



Lighting a path forward
in Equities & Commodities...

SENSEX

NIFTY

GOLD

SILVER

CRUDE OIL

USD / INR

Price Forecast

INSTRUMENT	30th Sept. 2022	1 Month	2 Month	3 Month	1 year
SENSEX	57427	50900	58100	62245	65250
NIFTY	17094	15150	16500	18600	19500
USD \$ / INR	81.51	82.5	81.5	80.5	83
GOLD	50094	49500	48100	50500	51000
SILVER	56858	52500	50100	59500	60000
CRUDE OIL	6539	6150	6750	6550	7200



Dear Valued Reader,

It was a September to remember— but not in good-way as benchmarks across globe went south-way.

As we write, Nifty bears are looking to take over the negative baton from September where the benchmark dropped 3.74%. But the positive takeaway is that Indian's benchmark indices stand out as Nifty & Sensex turned out to be major outperformers and the only country where there is positive momentum in terms of growth and economic activity compared to other emerging and developed markets.

Interestingly, these are the biggest monthly divergences between Wall Street and emerging markets India.

Digging deeper, it was more dismissal September for Wall Street with the Dow sliding 8.8%, the S&P sinking 9.3% and the Nasdaq tanking 10.5%. The negative takeaway is that the Dow Jones index too has dived deep into the bear market territory. Please note, all the three US indexes have dipped into bear market territory - defined as a 20% or greater drop from all-time highs. The S&P 500 and Nasdaq are already down some 24% and 33%, respectively, from their record highs.

The ongoing pessimism at Dalal Street is amidst the market being obsessed with a hawkish Federal Reserve. The Federal Reserve's 75 basis point rate hike - the third jumbo rate hike in succession, was echoed by central banks around the world - lifting benchmark borrowing costs.



Honestly speaking, with the Fed and other central banks across the globe trying to rein in inflation desperately, it's going to be a tough call to take bullish bets on any excessive strength from hereon.

Now, to achieve Dalal Street's bigger happiness, love and wisdom, investors' will have to keep their attention squarely only on four catalysts:

1. Flow of liquidity.
2. Rates
3. Inflation.
4. Recession.

Now, before we start a brand new-innings of trading this October 2022, let's review how the major indices listed at Dalal Street fared in September, August and July 2022 and also their performance in the year 2022.

Happy Investing!!



Market recap:

Instruments	Prices as on 30th Sept 2022	Sept 2022 % Change	August 2022 % Change	July 2022 % Change	2022 % Change
Sensex	57427	-3.54%	+3.42%	+8.58%	-0.51%
Nifty	17094	-3.74%	+3.50%	+8.73%	-0.78%
BSE Auto Index	29178	-3.81%	+5.59%	+7.33%	+13.07%
BSE Bankex Index	44180	-2.46%	+5.02%	+12.10%	+10.34%
BSE Capital Goods Index	31218	-3.12%	+8.44%	+14.18%	+9.79%
BSE Consumer Durables	42489	-0.52%	+7.94%	+14.04%	-2.69%
BSE FMCG	16180	+1.42%	+3.0%	+12.52%	+17.11%
BSE Healthcare	23341	+1.42%	+0.49%	+6%	-18.31%
BSE Metal	18015	-6.00%	+5.37%	+16.96%	+8.58%
BSE Mid-Cap	24854	-2.18%	+5.65%	+10.77%	+0.81%
BSE Small-Cap	28453	-0.69%	+5.90%	+9.16%	-2.51%
BSE Power	4749	-9.16%	+14.75%	+12.03%	+36.32%
BSE Realty	3377	-8.51%	+2.78%	+17.05%	-9.95%
BSE Oil/gas	18559	-2.31%	+6.80%	+5.42%	+28.43%
BSE IT	27488	-4.94%	-1.94%	4.15%	-49.13%



The Back Story: Bulls hesitate, and bears all around...

Strictly speaking, Nifty bulls witnessed a horrible September as there were more reasons for investors to sell, like:

1. Fears of more Fed rate hikes.
2. Stubbornly high inflation.
3. A slowing economy.
4. In the month of September, FIIs pulled out over Rs 18,308 cr.

The only positive takeaway was that on the last trading day of September, Nifty bulls roared like a lion despite RBI delivering a 50-basis point repo rate hike and lowering growth forecast to 7% on concerns over 'bleak' global economic outlook.

Well, this was the fourth rate-hike since May this year – to 5.90 per cent, with the street expecting further monetary tightening of 35 basis point in December.

The street took RBI Governor Shaktikanta Das' statement positively after he underscored the resilience of the Indian economy and assurance to take necessary steps to shield the Indian economy from the global shocks.

Honestly speaking, the disastrous September for Nifty bulls and the mood spoiler for investors' was lack of evidence from the Fed's action that they are winning their battle against inflation.

In fact, the latest inflation data (personal consumption and expenditures index) came in hotter than expected – indicating Fed tightening justified and more hikes on the way. For now, it is safe to assume that more hawkishness is on the menu.

As of writing, the 2-year/10-year yield curve remained inverted at around 45 basis points, a key recession warning. The 10-year Treasury note yielded was at 3.829% while the yield on the 2-year note peaked at 4.273%.

the King US Dollar gets stronger seen getting stronger on each trading day as it hit fresh 20 year high at 114.78.



Let's now have a look at other key catalysts from last month:

Moody's Investors Service slashed India's GDP growth by a whopping 1.1% citing dampening of economic momentum in coming quarters on rising interest rates, uneven monsoon, and slowing global growth. The sharp cut has now lowered India's GDP forecast to 7.7%, as compared to the earlier forecast of 8.8% in May. This came a day after the data shared by the government showed that the Indian economy grew 13.5% year-on-year in the April-June quarter.

India's auto sector – barometer of the country's economy – demonstrated healthy growth rising to record levels in August year-on-year as shortage of semiconductors eased further helping companies to step up production ahead of the crucial festive season that kicked in with Ganesh Chaturthi. New model launches in the SUV segment also helped keep the demand on the higher side.

WTI crude futures tumbled on fears about a potential global recession-driven demand downturn. The oil cartel will reduce output by 100,000 barrels per day from October, amounting to roughly 0.1% of global demand, to deal with macroeconomic headwinds and counter a potential supply boost from Iran.

The annual inflation rate in the US eased for a second straight month to 8.3% in August of 2022, the lowest in 4 months, from 8.5% in July but above market forecasts of 8.1%.

The World Bank last month has said the world may be edging toward a recession in 2023

Last month at Wall Street, Ford Motor Company tumbled 15% after warning that supply chain issues would cost the company an additional \$1 billion in the third quarter.

Adani Group has pledged its entire stakes in Ambuja Cements and ACC with a clutch of banks overseas in raising funds to acquire the two cement companies

Gold prices tumbled 3.35% at \$ 1668.30 an ounce for the month ended September.

Indian rupee weakened by 2.55% for the month ended at 81.52 against the US Dollar. Earlier in the month, it had hit an all-time low at 82.02.

WTI Crude Oil Prices fell by 10.95% for the month ended, at \$79.74 per barrel on weak global demand.



Gainers over 1-Month

Stocks	LTP (30th Sept 2022)	Change %	52 Week H/L
INDUSINDBANK	1186.30	11.87%	1275.25/763.75
BHARTIARTL	799.75	10.94 %	808.85/629.05
SUNPHARMA	949.00	8.12%	966.90/733.95
ITC	332.00	5.93%	349.50/207.0
BAJAJ FINANCE	7337.55	5.34%	8043.50/5235.60

Losers over 1-Month

Stocks	LTP (30th Sept 2022)	Change %	52 Week H/L
RELIANCIND	2377.70	-8.44%	2855.00/2181.00
POWERGRID	212.15	-6.52%	248.25/180.30
TATASTEEL	99.30	-5.29%	142.62/82.71
TCS	3004.60	-4.12%	4045.50/2926.00
ULTRATECH	6249.85	-3.94%	8267.00/5158.05

Stocks at 52 Week High

Stocks	LTP (30th Sept 2022)	52 Week High
ABFRL	349.00	351.75
BHARTIARTL	799.60	809.00
CIPLA	1110.00	1128.00
PRUDENT	730.60	750.00
SOLARINDS	3922.10	3974.95

Stocks at 52 Week Low

Stocks	LTP (30th Sept 2022)	52 Week Low
BSOFT	282.95	277.85
IEX	142.65	138.65
INTELLECT	519.00	505.50
MOREPENLAB	24.10	23.65
SANOFI	5789.85	5757.85

FII / DII - monthly break up and compared to August 2022.

FII (Sept) Rs. In Cr.	FII (Aug) Rs. In Cr.	DII (Sept) Rs. in Cr.	DII (Aug) Rs. In Cr.
-18308.30	22025.62	14119.75	-7068.63



Looking Ahead: The great volatility is likely to dominate trading themes...

Sensex: 57,427

Nifty: 17,094.

The three big catalysts: Rates, Recession, and Inflation...

Well, as we start a fresh month of trading, there is a bright possibility that our stock market is likely to make violent moves—both up and down.

The truth is that markets will probably will not establish any real direction until the chatter on when the Federal Reserve will reach peak hawkishness ends.

Well, inflation remains a hard beast to tame.

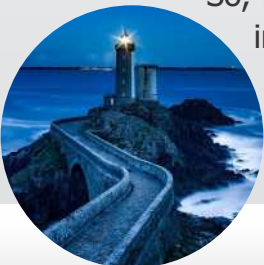
Spooking investors sentiments across globe will be the uncertainty over the Federal Reserve's rate-hike timeline. Specifically, the "how long?" and "by how much?" narratives.

Expect Nifty to trade volatile as the big debate to heats up after the Fed's 3rd jumbo rate hike in September.

The street suspects rates need to rise another 1.25% over the central bank's remaining two meetings (in November and December).

Volatility will continue to be the hallmark as the earliest rate cut not anticipated until at least 2024.

So, Nifty likely to trade sluggish and with negative bias on worries that the Federal Reserve's war against decades-high inflation could push the U.S. economy into a downturn.



So, the US nonfarm payrolls report will take center stage as speculation about the size of the Fed’s next rate hike goes into overdrive.

That said, we still suspect Nifty’s downside could be limited and probably Dalal Street could grind higher as on the positive side is the GST collections which rose 26% to Rs 1.48 lakh crore in September 2022 over a year and 2.8% higher from August 2022. GST mop-up has been over Rs 1.40 lakh crore for seven months in a row. Yippee!

The other positive catalyst in favor of bulls is that West Texas Intermediate Oil Prices are trading sluggish below \$80 a barrel. The prices have dropped 30 percent in the last three-and-half months. Further fall in oil prices is expected to support the RBI commentary as India is amongst the largest oil importers. Hence, market participants will be closely watching this space. A bright spot amidst pessimism are Auto stocks on backdrop of blockbuster sales for September. Our preferred bets on buy side from auto space are Eicher Motors, Ashok Leyland and Maruti with an inter-month perspective.

We still suspect, September 2022 is a month to look forward for more positive catalysts like:

1. Goods and services tax (GST) collections on the rise since October 2020.
2. The sentiments are likely to be buoyed by hope of better-than-expected Q2 earnings from India Inc.
3. Fresh stimulus in China.
4. Hopefully, Federal Reserve has reached peak hawkishness. (That’s wishful thinking).

Long story short: Expect, the equity market to head in just one direction – skywards – only if FIIs return to buying desk.

Bullish looking stocks	Bearish looking stocks
TRENT, TATA CONSUMER, MARUTI, ASHOK LEYLAND, M&M, TATA MOTORS, SUN PHARMA, HUL, COLPAL, RITES, BOB, CANARA BANK, HUL, RITES, GRSE	ADANI ENTERSPRISES, ADANI PORTS, RAIN INDUSTRIES, BIOCON, INDIGO, GLENMARK



Daily chart of Nifty:



Our **call of the month** suggests a careful approach is the need of the hour as Nifty likely to be choppy and volatile than usual.

Technically, expect waterfall of selling only below Nifty 16300 mark. Nifty can fall only on backdrop of the familiar fears of more interest rate increases and the risk of recession that can haunt investors.

Preferred Trade on Nifty:

CMP 17094

Technically speaking, from a chartist standpoint, confirmation of major strength in Nifty only above 17757 mark. However, 16300-16400 will act as a strong support zone.

Buy between 16300-16350 zone. Targets at 17327/17757 mark and then at 18600-18700 zone. Aggressive targets at 19100 mark with stop at 15101.



The single-most conviction idea for October 2022.

BUY Maruti Suzuki (CMP 8820). Targets at 10000.

Daily chart of **MARUTI SUZUKI**



Incorporated in the year 1981, **Maruti Suzuki** now commands a market capitalization of Rs 266542 cores and 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 Suzuki reported over two-fold increase in sales at 1,76,306 units in September 2022. In the year-ago period, the company managed to dispatch only 86,380 units due to a massive shortage of electronic components.

We believe Maruti is well poised to capitalize on the PV industry turnaround in the Indian market as 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:



Technically, brace yourselves for a major 'higher consolidation' breakout play on monthly charts. An impulse uptrend quite likely with positive SAR series, major confirmation above its August 2022 highs at 9451 mark.

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 8223 zone. The level of Rs. 8223 zone will act as a strong support zone and any corrective decline to the congestion zone should be used as an opportunity to initiate aggressive long positions.

Simply buy at (CMP 8820) and on dips between 8300-8400 zone, targeting 9500 and then at 10000 mark. Aggressive targets placed at 10750 mark. Stop below 7779. Holding Period: 9-12 Months.





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