

Talks about the U.S. debt ceiling are rumbling on, creating uncertainty in the markets.

The June 1st deadline for raising the US debt limit (where the US might run out of money) is likely to trouble the Nifty as well.

Nifty's make-or-break support at 18181 mark



Daily Research Reports

Good Morning & Welcome to Thursday's trading session at Dalal Street, dated May 25th 2023.

Strictly speaking, volatility is likely to be the hallmark for the day as traders roll over May F&O contracts to June.

The biggest negative catalysts:

- 1) FOMC meeting in May suggests uncertainty about how much more policy tightening may be appropriate in the future.
- 2) Talks about the U.S. debt ceiling are rumbling on, creating uncertainty in the markets. The June 1st deadline for raising the US debt limit (where the US might run out of money) is likely to trouble the Nifty as well.

So where are we?

And where are we headed?

- 1) Technically speaking, Nifty's make-or-break support at 18181 mark. Major hurdles at 18473 mark. Above 17473, Nifty will aim its all-time-high at 18888 mark.
- 2) Bank Nifty's up-trend to extend dramatically only if it establishes beyond its all-time-high at 44153. Above 44153, all eyes on psychological 45,000.

Bottom-line: For the day, Caution will be the buzzword albeit lack of positive global cues.

Outlook for Thursday: Caution will be the buzzword

In yesterday's trade, the benchmark Nifty mostly wobbled in the mid-session and the negative takeaway was that Nifty ended well below the dotted lines amidst profit booking.

Honestly speaking, Nifty & Bank Nifty were seen hitting the pause button and most importantly, the benchmarks upside momentum appears to fade.

That said, the biggest positive catalyst from yesterday's stock market was that both FIIs and DIIs turned out to be net buyers at Dalal Street.

Please note, so far in this May month, FII's have bought shares worth Rs 19668 crores.

INDICES

Nifty	18285	-0.34%
Bank Nifty	43678	-0.63%
Nifty Auto Index	13990	0.05%
Nifty FMCG Index	49355	0.48%
Nifty Infra Index	5380	-0.32%
Nifty IT Index	28891	0.06%
Nifty Media Index	1693	0.55%
Nifty Midcap Index	9268	-0.20%
Nifty Metal Index	5855	-1.56%
Nifty Pharma Index	12440	1.03%
Nifty Reality Index	462	-0.01%
Nifty Smallcap Index	9949	0.01%
Sensex	61774	-0.34%
SGX Nifty	18240	-0.20%

Outlook for the Day

Consolidation day likely.

Nifty Outlook

Intraday	Neutral (18100-18400)
Medium Term	Neutral (17650-18888)
Long Term	Positive (15500-19501)

Key Levels to Watch

Nifty Support	18181/18050
Nifty Resistance	18473/18888

Pivot Level

Nifty	17701
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Q4 earnings to trickle in today: Zee Entertainment, AIA Engineering, Bharat Dynamics, GSFC, Vodafone Idea, Indian Energy Exchange, IRFC, Page Industries, Radico Khaitan, Steel Authority of India.

SECTORS:

Bullish Sectors: PSE

Bearish Sectors: BANKS, METALS.

STOCKS IN FOCUS:

BULLISH VIEW: ONGC, Biocon, Power Finance Corporation, Manappuram Finance, Alkem Laboratories, IndusInd Bank, United Breweries, Dr Lal PathLabs, and Aarti Industries, Petronet LNG .

BEARISH VIEW: Whirlpool, Coforge, Cholamandalam Investment and Finance, Escorts, ICICI Lombard General Insurance Company, Cummins India, Ashok Leyland, Page Industries, HDFC AMC M&M Financial Services

Our **chart of the day** is bullish on INDIAN HOTELS, APOLLO TYRES, SBIN and VEDANTA on any corrective declines with an inter-week perspective.

The 1 stock to buy right now: BUY M&M FINANCIAL (CMP 284): Buy between 279-281 zone. Stop 273. Targets 295/301. Aggressive targets at 311. (Interweek Strategy). Rationale: Momentum Play.

WHAT TECHNICALS TELLS US

Daily chart of Nifty:



Nifty: In yesterday's trade, after a lower open, Nifty bulls regrouped and took the benchmark Nifty well above the dotted lines but by afternoon Nifty reversed its direction and erased all of its daily gains and ended well below the dotted lines.

In the process Nifty snapped its 3-day winning streak.

Nifty's technical landscape is now suggesting some consolidation play amidst overbought conditions on the daily charts with interweek support at 18181 mark. Nifty's immediate hurdles are placed at 18473 mark and then at 18888 mark.

Nifty's 200 DMA at 17813 mark.

Daily chart of Bank Nifty:



Bank Nifty: In yesterday's trade, Bank Nifty was seen mirroring Nifty's losses. Bank Nifty ended 0.63% lower while Nifty finished 0.34% lower.

Nifty PSU Bank index ended 0.51% lower while Nifty Private Bank index ended 0.61% lower.

Intraday support for Bank Nifty now seen at 43181 mark on closing basis and then major supports are placed at 42581 mark.

Bank Nifty's all-time-high is at 44151.80 mark. Bank Nifty's 200-DMA is placed at 41241 mark.

DERIVATIVE & INSTITUTIONAL CUES:

The **Nifty options data** suggests Nifty is likely to be in a trading range of 18000-18800 zone. Maximum Call OI is at 18400 followed by 18500 strike price. So, the 18500 mark will be Nifty's crucial resistance zone. Maximum Put open interest stands at 18200 levels followed by 18300 levels. Call writing was seen at 18300 and then at 18400 strike price, while there was meaningful Put writing at 18200 and then at 18100 strike prices.

The Volatility index is hovering at 13.11 level.

As per Monday's provisional data available on the NSE, FIIs bought shares worth Rs. 922.89 crores in the Indian Equity Market. DIIs too bought shares worth Rs. 604.57 crores

As per Tuesday's provisional data available on the NSE, FII's bought shares worth Rs 182.51 crore, while domestic institutional investors (DII) bought shares worth Rs 397.29 crore.

As per Wednesday's provisional data available on the NSE, FII's bought shares worth Rs 1185.84 crore, while domestic institutional investors (DII) bought shares worth Rs 300.93 crore.

Nifty's Put-Call Open Interest Ratio is at 0.87

Stocks in Ban for today's trade: DELTA CORP, INDIABULLS HOUSING FINANCE

ECONOMIC CUES:

A second meeting between White House and Republican congressional negotiators on raising the US government's \$31.4-trillion debt ceiling broke up with no progress cited by either side and no additional meeting set.

Also, the second estimates for GDP growth for the January-March period will also be awaited keenly as the 10th consistent rate hike by the Fed seems to have started impacting the growth of the world's largest economy. In the preliminary estimates, the US economy registered a 1.1% growth in Q1CY23, much lower compared to 2.6% expansion recorded in October-December quarter of 2022.

GLOBAL STOCK MARKETS:

US stocks were lower in Wednesday's trading as negotiations to raise the U.S. debt ceiling have not reached a resolution yet.

The minutes from the Federal Reserve's latest meeting showed that several participants were open to pausing interest-rate hikes. Minutes from the May meeting also showed that Fed officials were uncertain about the need for further rate hikes moving forward.

According to the CME FedWatch Tool, 71% of traders were pricing in a Fed pause at the June meeting. That's slightly higher than the 67% earlier Wednesday.

RECAP OF PREVIOUS DAY'S TRADING SESSION:

Nifty succumbed to profit booking as investors cling to a cautious approach albeit lack of progress in US debt-ceiling negotiations between Republicans and White House. Focus shifts to FOMC Minutes.

NIFTY (-63, 18285) Sensex (-208, 61774)

The benchmark Nifty mostly wobbled in the mid-session as was seen swinging between gains and losses — and finally, the negative takeaway was that Nifty ended well below the dotted lines amidst profit booking.

Nifty Metal index tumbled 1.5% as ADANI ENTERPRISES fell 6%. Bank Nifty slipped 0.66%. HDFC twins and ICICI Bank were biggest laggard amongst Nifty stocks, falling 1.30% each.

Long story short: Nifty hits the pause button and most importantly, the benchmarks upside momentum appears to struggle

BUZZING STOCKS:

Top Index Gainers: SUNPHARMA (+2.21%) DRREDDY (+1.32%) HEROMOTOCORP (+1.04%)

Top Index Losers: ADANIENT (-6.00%) ADANI PORTS (-2.15%) TATAMOTORS (-1.57%)

Adv-Dec 28—22

INDIA VIX 13.11 (+3.97%)

Nifty PCR 0.87

BANK NIFTY PCR 0.72

Nifty MidCap (-0.20%, 9268)

NiftySmallC (+0.01%, 9949)

BANK Nifty (-0.63%, 43678)

Nifty IT (+0.06%, 28891)

USD/INR (-0.14%, 82.72)

Market Summary:

- Nifty May Futures ended Wednesday's session at a premium of +16 vs premium of +10.
- The 25th May expiry Put-Call Open Interest Ratio was at 0.87 for Nifty whereas it was 0.71 for Bank Nifty.
- The 25th May expiry Put-Call Volume Ratio was at 1.00 for the Nifty and 1.02 for Bank Nifty
- For Nifty, Maximum Call Open Interest (OI) stands at 18400 Strike Price, followed by 18500 Strike Price for 25th May Series. Short Buildup was seen at strike prices 18200-18500.
- Maximum Put Open Interest (OI) was seen at strike price 18200 followed by 18300 strike prices for 25th May series. Short Covering was seen at strike prices 18300-18600.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 44000 Strike Price and Maximum Put Open Interest stands at 43500 Strike Price.
- As per Wednesday's provisional data available on the NSE, FIIs bought shares worth Rs. 1185.84 crores in the Indian Equity Market. DIIs too bought shares worth Rs. 300.93 crores.
- Long Buildup: L&TFH, IDFCFIRSTB, SBIN, INFY.
- Short Buildup: HDFCBANK, KOTAKBANK, JINDALSTEL, L&T.
- Short Covering: BANDHANBNK, BIOCON, VEDL, ABFRL.
- Long Unwinding: ASHOKLEY, DLF, FEDERALBNK, TATAMOTORS.
- Stocks banned in F&O segment:** DELTACORP, IBULHSGFIN.
- New in Ban: NIL.
- Out of Ban: NIL.

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

Nifty Spot	18285.40 (-0.34%)
Bank Nifty Spot	43677.85 (-0.63%)
VIX	13.11 (+3.97%)
Premium	+16 vs +10
Nifty Future OI	0.63 crores (-25.56%)
Bank Nifty Future OI	14.94 lakhs (-18.37%)

Cash Volumes (INR in Cr.)	Yesterday	Day Before Yesterday
BSE Cash Vol. (Rs. in Cr)	4095.52	4273.18
NSE Cash Vol. (Rs. in Cr)	60,024.95	59,854.33
NSE Derivative Vol. (Rs. in Cr)	26,33,800	25,77,527

Derivatives Vol. (INR in Cr.)	No of contracts	Turnover (Rs. In cr.)
Index Future Volumes	1,54,694	14,985
Stock Future Volumes	13,08,877	90,898
Index Option Volumes	2,45,04,084	25,00,144
Stock Option Volumes	4,03,141	27,773
Total	2,63,70,796	26,33,800

Major Changes in Nifty Options (OI)

Calls	in lakhs (% Change)
18300	2.32 (+56%)
18400	2.77 (+24%)
18500	2.62 (+20%)

Puts	in lakhs (% Change)
18400	0.67 (-34%)
18500	0.28 (-24%)
18600	0.08 (-33%)

Stock	CMP	Support	Resistance	21 DMA	200 DMA	Intraday	Short Term	Long Term
ALUMINIUM 1	207	201	213	208	206	UP	UP	DOWN
COPPER 1	694	680	708	734	711	DOWN	DOWN	DOWN
COTTON 1	28620	28048	29192	30245	39532	DOWN	DOWN	DOWN
CRUDEOIL 1	6118	5996	6240	5976	6567	DOWN	UP	DOWN
GOLD 1	59845	58648	61042	60514	54628	UP	DOWN	UP
LEAD 1	181	176	187	184	183	UP	DOWN	UP
MENTHAOIL 1	950	931	969	960	994	DOWN	DOWN	UP
NATURALGAS 1	211	205	218	190	389	UP	DOWN	DOWN
SILVER 1	71057	69636	72478	74326	65046	DOWN	DOWN	UP
		0	0					
GUARGUM5 1	10827	10610	11044	11247	10878	DOWN	DOWN	DOWN
GUARSEED10 1	5480	5370	5590	5608	5430	DOWN	DOWN	DOWN
JEERAUNJHA 1	44600	43708	45492	44908	30271	UP	DOWN	UP
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