE STAR, GALAXY SURFACTANTS, FEDERAL BANK, MARUTI, M&M.

# **BEARISH VIEW:** BIOCON, BANDHAN BANK, BOSCH, DIXON, INDIA BULLS HOUSING FINANCE, RAIN INDUSTRIES, LUPIN

# Our **chart of day** is bearish on stocks like BIOCON, PI INDUSTRIES and DIXON TECHNOLOGIES with an interweek perspective.

### WHAT TECHNICAL TELLS US ON NIFTY/SENSEX:

#### Daily chart of Nifty:



# **Nifty:** The devilish brew of rising rates, high inflation, and recession fears are seen having a negative impact on the technical landscape too.

## Technical Strategy

<b>Galaxy Surfactants</b>	2927
<b>Action</b>	BUY
<b>Target</b>	3501
<b>Support</b>	2751/2501
<b>Resistance</b>	3181/3701
<b>Holding Period</b>	30-45 Days

Incorporated in 1986, **Galaxy Surfactants** now commands a market cap of Rs 10,545 Crore.

**Galaxy Surfactants** is India's leading manufacturer of surfactants and specialty care ingredients for the Home and Personal Care industry. Company's products find application in personal care and home care products, including skin care, oral care, hair care, cosmetics, toiletries and detergent products. 9/10 Indian Consumers use Products which have Galaxy's surfactants or specialty care products atleast once in their Daily Routine.

The firm is serving 1750 clients and has presence in across 80+ countries. Galaxy Surfactants revenue share as on FY21 was a) Performance Surfactants (61%), b) Specialty Care Products (39%).

Going forward, the demand for performance surfactants is likely to remain strong amidst benefits from high growth in the FMCG industry, which is largely unaffected by economic cycles. The overall demand continued to remain robust as also the opening up of developing economies would aid higher growth in the Specialty segment as well.

The key positive catalyst continues to be the 55% of the revenue mix that comes from MNCs and most importantly, healthy return ratios (ROCE of 25% plus) coupled with robust earnings growth (13% CAGR over FY19-21E).

In Q1, the company displayed revenue growth of 36% YoY driven by a 16% YoY jump in performance surfactants while revenues from speciality chemicals (+96% YoY) almost doubled off last year's low base. There were slight volumes tapering in Q1FY21 with onset of COVID. We believe the challenges faced in 2QFY22 are transitory issues and performance should normalize in the coming quarters.

As the global economies slowly opened up, the volumes from Q2FY21 onwards picked up momentum and restored to pre-COVID levels.

The surfactant business is expected to grow to \$45 billion by 2024.

Technically, brace yourselves for a major breakout play from a probable classic 'flag pattern' breakout on the monthly charts. An impulse uptrend is seen forming on the daily time scale, with positive SAR series, with recent sequence of higher high/low intact on all time frames.

Add to that a bullish divergence and a rising stochastic signal (on weekly charts) with recent increase in volumes signaling a larger rebound. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 2945 zone. The level of Rs 2945 zone will act as a strong support and any successive close above these levels should attract lots of buying interest.

**Simply buy at CMP, and on dips between 2500-2600 zone, targeting 3201/3585 mark and then aggressive targets at psychological 4001 with stop below 2419.**

Aggressive 1-year targets seen at 4250 zone.

Technically speaking, the downside risk on Nifty likely only on any close below 15181 mark. The perma-bulls will have to really find reasons to take Nifty above its biggest hurdles at 15783 mark. Nifty's 200 - DMA at 17217 mark. We expect, Nifty to trade volatile and choppy for the day.

**ALL ABOUT NIFTY:**

- # SUPPORT: 15303/15181
- # RESISTANCE: 15783/16181
- # RANGE: 15300-15700
- # 21 DMA: 16089
- # 50 DMA: 16437
- # 200 DMA: 17217
- # BIAS: Positive.

# **Bank Nifty:** In Wednesday's trading session, Bank Nifty inched lower. Bank Nifty will face a major hurdle placed at 33594 mark and then at 34879 mark. The biggest support for Bank Nifty seen at 32155 and then all eyes at 30405 mark. We expect, Nifty to trade volatile and choppy for the day. Buying advised only above 33594 mark.

**DERIVATIVE & INSTITUTIONAL CUES:**

# **India VIX**, which measures the expected volatility in the market has inched higher to 21.30 levels.

# The **Nifty options data** for June series suggests Nifty is likely to be in a trading range of 15500-16700 zone. Maximum Call OI is at 16000 followed by 17000 strike price. So, the 16000 mark will be Nifty's crucial resistance zone. Maximum Put open interest stands at 15500 levels followed by 14500 levels. Call writing was seen at 16400 and then at 16200 strike price, while there was meaningful Put writing at 15600 and then at 15500 strike prices.

# In Wednesday's trade, FIIs Foreign institutional investors (FIIs) net sold Rs 2920.60 crore worth of shares, whereas domestic institutional investors (DIIs) remained net buyers to the tune of Rs 1859.10 crore worth of shares.

# In the June month so far, FIIs have net sold Rs 49,000 crore. FIIs have been net sellers for eighth consecutive month, net offloading more than Rs 3.50 lakh crore since October 2021. The net outflow by FIIs from equities has reached Rs 1.81 lakh crore so far in 2022.

Please note, apart from India, other emerging markets, including Taiwan, South Korea, Thailand and the Philippines witnessed outflow in this month so far.

FIIs selling likely to intensify as macro-data on the inflation front continues to dampen sentiments.

Risk-averse from FIIs camp will continue to be the preferred theme as long as Dalal Street is surrounded with uncertainty evolving around Indian economy amidst inflationary concerns, monetary tightening, elevated crude oil prices, geopolitical crisis, lofty valuations, depreciating rupee, and recession fears.

# The Put-Call Open Interest Ratio is at 1.07 for Nifty.

## ECONOMIC CUES:

**# India's finance ministry has said that the country is facing twin deficit problem due to commodity prices, subsidy.**

The finance ministry has cautioned the re-emergence of the twin deficit problem in the economy, with higher commodity prices and rising subsidy burden leading to an increase in both fiscal deficit and current account deficit. It's also the first time the government has explicitly talked about the possibility of fiscal slippage in the current fiscal year.

# The policy-setting FOMC raised policy rates by 75 basis points to 1.50-1.75%, as expected. The US central bank anticipates ongoing increases to interest rates to be appropriate, noting that it is strongly committed to returning inflation to 2.0%.

The Fed now sees PCE inflation ending 2022 at 5.2%, up from 4.3% in March, ending 2023 at 2.6%, at 2.2% in 2024 and then back to 2.0% in the long run. The Fed said it sees US real GDP growth at 1.7% in 2022, down from 2.8% in its March forecasts, then growing at a pace of 1.7% in 2023 and 1.9% in 2024, before then growing at a long-run rate of 1.8%.

The Fed's hike, its third under Powell, was followed by a surprise move by the Swiss National Bank -- a major holder of U.S. stocks; lifting its key lending rate for the first time in 15 years Thursday as the alpine economy attempts to fend off inflationary pressures from its Eurozone neighbors.

## GLOBAL STOCK MARKETS:

Overnight, U.S. stocks U.S. stocks traded mostly higher as investor focus returned to the impact of speeding inflation on global economic growth, pulling Treasury bond yields and the dollar firmly lower.

Fresh inflation readings from South Africa to Great Britain and Canada indicated that central bank action, at least to date, has had little impact on consumer price pressures, while digging into the readings showed a broadening of their effects, particularly in the United Kingdom, where CPI hit a four-decade high of 9.1%.

The prospect of slower growth for the world's major economies was also linked to a weaker session for Asia stocks, which fell sharply amid concern over a new round of Covid restrictions.

## RECAP OF PREVIOUS DAY'S TRADING SESSION:

**Nifty succumbs to bear hammering.**

# Nifty (-226, 15413).

# Sensex (-710, 51823)

Nifty's last two days' rally panned out to be a mere false relief rebound as most of Nifty's gains evaporated and most importantly, the benchmark, ended at its lowest point of the day.

Actually, the outlook for core inflation is still troubling the big Nifty bulls.

Fed Chairman Jerome Powell is set deliver his semiannual monetary policy report to Congress on Wednesday and Thursday. The street will spy with one big eye for any cues after last week's biggest Federal Reserve interest rate hike since 1994 to fight inflation.

The street suspects, Fed will probably hike rates by another 75 basis points again in July.

### **The key highlights of Wednesday's trade:**

# All sectoral indices end in red. Major losers were Nifty Metal (-4.8%), Media (-3.6%) & Realty index (-2.51%)

# Bank Nifty ended 1.04% lower as against Nifty's losses of 1.44%.

# Nifty's Major Gainers: BPCL (+1.26%) HEROMOTOCORP (+0.87%) DIVIS (+0.43%).

# Nifty's Major Losers: UPL (-6.30%), HINDALCO (-5.9%) TATASTEEL (-5.42%).

# Adv-Dec 5 — 45

# Nifty PCR 1.07

# INDIA VIX 21.30 (0.74%)

# Nifty MidCap (-1.62%, 7115)

# NiftySmallC (-1.45%, 8136)

# BANK Nifty (-1.04%, 32845)

# Nifty IT (-1.12%, 27498)

# USD/INR (+0.40%, 78.38)

**BIOCON: The interweek outlook continues to be negative. Sell on any early strength.**

STOCKS	LTP	S1	S2	R1	R2	BIAS	TRADING STRATEGY
BIOCON	314	301	275	325	345	Negative	Sell at CMP. Stop 331. Targets 301/293. Aggressive targets at 275. (Interweek Strategy). Rationale: Breaking down.
PI INDUSTRIES	2485	2333	2100	2561	2777	Negative	Sell at CMP. Stop 2589. Targets 2333/2251. Aggressive targets at 2100. (Intermonth Strategy). Rationale: Breaking down.
DIXON TECHNOLOGY	3366	3167	3001	3557	3769	Negative	Sell between 3400-3425 zone. Stop 3679. Targets 3289/3167. Aggressive targets at 3001. (Interweek Strategy). Rationale: Breaking down.
INDIAN HOTELS	215	207	181	224	245	Negative	Sell between 219-221 zone. Stop 231. Targets 207/197. Aggressive targets at 181. (Interweek Strategy). Rationale: Breaking down.
TATA CONSUMER	709	697	650	733	757	Negative	Sell between 721-725 zone. Stop 741. Targets 697/683. Aggressive targets at 650. (Interweek Strategy). Rationale: Breaking down.

## Derivatives Strategies

**Future Call:** BUY HEROMOTOCORP JUNE FUTURES at CMP 2524.45. Targets at 2575 and then at 2645 zone. Stop: 2480. Holding Period: Intraday. Analyst's Remark: Rebound Play (HEROMOTOCORP JUNE Futures CMP 2524.45)

**Option Call:** SELL NIFTY 23rd JUNE PE Strike Price 15600 at CMP 298.90. Maximum Profit: ₹ 14,945/-. Loss: Unlimited. Stop: Exit Put Option if NIFTY moves below 15251. (NIFTY JUNE Futures CMP 15401)

### Market Summary:

- Nifty June Futures ended Wednesday's session at a premium of +12 vs discount of -06.
- The 23rd June expiry Put-Call Open Interest Ratio was at 1.07 for Nifty whereas it was 0.87 for Bank Nifty.
- The 23rd June expiry Put-Call Volume Ratio was at 0.85 for the Nifty and 0.75 for Bank Nifty.
- For Nifty, Maximum Call Open Interest (OI) stands at 16000 Strike Price, followed by 15700 Strike Price for 23rd June Series. Long Unwinding was seen at strike prices 16200-17000.
- Maximum Put Open Interest (OI) was seen at strike price 15000 followed by 15200 strike prices for 23rd June series. Short Covering was seen at strike prices 15500-15800.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 33500 Strike Price and Maximum Put Open Interest stands at 32500 Strike Price.
- As per Wednesday's provisional data available on the NSE, FIIs sold shares worth Rs. 2920.61 crores in the Indian Equity Market. DIIs on the other hand bought shares worth Rs. 1859.07 crores.
- Long Buildup: INDIGO, MARUTI, HEROMOTOCORP.
- Short Buildup: JSWSTEEL, HINDALCO, TATASTEEL.
- Short Covering: DIVISLABS, HONAUT, RBLBANK.
- Long Unwinding: TATAPOWER, HDFCBANK, DLF, ZYDUSLIFE.
- Stocks banned in F&O segment:** IBULSHGFN, RBLBANK, SUNTV.
- New In Ban: SUNTV.
- Out of Ban: NIL

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

<b>Nifty Spot</b>	15413.30 (-1.44%)
<b>Bank Nifty Spot</b>	32845.30 (-1.04%)
<b>VIX</b>	21.30 (+0.74%)
<b>Premium</b>	+13 vs -06
<b>Nifty Future OI</b>	1.1 crores (+12.47%)
<b>Bank Nifty Future OI</b>	21.30 lakhs (-4.34%)

Cash Volumes (INR in Cr.)	Yesterday	Day Before Yesterday
<b>BSE Cash Vol. (Rs. in Cr)</b>	2505.4	2837.27
<b>NSE Cash Vol. (Rs. in Cr)</b>	38,618.73	43,554.97
<b>NSE Derivative Vol. (Rs. in Cr)</b>	1,08,74,284	94,75,406

Derivatives Vol. (INR in Cr.)	No of contracts	Turnover (Rs. In cr.)
<b>Index Future Volumes</b>	4,60,926	36,407
<b>Stock Future Volumes</b>	9,26,229	52,820
<b>Index Option Volumes</b>	13,22,28,043	1,05,90,862
<b>Stock Option Volumes</b>	31,93,865	1,94,195
<b>Total</b>	13,68,09,063	1,08,74,284

### Major Changes in Nifty Options (OI)

Calls	in lakhs (% Change)
15400	27.64 (+283%)
15500	72.06 (+284%)
15600	68.31 (+128%)

Puts	in lakhs (% Change)
15500	27.35 (-45%)
15600	7.62 (-83%)
15700	4.3 (-76%)





Stock	CMP	Support	Resistance	21 DMA	200 DMA	Intraday	Short Term	Long Term
ALUMINIUM 1	214	208	220	231	242	DOWN	DOWN	DOWN
COPPER 1	729	714	744	774	763	DOWN	DOWN	DOWN
CRUDEOIL 1	8333	8166	8500	9037	6929	DOWN	DOWN	UP
GOLD 1	50877	49859	51895	50889	49348	DOWN	DOWN	DOWN
LEAD 1	187	181	193	184	186	DOWN	UP	UP
NATURALGAS 1	539	528	550	650	424	DOWN	DOWN	DOWN
NICKEL 1	2109	2067	2151	2286	1811	DOWN	DOWN	DOWN
SILVER 1	60630	59417	61843	61472	63539	DOWN	DOWN	DOWN
ZINC 1	315	305	324	324	303	DOWN	DOWN	DOWN00
CARDAMOM 1	1505	1475	1535	1478	2690	DOWN	UP	DOWN
CASTOR 1	7242	7097	7387	7459	6671	DOWN	DOWN	UP
CHANA 1	5240	5135	5345	5109	5002	UP	UP	UP
COTTON 1	45440	44531	46349	46953	37249	DOWN	DOWN	UP
GUARGUM5 1	10130	9927	10333	11031	11205	DOWN	DOWN	DOWN
GUARSEED10 1	5444	5335	5553	5754	6138			
JEERAUNJHA 1	20785	20369	21201	21194	18423	DOWN	DOWN	UP
MENTHAOIL 1	1016	996	1036	1046	999	UP	DOWN	UP
RMSEED 1	8241	8076	8406	7680	7535			
RUBBER 1	17730	17375	18085	17397	17263	UP	DOWN	UP
SYBEANIDR 1	7850	7693	8007	7316	7000	UP	UP	UP

## USD/INR still appears strong

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
MCX GOLD	50921	49775	48651	51660	53001	Positive	Gold prices likely to witness further upmove. Key support at 49775. Intraday Strategy: Buy at CMP, targeting 51660/53001 with stop at 49671.
MCX SILVER	60698	60350	58301	62001	63651	Positive	Silver prices underperformed Gold in yesterday's trade but positive bias remains. Intraday strategy: Buy at CMP, targeting 62001/63651 with stop at 60350.
MCX CRUDE OIL	8392	8201	8001	8575	8801	Negative	Crude Oil likely to tumble as technical landscape still appears weak. Intraday Strategy: Sell at CMP, targeting 8201/8001 mark. Strict Stop at 8621.
MCX COPPER	730.00	722	701	745	785	Negative	Selling on strength preferred strategy for Copper as well. Intraday strategy: Sell between 733-735 zone. Targets 722/701. Strict stop at 747.
MCX NATURAL GAS	537.9	501	475	551	581	Negative	Natural Gas prices witnessing too many whipsaws. Intraday Strategy: Sell at CMP, targeting 501/475/447 zone. Stop at 546.
USD-INR	78.36	77.91	77.00	79.00	82.00	Positive	USD/INR price likely to continue with its ascent. Key support now seen at 77.91 zone. Interweek hurdles now seen at 79 zone. Interweek Strategy: Buy at CMP, targeting 79/82 mark. Strict Stop at 77.87.

## Short covering + Value Buying likely to take Dow Jones upwards

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
GOLD (USD)	1841	1822	1801	1865	1901	Positive	Buying on dips preferred for Gold Prices. Interweek Strategy: Buy between 1834-1838 zone. Targets 1865/1901 mark with stop at 1822.
SILVER (USD)	21.46	20.45	19.45	22.45	24.00	Positive	Silver too appears buy on dips. Interweek Strategy: Buy at CMP. Targets 23.57/25 mark with stop at 21.15.
WTI CRUDE OIL (USD)	105.97	102	96	115	121	Negative	Oil prices likely to witness more slide. Interweek strategy: Establish Sell positions at CMP. Targets 102/96/89 zone. Stop at 115.
EUR/USD	1.0577	1.0321	1.0201	1.0575	1.0721	Negative	Interweek Strategy: Establish Sell positions at CMP. Targets 1.0321/1.0201 with stop at 1.0575.
US Dollar Index	103.88	102.35	97.05	107.00	111.00	Positive	Interweek Strategy: Buy at CMP. Targets 107/111 with stop at 102.35.
DOW JONES	30681	30166	29451	30891	31451	Positive	Interweek Strategy: Establish Buy positions at CMP. Targets 30891/31451/32001 mark with stop at 30166.

Contact:

## Khandwala Securities Limited

### Head Office:

Vikas Building, Ground Floor, Green Street,  
Fort, Mumbai - 400 023. India  
Call : 022-40767373

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