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# Top Sectors for the Week

## Relative Strength Performance with KSL Top Sectors

**Top Sectors for the Week** is a Technical and Macro report containing everything you need to have...a clear, precise and detailed view on the five top momentum sectors... listed in BSE. This detailed multi-analyzed Macro-Technical report is a smart way to enter or exit an outperforming or underperforming sector using the relative strength function.

Top Sectors for the Week reports have an unbeatable track record...You can look out for our previous reports at our website [www.kslindia.com](http://www.kslindia.com)

## Sector Analysis: Relative Strength Performance

Sectors	Relative to Sensex...	Outperforming stocks	Underperforming stocks
Nifty Auto Index	OUTPERFORM	BAJAJ AUTO, TATA MOTORS, HEROMOTO CORP, M&M	MITHERSON SUMI
Bank Nifty Index	NEUTRAL	SBI, HDFC BANK	BANDHAN BANK
Nifty IT Index	OUTPERFORM	PERSISTENT SYSTEMS,	WIPRO, TECH MAHINDRA
Nifty Pharma Index	UNDERPERFORM	SUN PHARMA	CIPLA, LAURUS LAB, IPCA LAB, CADILA, GLENMARK
Nifty Metals Index	OUTPERFORM	APL APOLLO, TATA STEEL	SAIL, NALCO

## From KSL Research Desk...

### The Week That Was: Nifty wobbles and ends the week on precarious note.

It was sea of red at Dalal Street. The pessimism was such that there was absolutely no place to run, no place to hide and it looked as if the sky was falling.

The street was struggling with fears of aggressive rate hike by the US Fed. Add to that, a sudden free-fall in stock of Adani Group after The US-based Hindenburg Research LLC said it shorted Adani Group companies due to "brazen" market manipulation and accounting fraud.

Also, dampening sentiments were a hotter-than-expected US GDP number suggested that the US economy may be able to handle further rate hikes by the Federal Reserve

The United Nations slashes India's GDP growth forecast for the calendar year 2023 to 5.8%, citing the effect of tighter monetary policy and weak global demand

The relentless selling from the FIIs camp continued as they sold shares worth ₹ 2461 crores in the week gone by. For the month of January 2023, they have net sold shares worth ₹ 19880.10 crores.

**Long Story Short:** Bear grip tightened further at Dalal Street.

#### Weekly Recap:

Instruments	LTP	Weekly % Change
Nifty	17604	(-2.35%)
Sensex	59331	(-2.13%)
Bank Nifty	40345	(-5.09%)
Nifty Midcap	8463	(-2.58%)
India VIX	17.32	+25.62%
Dow Jones	33978	+1.81%
Nasdaq	12167	+4.71%
Bovespa	112316	+0.25%
Crude Oil	79.68	(-2.40%)
Gold	1928	+0.07%
Silver	23.59	(-1.50%)
Bitcoin	23132	(-0.31%)
USD/INR	81.51.97	+0.11%

Meanwhile, at Wall Street, the Dow Jones Industrial Average gained 1.8% this past week, while the S&P 500 advanced 2.5% and the Nasdaq Composite rose 4.3%.

It was the S&P's third gain in four weeks, putting the index up almost 14% from its bear-market low in early October. The benchmarks at Wall Street were seen ignoring aggressive rate hike stance from the Fed.

**The rally was seen on back of falling inflation numbers in the US.**

#### The key themes in the week gone by:

1. Nifty is on the way to end in red for 2nd month in a row.
2. This January month, Nifty is down 3%; Bank Nifty has plunged 6.2%; Nifty Mid-cap & Nifty Small-cap indices have dropped 3% and 5% respectively.
3. Bank Nifty was the biggest underperformer in the week gone by, down 5.09% as against Nifty's losses of 2.35%.
4. Bearish engulfing pattern witnessed on Nifty's monthly chart indicating immediate downside risk at its 200-DMA at 17289 mark.
5. Bank Nifty has bearish evening star pattern on the monthly charts indicating downside risk at its 200-DMA at 38786 mark - which is around 4% away.
6. Midcap index falls for 3rd straight week and Small cap index was down for 4th straight week.
7. Reliance was down 4.31% and is now down 9% below its 200-DMA.
8. SBI & ICICI BANK were other index heavyweights, down 9% and 6% respectively.

9. Cement stocks fell like nine-pins. ULTRATECH dropped 6.5% while ACC & AMBUJA Cements tanked 20%+ and most importantly, are now below ADANI open offer price.
- # India VIX shot-up by 25.62% to end at 17.32 levels.
  - # The US Dollar is still seen licking its wounds at 101.90 levels, its 7-month low.
  - # Private sector SBI Life Insurance on Saturday reported more than 16 per cent decline in net profit at Rs 304 crore in the third quarter ended December 2022.
  - # IDFC First Bank on Saturday reported a two-fold jump in its net profit to Rs 605 crore for the quarter ending December 2022, driven by growth in operating income.
  - # State-owned power giant NTPC on Saturday reported a nearly 5% rise in its consolidated net profit to Rs 4,854.36 crore for the December quarter, mainly due to higher revenue.
  - # Metals and mining major Vedanta on Friday reported a 41% year-on-year (YoY) fall in consolidated net profit (attributable to owners) to Rs 2,464 crore for the quarter ended December 31, 2022. This was mainly because the company was hit by lower output and weak commodity prices..
  - # Consumer financier Bajaj Finance reported its highest ever quarterly profit at Rs 2,973 crore in the October-December quarter (Q3) of FY23, up 40% year on year (YoY). The performance was aided by a healthy rise in net interest income (NII) and drop in provisions and contingencies.
  - # Reliance Power on Saturday said its consolidated net loss widened to Rs 291.54 crore in the December 2022 quarter.

#### # In the week gone by, notable gainers amongst Nifty 50 were:

TATA MOTORS (+9.11%)  
ITC (+3.39%)  
MARUTI SUZUKI (+2.87%)  
COAL INDIA (+2.56%)  
UPL (+1.69%)

#### And the losers were:

ADANI PORTS (-24.10%)  
SHREE CEMENT (-8.97%)  
INDUSIND BANK (-8.72%)  
SBI (-8.71%)  
ULTRATECH (-7.80%)

## The Week Ahead: Focus will be on 2 big events for the week; Union Budget 2023-24 and US Federal Reserve Meeting Outcome.

As we start a brand new week of trading, we suspect, the benchmark Nifty will aim hard and fight its way into the green taking over the positive baton from Wall Street's positive close in Friday's trade.

**So the good news is that Wall Street is gaining strength on each trading day of 2023 on backdrop of cooling inflation numbers in the US. This calls for a dovish Federal Reserve.**

But commanding attention will be **Friday's carnage at Dalal Street due to free fall in Adani group companies' which triggered a Black Friday and was responsible to drag Nifty to its 3-month low.**

In the last two trading sessions, all seven Adani group companies' stocks fell sharply over the last two trading sessions, wiping out ₹ 10.7 lakh crore of investor wealth after Hindenburg Research alleged that the ports-to-energy-to-cement conglomerate had engaged in "brazen stock manipulation and accounting fraud" for decades.

Adani's flagship company, Adani Enterprises, which launched its FPO on Friday, plummeted by at least 20% before closing at ₹2,762.15 apiece on the BSE.

So, traders will spy with one big eye on the Adani's FPO. On the first day of the issue, Adani Enterprises recorded bidding of merely 4,70,160 equity shares against the offered size of 4,55,06,791 equity shares, as per BSE data. The price band for the FPO is set from ₹3,112 to ₹3,276 per FPO equity share for all categories of investors.

Meanwhile, Gautam Adani's group on Sunday expressed confidence that the ₹ 20,000 crore follow-on share sale of its flagship firm will sail through. Fingers crossed.

Now this week and from here on, **all anxious eyes will be on the most powerful and the most important minister in Narendra Modi's cabinet — Finance Minister Nirmala Sitharaman** — known for her behind-the-scenes influence over the economic affairs in the country.

The Finance Minister has the singular responsibility of proving to the big investors across globe that the Prime Minister Narendra Modi's magic is still on.

We suspect, expectations of benefits being doled out in the Union Budget are very high, way higher than those in previous budget. Hence, **the Union Budget has to be a game changer and should definitely represent the reforms that the BJP government had promised to make.** Please note, this is the last full Budget of the Modi government before the 2024 general elections.

Hopefully, FM Sitharaman comes out with flying colors with a balanced budget with a focus on job creation, a focus on capex, manufacturing, infrastructure, rural economy, and controlling the deficit and bringing the economy back on track and meets the expectations of the country in this Union Budget 2023-2024 to be presented in the Parliament on Wednesday, February 1st, 2023 at 11am.

### The next big catalyst US FOMC outcome on 1st Feb.

Slowing inflation and a cooling property sector are fueling expectations that the US central bank can adopt a smaller interest rate hike this week, as policymakers assess current efforts to rein in prices. The Fed has been in the rate-hiking spree as it has raised interest rates in its last 7 meetings and this time also it is likely to raise rates, but not much.

The key triggers for Fed to slow down the pace of rate hikes is:

1. Interest-sensitive property sector has slumped,
2. Retail sales have weakened and wage growth has started to ease.

### Meanwhile, it is likely to be a busy week for India Inc. as Q3 results to trickle in are as follows:

- # Monday, January 30th: BAJAJFINSV, DAAWAT, GAIL, L&T, LAURUSLABS, MRPL, PNB, RECLTD, SRF, .
- # Tuesday, January 31st: ACC, CENTURYTEX, IOC, JINDALSTEL, MFSL, NIITLTD, SUNPHARMA, UPL.
- # Wednesday, 1st Feb: AJANTAPHARM, ASHOKLEY, BRITANNIA, IDFC, JUBLFOOD, TATACHEM.
- # Thursday, 2nd February: ABCAP, APOLLOTYRE, BERGEPAIN, BSOFT, DEEPAKFERT, KTKBANK, MGL, TATACONSUM, .
- # Friday, 3rd February: BANKBARODA, DIVISLABS, INDIACEM, ITC, M&MFIN, MANAPPURAM, PAYTM, SUNTV, ZYDUSLIFE.
- # Saturday, 4th February: DALBHARAT, MCX,

### The street will also eye Auto sales number for January. The numbers will trickle in from February 1st.

The technical landscape is now suggesting bearish engulfing pattern on Nifty's monthly chart indicating immediate downside risk at its 200-DMA at 17289 mark.

Bank Nifty has bearish evening star pattern on the monthly charts indicating downside risk at its 200-DMA at 38786 mark - which is around 4% away.

Please note, slight overbought technical conditions still remain on weekly and monthly charts as Nifty's 200-day SMA at 17289 and that shall act as significant support for near term investors.

The Nifty options data suggests Nifty is likely to be in a trading range of 17000-18000 zone. Maximum Call OI is at 18000 followed by 18500 strike price. So, the 18000 mark will be Nifty's crucial resistance zone. Maximum Put open interest stands at 18000 levels followed by 17500 levels. Call writing was seen at 17500 and then at 18000 strike price, while there was meaningful Put writing at 16500 and then at 17500 strike prices.

The Volatility index spiked by 25.60 percent to 17.32 level, from the 13.79 level, in the week gone by as on January 27th.

**Bottom-line:** Volatility likely to be the hallmark in the near term.

### # Price Forecast:

<b>Nifty</b>	<b>18028</b>
Support	17457/17289
RESISTANCE	17971/18363
RANGE	17250-18100
200 DMA	17289
Nifty PCR	1.31
BIAS	Neutral
<b>Bank Nifty</b>	<b>40345</b>
Support	39871/38721
RESISTANCE	41645/42711
RANGE	39000-41500
200 DMA	38501
Bank Nifty PCR	0.92
BIAS	Neutral

## NIFTY AUTO Index vs NIFTY



### ● NIFTY AUTO Index: 13,090: OUTPERFORM.

- In last week's trade, Nifty Auto index traded with positive bias and key positive takeaway was that the index reversed its previous week pessimism and most importantly, ended on a positive note. The Auto index was seen outperforming the benchmark Nifty. Auto index ended the week 3.14% higher as against Nifty's losses of 2.35%.

**The biggest make-or-break interweek support still seen at 12551 support and then major supports seen at 11750 mark. Going forward, we suspect Auto index likely to consolidate and buying on any weakness should be the preferred strategy.**

- **Support:** 12551/11750/11000.
- **Resistance:** 13355/13851/14251.
- **Outperforming Stocks:** M&M, TATA MOTORS, M&M, TATA MOTORS, BAJAJ AUTO.
- **Underperforming Stocks:** MOTHERSON SUMI.



## BANK NIFTY Index vs NIFTY



- **BANK NIFTY Index: 40,345: NEUTRAL.**

- In last week's trade, Bank Nifty witnessed some serious selling and the negative takeaway was that the index which recently was outperforming Nifty has started to underperform Nifty severely. Bank Nifty also has fallen heavily from its all-time-high at 44151.80 mark. On a weekly basis, Bank Nifty tumbled 5.09% lower as against Nifty's losses of 2.35%. The biggest key interweek support now seen at 39901 mark. Please note, a move below 39901 will trigger further losses towards its 200-dma at 38729 mark. The major hurdles on upside are seen at 41651 mark.

- **Support:** 39901/38729/33511.
- **Resistance:** 41651/42611/43331.
- **Outperforming Stocks:** HDFC BANK, SBI.
- **Underperforming Stocks:** AU BANK, BANDHAN BANK.

## NIFTY IT Index vs NIFTY



- **NIFTY IT Index: 29,768: OUTPERFORM.**

- In last week's trade, Nifty IT index witnessed some serious rebound as commanding attention were the falling treasury yields in the US despite hawkish Federal Reserve. The technical landscape shifts to positive amidst improving technical conditions, and oversold conditions. On weekly basis, Nifty IT Index ended with 0.80% gains as against Nifty's losses of 2.35%. Key intermonth support seen at 27751 mark. Immediate hurdles seen at 30043 mark. Investors primarily remained anxious on backdrop of slipping bond yields in the U.S.

- **Support:** 27751/26189/25501.
- **Resistance:** 30043/31958/36867.
- **Outperforming Stocks:** INFY, PERSISTENT SYSTEMS, COFORGE.
- **Underperforming Stocks:** OFSS, LTTS, TECH MAHINDRA.

## NIFTY PHARMA Index vs NIFTY



- **NIFTY PHARMA Index: 12,508: UNDERPERFORM.**
- In last week's trade, Nifty Pharma index witnessed some serious consolidation in midst of selling which was witnessed in leading pharma stocks. Nifty Pharma index ended with 0.78% losses as against Nifty's losses of 2.35%. The technical landscape for Nifty Pharma index suggests some aggressive downplay below 12501. Buying advised only above 13757 mark.
- **Support:** 12501/11751/11001.
- **Resistance:** 13347/13757/14255.
- **Outperforming Stocks:** SUN PHARMA.
- **Underperforming Stocks:** AUROBINDO PHARMA, CIPLA, LAURUS LAB, CADILA, GLENMARK, WOCKHARDT.

## NIFTY METAL Index vs NIFTY



- **NIFTY METAL Index: 6,389: OUTPERFORM.**

- In last week's trade, the metal index witnessed massive selling amidst weakness in broader markets. Metal index ended the week with 6.11% losses as against Nifty's losses of 2.35%. The negative takeaway was that Metal index was the biggest underperformer amidst overbought technical conditions. Metal index all-time-high is at 6907.35 mark. The near term bias will shift to negative only below its biggest support at 6191 mark. So, only on any weakness below 6191 shall bring major declines. Major hurdles now at 6309 mark.

- **Support:** 6191/5751/5373.
- **Resistance:** 6551/6921/7301.
- **Outperforming Stocks:** RATNAMANI METALS, HINDALCO, TATA STEEL.
- **Underperforming Stocks:** HINDUSTAN ZINC.



Stock	CMP	Support	Resistance	21 DMA	200 DMA	Intraday	Short Term	Long Term
ALUMINIUM 1	224	217	231	215	211	UP	UP	UP
COPPER 1	783	768	799	757	691	UP	UP	UP
COTTON 1	28620	28048	29192	30245	39532	DOWN	DOWN	DOWN
CRUDEOIL 1	6505	6375	6635	6433	7415	DOWN	UP	DOWN
GOLD 1	56875	55738	58013	56042	51531	UP	UP	UP
LEAD 1	190	184	195	189	182	DOWN	UP	DOWN
MENTHAOIL 1	996	976	1016	1030	1018	DOWN	DOWN	UP
NATURALGAS 1	237	230	245	305	550	DOWN	DOWN	DOWN
SILVER 1	68331	66964	69698	68864	61066	UP	DOWN	UP
GUARGUM5 1	11968	11729	12207	12944	10683	DOWN	DOWN	DOWN
GUARSEED10 1	5757	5642	5872	6113	5393	DOWN	DOWN	UP
JEERAUNJHA 1	31000	30380	31620	33331	24632	DOWN	DOWN	UP
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