

Upside unlikely for Nifty in the near-term as the Fed is way behind the inflation curve.

The Fed is likely to raise rates by 75 bps in its September 21st meet, and again hike 75 bps in November, and mostly deliver a further 50 bps in December.

Nifty's biggest hurdles: 17877/18115.



Daily Research Reports

Good Morning & Welcome to Monday's trading session at Dalal Street, dated 19th September 2022.

In early action, SGX Nifty is trading cautiously - indicating that the benchmark Nifty is likely to waver in today's trade.

The negativity can be attributed to Friday's provisional data which indicates that Foreign institutional investors (FIIs) were net sellers worth Rs 3260 crores, while domestic institutional investors (DIIs) too were net sellers of shares worth Rs 37 crore.

In the week gone by too, FIIs were also net sellers to the tune of ₹ 3,878.6 crores while DIIs were net sellers worth ₹ 3006.5 crores.

The key negative catalyst: Lingering recession worries on backdrop of a hot US inflation reading that's bolstering expectations that the Federal Reserve will continue to aggressively hike rates even with signs of economic slowdown.

Stronger inflation figures revive bets for faster interest rate hikes by the central banks across globe.

All anxious eyes from here on will be on the FOMC monetary policy meeting on September 20-21.

Our **call of the day** suggests Nifty remains poised for a cautious optimistic session as on backburner remains the biggest headwind - 'the Fed is way behind the inflation curve'.

Technically, Nifty needs to stabilize above 17483 mark for a bright chance of its recovery to 17731-17877 zone.

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

Nifty (17571): Sell on strength between 17700-17725 zone. Stop at 18211. Targets 17483/17161. Aggressive targets at 16900-16925 zone.

Bank Nifty (40777): Sell on strength between 41100-41250 zone. Stop at 42111. Targets 40250. Aggressive targets at 39400-39500 zone.

Outlook for Monday: The outlook for the day is precarious.

Keeping downside limited would be the sinking WTI crude oil prices, which on Friday's trade ended at \$85.50 a barrel.

Meanwhile, the US 2-year/10-year yield curve remained inverted at around 42 basis points, a key recession warning.

INDICES

Nifty	17531	-1.94%
Bank Nifty	40777	-1.05%
Nifty Auto Index	12954	-2.71%
Nifty FMCG Index	43193	-1.93%
Nifty Infra Index	5175	-2.41%
Nifty IT Index	26706	-3.71%
Nifty Media Index	2081	-4.07%
Nifty Midcap Index	8573	-2.94%
Nifty Metal Index	6138	-2.02%
Nifty Pharma Index	12347	-1.37%
Nifty Reality Index	454	-3.72%
Nifty Smallcap Index	9817	-2.56%
Sensex	58841	-1.82%
SGX Nifty	17606	0.08%

Outlook for the Day

Sell on strength

Nifty Outlook

Intraday	Negative (17350-17750)
Medium Term	Positive (16551-18500)
Long Term	Positive (14500-19001)

Key Levels to Watch

Nifty Support	17483/17161
Nifty Resistance	17867/18115

Pivot Level

Nifty	18201
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Benchmark 2-year Treasury note rose to 3.871%, while 10-year notes were pegged at 3.455%.

TOP SECTORS:

Bullish Sectors: BANKS.

Bearish Sectors: PHARMA, MEDIA.

STOCKS IN FOCUS:

BULLISH VIEW: MARUTI (top pick), EASMYTRIP (top pick), BDL, RATNAMANI METALS, ASHOK LEYLAND, GRSE, CANARA BANK, BANK OF BARODA, BHARTI AIRTEL, MAZGAON DOCK SHIPBUILDERS, BEL, LINDE INDIA, COAL INDIA, ICICI BANK, HDFC BANK, SRF.

BEARISH VIEW: RAIN INDUSTRIES, BIOCON, DR REDDYS LAB (top picks), DIVIS LAB (top pick), IPCA LAB, PVR, INDIGO, GLENMARK (top pick), SYNGENE, DIXON, SUN PHARMA, INDIA BULLS HOUSING FINANCE.

Our **chart of the day** is bullish on MARUTI with an interweek/intermonth perspective on any corrective declines while bearish on stocks like GLENMARK, DR REDDYS LAB and DIXION TECHNOLOGIES.

The 1 Stock to Buy Right Now: MARUTI:

Maruti Suzuki is a subsidiary of the Japanese automaker, Suzuki Motor Corporation which holds 56.37% stake and is India's largest domestic passenger vehicle manufacturer and aims to target 2m volumes in FY23 and regain 50% market share. Interestingly, Maruti's market share was mere 38.5% in FY12.

Suzuki Motor Corporation (Suzuki) of Japan holds a 56% stake in the company.

- Maruti has the widest product range in passenger cars in India and enjoys success in the executive segment like, Ciaz and Brezza. New launches expected to have boost market share are Jimny, Wagon R electric, XL 5, Swift Hybrid, Grand Vitara, Celerio 2021.
- With low inventory and a large order book, we expect Maruti Suzuki to come back strongly in terms of profitability along with volume recovery – especially, with numerous launches lined up over the next few years.

Buy at (CMP 9190), and on dips between 8500-8700 zone, targeting 10000 mark and then at 10750 mark. Stop below 8200. Holding Period: 5-8 Months.

WHAT TECHNICAL TELLS US ON NIFTY/SENSEX:

Technical Strategy

GLENMARK	372
Action	SELL
Target	345
Support	345/301
Resistance	396/407
Holding Period	21-30 Days

GLENMARK has witnessed a sharp fall in this Calendar Year, down 30%. The stock now in the ongoing down-move is aiming to close below its intermediate June 22 support at 348. Momentum oscillators signaling major weakness on backdrop of H+S pattern on the weekly charts + prevailing sequence of lower low on the weekly/monthly charts. Also, the stock is signaling a major breakdown on the daily charts.

Establishing short positions between 385-390 zone, should be the preferred trading strategy, targeting 349/337 and then aggressive targets at 297-300 zone. Stop above 413. Holding Period: 1-2 Months.

Daily chart of Nifty:



Nifty: Technically, Nifty's downside risk seen at its biggest make-or-break support at 17483 mark. Please note, as long as Nifty holds above 17483 mark, there is a bright chance that the benchmark may rebound to 17750-17900 zone.

The first signs of an interim top are only if Nifty slips below 17161 mark.

For Monday's session, Nifty likely to struggle for direction and selling on any early strength should be the preferred strategy. Confirmation of intermonth strength on Nifty only above 18115 mark. Above 18115, all bullish eyes will be on 18605 mark.

Nifty's 200 DMA at 16979 mark.

Daily chart of Bank Nifty:



Bank Nifty: In Friday's session, Bank Nifty slipped 1.05% amidst profit booking. Nifty PSU Bank index ended 2.35% lower while Nifty Private Bank index ended 0.75% lower.

Bank Nifty will face a major hurdles placed at its all-time-high at 41840 mark. Intraday support seen at 40251 mark. The biggest interweek support for Bank Nifty seen at 39432 mark. Expect waterfall of selling only below 37950 support.

Bank Nifty's 200 DMA at 36455 mark.

DERIVATIVE & INSTITUTIONAL CUES:

India VIX, which measures the expected volatility in the market, has inched up to 19.82 levels.

The **Nifty options data** for September series suggests Nifty is likely to be in a trading range of 16500-18000 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 16500 levels followed by 17500 levels. Call writing was seen at 17700 and then at 17800 strike price, while there was meaningful Put writing at 17600 and then at 16500 strike prices.

In Friday's trade, Foreign institutional investors (FIIs) were net sellers worth Rs 3260 crores, while domestic institutional investors (DIIs) too were net sellers of shares worth Rs 37 crore.

The Put-Call Open Interest Ratio is at 1.19 for Nifty.

Stocks in Ban for today's trade: Indiabulls Housing Finance, RBL Bank.

ECONOMIC CUES:

The August US consumer prices which rose more than expected, at 8.3% annualized rate. Well, that's a slowdown from the July inflation print and also it's the second month of inflation- rate declines.

The headline consumer price index for the month of August was estimated to have risen 8.3% from last year, down from the 8.5% pace recorded in July but faster than the Street consensus forecast of 8.1%.

The CME Group's FedWatch tool, a real-time tracker of market expectations for potential changes in the Fed's target interest rate, suggests at least a 30% chance of a 1 percentage point move when the central bank wraps-up its two-day policy meeting on September 21.

GLOBAL STOCK MARKETS:

In Friday's trade, the **Nasdaq Composite** was down 0.9% at 11,448, the **S&P 500 Index** was off 0.7% at 3,873, and the **Dow Jones Industrial Average** was 0.5% lower at 30,822. All three indexes suffered significant weekly losses.

In the week gone by, the Dow tumbled by more than 4% for the week ended at 30822, the Nasdaq was down 5.48% at 11448 while the S&P 500 was down 4.78% at 3873.

The dollar index, which tracks the greenback against a basket of six global currencies, was marked at 109.76 levels.

RECAP OF PREVIOUS DAY'S TRADING SESSION:

Nifty pares morning gains, ends on dismissal note.

Bulls confidence knocked. The sell-off could get ugly.

Nifty (-347, 17531).

Sensex (-1093, 58841)

In today's trading session, Dalal Street had nothing to offer but blood, toil, tears and sweat as benchmark Nifty collapsed 1.94% as all the sectoral indices plunged in the sea of red. Nifty Media, Nifty IT and Reality indices crashed between 3.6% to 4.05%.

Blame the waterfall of selling to possibility of even more tighter monetary policy from the Federal Reserve.

Traders now look forward to important FOMC monetary policy meeting on September 20-21.

Long story short: Nifty's downside risk remains at 17161 mark.

Nifty's Major Gainers: INDUSIND BANK (+2.52%) CIPLA (+1.03%) ADANI PORTS (+2.08%)

Nifty's Major Losers: UPL (-5.12%) TATA CONSUMER (-4.73%) TECH MAHINDRA (-4.52%) ULTRATECH (-4.27%).

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Nifty PCR 1.19

BANK NIFTY PCR 1.07

INDIA VIX 19.82 (+7.77%)

Nifty MidCap (-2.89%, 8577)

NiftySmallC (-2.42%, 9831)

BANK Nifty (-1.05%, 40777)

Nifty IT (-3.62%, 26731)

USD/INR (-0.13%, 79.73)

DIXION TECHNOLOGIESI: Overbought conditions prevail. Downside risk remains at 4101

STOCKS	LTP	S1	S2	R1	R2	BIAS	TRADING STRATEGY
MARUTI	9190	9051	8730	9551	10000	Positive	Buy at CMP. Stop 8711. Targets 9551/9705. Aggressive targets at 10000. (Intermonthj Strategy). Rationale: Oversold zone.
BSOFT	308	297	275	321	341	Negative	Sell between 315-320 zone. Stop 327. Targets 297/289. Aggressive targets at 275. (Interweek Strategy). Rationale: Lower high/low.
DIXON	4447	4241	4101	4618	4671	Negative	Sell between 4525-4550 zone. Stop 4689. Targets 4307/4241. Aggressive targets at 4101-4121. (Interweek Strategy). Rationale: Overbought conditions.
DIVIS LAB	3573	3446	3365	3651	3721	Negative	Sell between 3601-3610 zone. Stop 3689. Targets 3446/3365. Aggressive targets at 3201-3221. (Interweek Strategy). Rationale: Breakdown play.
DR REDDYS LAB	4077	4000	3668	4167	4239	Negative	Sell between 4100-4125 zone. Stop 4239. Targets 4000/3750. Aggressive targets at 3668-3675. (Interweek Strategy). Rationale: Breakdown play.

Derivatives Strategies

Future Call: SELL RELIANCE SEPTEMBER FUTURES at CMP 2504.95. Targets at 2451 and then at 2411 zone. Stop: 2555. Holding Period: Intraday. Analyst's Remark: Breaking Down. (RELIANCE SEPTEMBER Futures CMP 2504.95)

Option Call: SELL NIFTY 22nd SEPTEMBER CE Strike Price 17500 at CMP 187.25. Maximum Profit: ₹ 9,362.5/-. Loss: Unlimited. Stop: Exit Call Option if NIFTY moves above 17751. (NIFTY SEPTEMBER Futures CMP 17601)

Market Summary:

- Nifty September Futures ended Friday's session at a premium of +29 vs premium of +13.
- The 22nd September expiry Put-Call Open Interest Ratio was at 1.18 for Nifty whereas it was 1.07 for Bank Nifty.
- The 22nd September expiry Put-Call Volume Ratio was at 0.99 for the Nifty and 0.94 for Bank Nifty.
- For Nifty, Maximum Call Open Interest (OI) stands at 19000 Strike Price, followed by 18000 Strike Price for 22nd September Series. Short Buildup was seen at strike prices 17500-18600.
- Maximum Put Open Interest (OI) was seen at strike price 17000 followed by 16500 strike prices for 22nd September series. Short Covering was seen at strike prices 17900-18400.
- For Bank Nifty, Maximum Call Open Interest (OI) stands at 41500 Strike Price and Maximum Put Open Interest stands at 38500 Strike Price.
- As per Friday's provisional data available on the NSE, FIIs sold shares worth Rs. 3260.05 crores in the Indian Equity Market. DIIs too sold shares worth Rs. 36.57 crores.
- Long Buildup: INDUSINDBNK.
- Short Buildup: INFY, TATAMOTORS, ZEEL, RELIANCE.
- Short Covering: BEL, MFSL.
- Long Unwinding: TATAPOWER, TATASTEEL, BHARTIARTL.
- Stocks banned in F&O segment:** IBULHSGFIN, INDIACEM, PVR, RBLBANK.
- New In Ban: INDIACEM, PVR.
- Out of Ban: NIL.

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

Nifty Spot	17530.85 (-1.94%)
Bank Nifty Spot	40776.80 (-1.05%)
VIX	19.8225 (+7.77%)
Premium	+29 vs +13
Nifty Future OI	1.15 crores (-6.97%)
Bank Nifty Future OI	19.67 lakhs (-7.91%)

Cash Volumes (INR in Cr.)	Yesterday	Day Before Yesterday
BSE Cash Vol. (Rs. in Cr)	5619.49	5949.6
NSE Cash Vol. (Rs. in Cr)	95,451.19	66,780.20
NSE Derivative Vol. (Rs. in Cr)	94,04,204	3,42,21,677

Derivatives Vol. (INR in Cr.)	No of contracts	Turnover (Rs. In cr.)
Index Future Volumes	5,24,718	49,304
Stock Future Volumes	13,20,798	96,451
Index Option Volumes	9,25,41,081	88,84,099
Stock Option Volumes	48,16,673	3,74,350
Total	9,92,03,270	94,04,204

Major Changes in Nifty Options (OI)

Calls	in lakhs (% Change)
17500	20.45 (+1663%)
17600	33.28 (+11%)
17700	43.36 (+2392%)

Puts	in lakhs (% Change)
17900	5.95 (-64%)
18000	5 (-59%)
18100	1.62 (-54%)

Stock	CMP	Support	Resistance	21 DMA	200 DMA	Intraday	Short Term	Long Term
ALUMINIUM 1	199	193	205	191	235	UP	UP	UP
COPPER 1	651	638	664	616	732	UP	UP	UP
CRUDEOIL 1	6816	6680	6952	6583	7511	UP	UP	UP
GOLD 1	49380	48392	50368	47883	50267	UP	DOWN	UP
LEAD 1	178	172	183	179	183	DOWN	UP	DOWN
MENTHAOIL 1	983	963	1002	981	1018	DOWN	DOWN	UP
NATURALGAS 1	631	618	644	702	495	DOWN	DOWN	UP
NICKEL 1	1930	1891	1969	2022	1837	DOWN	UP	DOWN
SILVER 1	56720	55586	57854	54578	61517	UP	UP	UP
ZINC 1	282	273	290	298	310	DOWN	DOWN	DOWN
CARDAMOM 1	1505	1475	1535	1478	2690	DOWN	UP	DOWN
CASTOR 1	7402	7254	7550	7036	6999	UP	UP	UP
CHANA 1	5240	5135	5345	5109	5002	UP	UP	UP
COTTON 1	33420	32752	34088	34746	41425	UP	DOWN	UP
GUARGUM5 1	10007	9807	10207	9049	10668	UP	UP	UP
GUARSEED10 1	5196	5092	5300	4691	5705	UP	UP	UP
JEERAUNJHA 1	24670	24177	25163	23613	21293	UP	UP	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 likely to bounce ahead

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
MCX GOLD	49334	48991	47651	50901	52115	Negative	Gold prices likely to witness correction. Key hurdle at 50901. Intraday Strategy: Sell at CMP, targeting 48991/47651 with stop at 50901.
MCX SILVER	56729	56201	54451	58001	59675	Neutral	Silver prices likely to outperform gold but consolidation likely for now. Intraday strategy: Buy at CMP targeting 58001/59675 with stop at 56201.
MCX CRUDE OIL	6803	6401	6201	7000	7251	Negative	Crude Oil Prices likely to tumble further. Intraday strategy: Sell at CMP. Stop 7000. Targeting 6401/6201.
MCX COPPER	651.50	641	611	675	701	Positive	Copper prices appear buy on dips. Intraday strategy: Buy at CMP. Targets 675/701 Strict stop at 641.
MCX NATURAL GAS	633.4	621	601	674	701	Negative	Natural Gas prices tumble after a good bounce. Intraday Strategy: Sell at CMP. targeting 621/601 zone. Stop at 674.
USD-INR	79.81	79.21	78.35	80.24	82.00	Positive	USD/INR prices buoyant. Key hurdles at 79.21. Interweek Strategy: Buy at CMP, targeting 80.24/82 mark. Strict Stop at 79.21.

Dow likely to collapse further

Instrument	LTP	S1	S2	R1	R2	Bias	TRADING STRATEGY
GOLD (USD)	1685	1665	1651	1711	1735	Negative	Gold prices likely to tumble further. Interweek Strategy: Sell at CMP. Targets 1665/1651/1641 mark with stop at 1712.
SILVER (USD)	19.20	17.25	16.00	20.75	22.00	Positive	Silver prices likely to tumble more. Interweek Strategy: Sell at CMP. Targets 17.25/16 mark with stop at 17.25.
WTI CRUDE OIL (USD)	85.4	84	81	91	99	Positive	Establish Sell positions at CMP. Targets 84/81 zone. Stop at 91.
EUR/USD	1.0015	0.0975	0.0650	1.0251	1.0551	Positive	Interweek Strategy: Establish Buy positions at CMP. Targets 1.0251/1.0551 with stop at 0.0975.
US Dollar Index	109.39	106.00	104.00	110.00	113.00	Negative	Interweek Strategy: Sell at CMP. Targets 106/104 with stop at 110.
DOW JONES	30822	30651	30201	31551	32201	Negative	Interweek Strategy: Establish Sell positions at CMP. Targets 30651/30201 mark with stop at 31551.



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