

**IT & Software stocks** are likely to be in limelight after US-based IT major Accenture announced its results for Q3FY22, beating revenue expectations.

**Amongst IT & software stocks, we like MINDTREE, LTI and INFY on any corrective declines.**

IT stocks will also catch attention on the buy side on backdrop of the Indian Rupee which has closed at its all-time low of 78.32 against the US dollar. A strong USD/INR augurs well for software stocks.



**Daily Research Reports**

## Good Morning & Welcome to Friday's trading session at Dalal Street, dated 24th of June 2022.

This Friday morning, judging by early action at SGX Nifty, it appears **Nifty will mostly waver in today's trade.**

**But in limelight will be IT & Software stocks** after US-based IT major Accenture announced its results for Q3FY22, beating revenue expectations. Accenture reported revenues of \$16.2 billion, up 22% year-on-year (YoY). The IT major's operating income was up 23% and came in at \$2.6 billion, and its operating margin was at 16.1%. The company also reported its second-highest bookings of \$17 billion. For 2022, it now expects revenue growth to be in the range of 25.5-26.5%, as compared to 24-26% previously.

Amongst IT & software stocks, we like MINDTREE, LTI and INFY on any corrective declines. IT stocks will also catch attention on buy side on backdrop of the Indian Rupee which has closed at its all-time low of 78.32 against the US dollar. A strong USD/INR augurs well for software stocks.

On the positive side are reports that WTI crude oil prices have fallen to the lowest levels since early May to \$103.64 a barrel. 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.

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.

### INDICES

<b>Nifty</b>	15557	0.93%
<b>Bank Nifty</b>	33135	0.88%
<b>Nifty Auto Index</b>	11360	4.39%
<b>Nifty FMCG Index</b>	37317	0.96%
<b>Nifty Infra Index</b>	4481	0.33%
<b>Nifty IT Index</b>	28028	1.96%
<b>Nifty Media Index</b>	1846	1.52%
<b>Nifty Midcap Index</b>	7213	1.31%
<b>Nifty Metal Index</b>	4523	0.72%
<b>Nifty Pharma Index</b>	12127	1.58%
<b>Nifty Reality Index</b>	382	1.66%
<b>Nifty Smallcap Index</b>	8246	1.31%
<b>Sensex</b>	52266	0.86%
<b>SGX Nifty</b>	15551	-0.19%

### Outlook for the Day

Volatile session likely

### Nifty Outlook

<b>Intraday</b>	Neutral (15300-15701)
<b>Medium Term</b>	Neutral (14251-17001)
<b>Long Term</b>	Positive (12500-19001)

### Key Levels to Watch

<b>Nifty Support</b>	15351/15181
<b>Nifty Resistance</b>	15783/16181

### Pivot Level

<b>Nifty</b>	16211
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**Now, before we get into details, here is the preferred trade on Nifty and Bank Nifty:**

**# Nifty (15557):** Buy between 15450-15500 zone. Strict stop at 15111. Targets 15707/15863. Aggressive targets at 16181-16477 zone.

**# Bank Nifty (33135):** Buy only above 33594. Strict stop at 32011. Targets 34175/34677. Aggressive targets at 35793 mark.

### Outlook for Friday: 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, Metal.

### STOCKS IN FOCUS:

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

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

**# Our chart of day** is bullish on stocks like MINDTREE, INFY and ESCORTS with an interweek/intermonth perspective.

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

#### Daily chart of Nifty:



## Technical Strategy

<b>PI INDUSTRIES</b>	2520
<b>Action</b>	SELL
<b>Target</b>	2351
<b>Support</b>	2351/1951
<b>Resistance</b>	2671/2811
<b>Holding Period</b>	30-45 Days

Incorporated in 1947, PI Industries Limited (earlier Pesticides India) is a fast growing agri-sciences company with strong presence in both domestic and export market, specializing and manufacturing plant protection & specialty plant nutrient products and solutions under its agri-inputs business. The company has a strong product portfolio because of exclusive tie-ups with leading agro-chemical, pharmaceutical and fine chemical companies around the World. It is also one of India's leading custom synthesis (CSM) companies engaged in providing contract research and contract manufacturing services to global innovators. The CSM segment order book stands at USD 1.4bn.

The company currently operates three formulation and two manufacturing facilities as well as five multi-product plants across Gujarat and Jammu, and one R&D unit in Rajasthan at Udaipur.

# PI Industries now commands a market cap of Rs 37,540 Crores.

# The biggest negative catalyst surrounding PI Industries is that the technical landscape has deteriorated significantly on the medium term charts.

# Technically, PI Industries' stock price pattern appears ugly at current levels.

Firstly, overbought technical conditions still prevail on the monthly charts on backdrop of a bearish engulfing pattern on the monthly charts. The recent sequence of lower high/low is quite evident on the monthly and weekly time frames. The momentum oscillators are seen shifting in sell mode signaling further sharp corrective down move. The stock price is signaling a massive break down from a "higher consolidation zone" on the weekly charts — confirmation of the same below 2333 mark. Immediate downside risk below a 2333 close is at psychological 2000 mark.

# The 200-DMA of the stock is around 2850 levels and will act as major hurdle.

Establishing short positions at CMP and on strength between 2700-2750 zone should be the preferred trading strategy, targeting 2333 zone and then aggressive targets seen at 1950-2000 zone. Stop above 2839. Holding Period: 1-2 Months.

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

Technically speaking, the downside risk on Nifty likely only on any close below 15363 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:

### NIFTY (CMP 15557):

# SUPPORT: 15351/15181

# RESISTANCE: 15783/16181

# RANGE: 15450-15750

# BIAS: Neutral.

# 21 DMA: 16063

# 50 DMA: 16393

# 200 DMA: 17207

# **Bank Nifty:** In Thursday's trading session, Bank Nifty inched higher. Bank Nifty will face a major hurdles 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 lower to 20.88 levels.

# The **Nifty options data** for June series suggests Nifty is likely to be in a trading range of 14500-16000 zone. Maximum Call OI is at 16000 followed by 15500 strike price. So, the 16000 mark will be Nifty's crucial resistance zone. Maximum Put open interest stands at 15500 levels followed by 14000 levels. Call writing was seen at 15500 and then at 16000 strike price, while there was meaningful Put writing at 14000 and then at 14600 strike prices.

# In Thursday's trade, FIIs Foreign institutional investors (FIIs) net sold Rs 2319.10 crore worth of shares, whereas domestic institutional investors (DIIs) remained net buyers to the tune of Rs 2438.30 crore worth of shares.

# In the June month so far, FIIs have net sold Rs 51,246 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.

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

Risk-averse from FII's 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 0.99 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%.

## **GLOBAL STOCK MARKETS:**

Overnight, U.S. stocks traded mostly mixed, while oil prices and Treasury bond yields resumed their recent slides, as investors heeded Federal Reserve Chairman Jerome Powell's warning that a near-term recession in the world's biggest economy is possible.

Speaking in front of the Senate Banking Committee on Capitol Hill yesterday, Powell reiterated that the Fed's inflation fight, which includes higher rates and a pullback in liquidity, isn't designed to "provoke" a recession, although he conceded that it was "certainly a possibility".

## **RECAP OF PREVIOUS DAY'S TRADING SESSION:**

**Nifty ends higher in a rollercoaster ride at Dalal Street.**

# Nifty (+143, 15557).

# Sensex (+443, 52266)

After a positive start, the benchmark Nifty wobbled in the mid-session as was seen swinging between gains and losses — and finally, the positive takeaway was that Nifty ended comfortably in the green.

Auto stocks were in the top gear as Maruti Suzuki, Eicher Motors, Hero MotoCorp, Bajaj Auto, M&M, and Tata Motors were the top Nifty gainers, advancing between 4% and 6.7%.

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

- # All sectoral indices end in green except Nifty energy which was down 0.40%
- # Nifty Auto index was top gainer, up 4.49% followed by Nifty IT index, up 2.21%.
- # Bank Nifty ended 0.88% higher mirroring Nifty's gains of 0.93%.
- # Nifty's Major Gainers: MARUTI (+6.65%) HEROMOTO CORP(+6.08%) EICHER MOTORS (+5.87%)
- # Nifty's Major Losers: RELIANCE (-1.46%) POWERGRID (-1.19%) COAL INDIA (-1.12%).
  
- # Adv-Dec 45 — 5
- # Nifty PCR 0.99
- # INDIA VIX 20.88 (-1.97%)
- # Nifty MidCap (+1.34%, 7215)
- # NiftySmallC (+1.33%, 8247)
- # BANK Nifty (+0.90%, 33170)
- # Nifty IT (+2.21%, 28096)
- # USD/INR (-0.11%, 78.30)

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

STOCKS	LTP	S1	S2	R1	R2	BIAS	TRADING STRATEGY
ADANI ENTERPRISES	2110	2025	1867	2179	2289	Negative	Sell at CMP. Stop 2191. Targets 2025/1989. Aggressive targets at 1867. (Interweek Strategy). Rationale: Overbought zone.
DIXON TECHNOLOGY	3392	3167	3001	3557	3769	Negative	Sell between 3400-3450 zone. Stop 3679. Targets 3289/3167. Aggressive targets at 3001. (Interweek Strategy). Rationale: Breaking down.
NAVIN FLUORO	3544	3433	3201	3644	3901	Negative	Sell at CMP. Stop 3731. Targets 3433/3201. Aggressive targets at 3005. (Interweek Strategy). Rationale: Breaking down.
PI INDUSTRIES	2519	2333	2100	2589	2777	Negative	Sell at CMP. Stop 2671. Targets 2333/2251. Aggressive targets at 2100. (Intermonth Strategy). Rationale: Breaking down.
TATA CONSUMER	718	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:** SELL GSPL JUNE FUTURES at CMP 212.45. Targets at 205 and then at 196 zone. Stop: 219. Holding Period: Intraday. Analyst's Remark: Breaking Down (GSPL JUNE Futures CMP 212.45)

**Option Call:** SELL NIFTY 30th JUNE CE Strike Price 15600 at CMP 167.05. Maximum Profit: ₹ 8,352.5/-. Loss: Unlimited. Stop: Exit Call Option if NIFTY moves above 15701. (NIFTY JUNE Futures CMP 15591.75)

### Market Summary:

- Nifty June Futures ended Thursday's session at a premium of +35 vs premium of +12.
- The 30th June expiry Put-Call Open Interest Ratio was at 0.99 for Nifty whereas it was 0.85 for Bank Nifty.
- The 30th June expiry Put-Call Volume Ratio was at 0.82 for the Nifty and 0.78 for Bank Nifty.
- For Nifty, Maximum Call Open Interest (OI) stands at 16000 Strike Price, followed by 16500 Strike Price for 30th June Series. Short Covering was seen at strike prices 15300-15500.
- Maximum Put Open Interest (OI) was seen at strike price 15500 followed by 14500 strike prices for 30th June series. Short Covering was seen at strike prices 14200-15100.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 34000 Strike Price and Maximum Put Open Interest stands at 33000 Strike Price.
- As per Thursday's provisional data available on the NSE, FIIs sold shares worth Rs. 2319.06 crores in the Indian Equity Market. DIIs on the other hand bought shares worth Rs. 2438.31 crores.
- Long Buildup: M&M, HUL, ASIANPAINTS.
- Short Buildup: RELIANCE, INDIGO, GSPL, HONAUT.
- Short Covering: JSWSTEEL, ICICIBANK, ADANIEN, HDFC.
- Long Unwinding: PETRONET, TORNTPOWER, HDFCAMC.
- Stocks banned in F&O segment:** DELTACORP, IBULSHGFIN, RBLBANK, SUNTV.
- New In Ban: DELTACORP.
- Out of Ban: NIL

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

<b>Nifty Spot</b>	15556.65 (+0.93%)
<b>Bank Nifty Spot</b>	33135.00 (+0.88%)
<b>VIX</b>	20.88 (-1.97%)
<b>Premium</b>	+35 vs +12
<b>Nifty Future OI</b>	1.0 crores (-8.20%)
<b>Bank Nifty Future OI</b>	19.40 lakhs (-8.91%)

Cash Volumes (INR in Cr.)	Yesterday	Day Before Yesterday
<b>BSE Cash Vol. (Rs. in Cr)</b>	2392.34	2505.4
<b>NSE Cash Vol. (Rs. in Cr)</b>	42,435.38	38,618.73
<b>NSE Derivative Vol. (Rs. in Cr)</b>	1,08,74,284	1,08,74,284

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)
16000	56.06 (+59%)
16100	20.85 (+60%)
16200	25.69 (+58%)

Puts	in lakhs (% Change)
14300	10.2 (+63%)
14400	6.83 (+52%)
14500	41.41 (+14%)





Stock	CMP	Support	Resistance	21 DMA	200 DMA	Intraday	Short Term	Long Term
ALUMINIUM 1	217	211	224	230	242	DOWN	DOWN	DOWN
COPPER 1	699	685	713	772	763	DOWN	DOWN	DOWN
CRUDEOIL 1	8132	7969	8295	9030	6945	DOWN	DOWN	DOWN
GOLD 1	50635	49622	51648	50877	49368	DOWN	DOWN	DOWN
LEAD 1	187	182	193	184	186	DOWN	UP	UP
NATURALGAS 1	491	481	501	643	425	DOWN	DOWN	DOWN
NICKEL 1	2056	2015	2097	2286	1811	DOWN	DOWN	DOWN
SILVER 1	59750	58555	60945	61409	63526	DOWN	DOWN	DOWN
ZINC 1	308	299	317	324	303	DOWN	DOWN	DOWN
CARDAMOM 1	1505	1475	1535	1478	2690	DOWN	UP	DOWN
CASTOR 1	7190	7046	7334	7438	6676	DOWN	DOWN	DOWN
CHANA 1	5240	5135	5345	5109	5002	UP	UP	UP
COTTON 1	44000	43120	44880	46827	37348	DOWN	DOWN	DOWN
GUARGUM5 1	10276	10070	10482	10964	11212	DOWN	DOWN	DOWN
GUARSEED10 1	5499	5389	5609	5729	6137	DOWN	DOWN	DOWN
JEERAUNJHA 1	20750	20335	21165	21147	18453	DOWN	DOWN	UP
MENTHAOIL 1	1018	998	1039	1045	1000	UP	DOWN	UP
RMSEED 1	8241	8076	8406	7680	7535	UP	UP	UP
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	50619	49775	48651	51660	53001	Positive	Buying on dips preferred for Gold. Key support at 49775. Intraday Strategy: Buy between 50300-50350 zone, targeting 51660/53001 with stop at 49671.
MCX SILVER	59483	58301	57001	61001	63651	Neutral	Silver prices underperformed Gold. Intraday strategy: Buy only above 60201, targeting 62001/63651 with stop at 60350.
MCX CRUDE OIL	8215	8001	7851	8465	8701	Negative	Crude Oil prices still continue to tumble. Intraday Strategy: Sell at CMP, targeting 8001/7851 mark. Strict Stop at 8465.
MCX COPPER	698.00	676	651	721	750	Negative	Selling on strength preferred strategy for Copper as well. Intraday strategy: Sell between 704-708 zone. Targets 676/651. Strict stop at 724.
MCX NATURAL GAS	496.0	475	443	521	556	Negative	Natural Gas prices witnessing too many whipsaws. Intraday Strategy: Sell at CMP, targeting 475/443/427 zone. Stop at 521.
USD-INR	78.30	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)	1826	1801	1776	1845	1871	Neutral	Buying on dips preferred for Gold Prices. Interweek Strategy: Buy between 1817-1821 zone. Targets 1845/1871 mark with stop at 1801.
SILVER (USD)	20.93	20.45	19.45	22.05	24.00	Neutral	Silver tumbled hard. Interweek Strategy: Sell at CMP. Targets 20.45/19.45 mark with stop at 22.06.
WTI CRUDE OIL (USD)	103.97	101	97	110	117	Negative	Oil prices likely to witness more slide. Interweek strategy: Establish Sell positions at CMP. Targets 101/96/89 zone. Stop at 111.
EUR/USD	1.0519	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	104.21	102.35	97.05	107.00	111.00	Positive	Interweek Strategy: Buy at CMP. Targets 107/111 with stop at 102.35.
DOW JONES	30522	30166	29451	30891	31451	Positive	Interweek Strategy: Establish Buy positions at CMP. Targets 30891/31451/32001 mark with stop at 30166.

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