



Lighting a path forward
in Equities & Commodities...

SENSEX

NIFTY

GOLD

SILVER

CRUDE OIL

USD / INR

Price Forecast

INSTRUMENT	28th Feb. 2022.	1 Month	2 Month	3 Month	1 year
SENSEX	56247	52903	56001	54301	63001
NIFTY	16794	15901	16451	16001	19001
USD \$ / INR	75.29	76.25	76	75.5	75
GOLD	50221	51900	53501	50500	51000
SILVER	64023	67500	75000	62001	63000
CRUDE OIL	6837	7505	8001	7350	7785



Dear Valued Reader,

We are ready with our Mar-Apr-May 2022 forecast.

After a volatile Jan and Feb 2022, perma-bulls find themselves back in a similar position — volatile movements + lots of panic attacks.

More carnage at Dalal Street?

Well, fingers crossed as the benchmarks, Sensex and Nifty have slipped hard in Feb 2022 (-3.15%) and most importantly, are down around 10% after scaling their all-time-highs on 29th October 2021. The benchmark have ended down for the second month of 2022 and on a nervous footing on backdrop of extremely volatile and negative global cues (Russia – Ukraine war), FIIs camp clearly on sell side, and global economic growth seen fading on backdrop of rising inflation and probable intention of U.S Federal Reserve's to remove stimulus. The buzz on the street is that the US Fed is likely to announce faster tapering of asset purchases amid rising inflation.

Also, blame the negative backdrop to extremely overbought technical conditions — the near term outlook for Dalal Street looks blurred indeed. That's primarily on backdrop of deteriorating liquidity conditions.

That brings us to the jittery thoughts — stock markets across globe are fundamentally divorced from the real economy. Naturally, this perilous backdrop makes investors suspicious amidst key disparity ever between growth and value strategies. It's unclear the extent of the effects of a full scale war which is brewing in Europe on economic growth at the time being. So, this new situation is meant to delay the comeback.

So, expect volatility to rule the roost and choppiness will prevail at Dalal Street this March 2022 primarily as investors brace for a tug of war battle between the bulls and the bears.

Now, before we get into detail and start a brand new-innings of trading this March 2022, let's review how the major indices listed at Dalal Street fared in Feb, Jan 2022 and December 2021 and also their performance in the year 2022.

Happy Investing!!



Market recap:

Instruments	Prices as on 28th Feb. 2022	Feb. 2022 % Change	Jan. 2022 % Change	Dec. 2021 % Change	2022 % Change
Sensex	58254	-3.45%	-0.41%	+2.08%	-3.86%
Nifty	16794	-3.23%	-0.08%	+	-3.31%
BSE Auto Index	24616	-6.77%	+6.41%	+3.45%	-0.36%
BSE Bankex Index	41636	-4.44%	+7.82%	-0.91%	+3.38%
BSE Capital Goods Index	27658	-5.14%	+1.42%	+6.91%	-3.72%
BSE Consumer Durables	43099	+2.81%	-6.36%	+3.87%	-3.55%
BSE FMCG	13008	-3.37%	-2.35%	+0.70%	-5.72%
BSE Healthcare	23356	-10.88%	-8.02%	+2.76%	-18.9%
BSE Metal	18985	+9.48%	-1.36%	+5.64%	+8.12%
BSE Mid-Cap	23356	-5.11%	-1.43%	+1.14%	-6.54%
BSE Small-Cap	26662	-9.49%	-0.78%	+5.44%	-10.27%
BSE Power	3854	-2.11%	+13.07%	+0.75%	+10.96%
BSE Realty	3466	-9.08%	-0.75%	+1.08%	-9.83%
BSE Oil/gas	17315	+7.27%	+6.68%	+0.03%	+13.95%
BSE IT	33503	-11.47%	-8.21%	+10.07%	-19.68%



The Back Story: The Russian Bear Is Everywhere!

Well, as we start a brand new month, a full-blown panic is seen at Dalal Street amidst Russia-Ukraine conflict. The 'Russian Bear' is hinting for higher oil/commodity prices and slower growth across globe. Emerging market economies like India are likely to be hit hard and most importantly, making the RBI's dovish stand a big question.

Amidst this backdrop, FIIs' were seen on a selling spree as they net sold shares worth Rs. 45,720 crores worth of shares in February month on top of more than Rs. 41,346 crore of offloading in January.

The risk-off theme was the preferred strategy as even DIIs failed to cover up the FIIs' selling quantum.

You could also blame the pessimism to:

1. Concerns of an early policy tightening by the Federal Reserve.
2. Concerns of inflation.
3. Concerns that economies will slow.
4. Concerns that the markets are overvalued.
5. Concerns of rising US Treasury bond yields.

Long story short: Bears were on the driver's seat in February 2022.

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

The Union Budget 2022 aimed to provide impetus to growth as focus was on infrastructure. The big bang economic push with outlay for capital expenditure in the Union Budget 2022-23 is stepped up sharply by 35.4% from Rs 5.54 lakh crore in the current year to Rs 7.50 lakh crore or 2.9% of the GDP in 2022-23

February GST collections came at Rs 1.33 lakh crore, down 5.6% from January. The positive takeaway is that this was the fifth month that GST mop-up has crossed the Rs 1.30 lakh crores. Govt officials now believe average monthly collections in FY23 will be Rs 1.25 trillion.



- # The U.S. economy added 467,000 jobs in January and hiring was much stronger at the end of 2021 than originally estimated.
- # **ITC** reported a 14.81 per cent year-on-year (YoY) increase in consolidated profit after tax (PAT) at Rs 4,119 crore in the December quarter (Q3) led by growth across segments. In the year-ago period, PAT was at Rs 3,587 crore. ITC also recommended an interim dividend of Rs 5.25 per share for the financial year ending March 31, 2022
- # **BPCL** has said that the Privatisation of BPCL may have been pushed back to the next fiscal year as no bidder visited the firm's premises in the last quarter. The government is selling its entire 52.98 per cent stake in BPCL for which three expressions of interest (EoIs), including one from billionaire Anil Agarwal-led Vedanta Group, have been received. Financial bids are yet to be called.
- # **ECB President Christine Lagarde** has said that: "Inflation is likely to remain elevated for longer than previously expected, but to decline in the course of this year." The ECB has kept key interest rates unchanged despite record rises in inflation. The ECB said higher inflation will fade throughout the year even as the 19-member region has seen inflation reading hit a record 5.1% in January.
- # **Vedanta** has scrapped rejig plan. Vedanta has completed the reorganization review and concluded that current structure is optimal. Therefore, the company will not undertake any corporate restructure including demerger or spin off and will continue with its existing structure.
- # **ONGC** reported profit after tax (PAT) of Rs 11,637 crore for the third quarter ended December 2021, up 220% from the profit of Rs 3,637 crore reported in the corresponding quarter a year ago.
- # **Zomato** posted loss at Rs 63.2 crore in Q3FY22 against loss of Rs 352.6 crore in Q3FY21; revenue jumped to Rs 1,112 crore from Rs 609.4 crore YoY.
- # **Rashtriya Chemicals & Fertilizers** reported a sharply higher profit at Rs 143.15 crore in Q3FY22 against Rs 98.7 crore in Q3FY21. Revenue jumped to Rs 3,699.21 crore from Rs 2,047.88 crore YoY.
- # **Tata Chemicals** profit shot up to Rs 300.98 crore in Q3FY22 against Rs 160.85 crore in Q3FY21, and revenue rose to Rs 3,141.58 crore from Rs 2,606.08 crore YoY.



- # **Trent** recorded sharply higher profit at Rs 113.78 crore in Q3FY22 against Rs 64.03 crore in Q3FY21. Revenue jumped to Rs 1,499.08 crore from Rs 853.63 crore YoY.
- # **Tata Power** reported sharply higher profit at Rs 551.8 crore in Q3FY22 against Rs 318 crore in Q3FY21, revenue jumped to Rs 10,913.4 crore from Rs 7,597.9 crore YoY.
- # **Bharti Airtel's** net profit dipped 2.8% year on year to Rs 830 crore in the October-December quarter (Q3) of 2021-22. In the same period last year, the company had posted a net profit of Rs 854 crore. Its operational performance was better than Street estimates, but the net profit fell short of expectations, mainly because of higher tax outgo.
- # **Tata Teleservices** (Maharashtra) on Tuesday reported widening of losses to about Rs 302 crore for the quarter ended December 2021 compared to the year-ago period.
- # **Jindal Steel & Power** posted lower profit at Rs 1,622 crore in Q3FY22 against Rs 2,440 crore in Q3FY21, revenue increased to Rs 12,525 crore from Rs 9,281 crore YoY.
- # **ACC** reported lower profit at Rs 280.9 crore in Q4CY21 against Rs 472.4 crore in Q4CY20, revenue rose to Rs 4,225.8 crore from Rs 4,144.7 crore YoY.
- # **Tata Power** reported sharply higher profit at Rs 551.8 crore in Q3FY22 against Rs 318 crore in Q3FY21, revenue jumped to Rs 10,913.4 crore from Rs 7,597.9 crore YoY.
- # **Power Grid Corporation of India** reported lower profit at Rs 3,292.9 crore in Q3FY22 against Rs 3,367.7 crore in Q3FY21m, revenue rose to Rs 10,446.8 crore from Rs 10,142.4 crore YoY.
- # **Nykaa** recorded steep decline in profit at Rs 27.9 crore in Q3FY22 against Rs 68.9 crore in Q3FY21, revenue climbed to Rs 1,098.3 crore from Rs 807.9 crore YoY.
- # **Lupin** reported higher profit at Rs 545.52 crore in Q3FY22 against Rs 438.25 crore in Q3FY21, revenue rose to Rs 4,160.93 crore from Rs 4,017.36 crore YoY. The company has received approval from US FDA for Arformoterol Tartrate inhalation solution.
- # **IRCTC** posted a sharp rise in net profit at Rs 208.8 crore in Q3FY22 against Rs 78.08 crore in Q3FY21, revenue more than doubled to Rs 540.21 crore from Rs 224.37 crore YoY.



- # **Engineers India** reported lower profit at Rs 40.6 crore in Q3FY22 against Rs 88 crore in Q3FY21, revenue declined to Rs 692.1 crore from Rs 845.4 crore YoY.
- # **Aurobindo Pharma** reported sharply lower profit at Rs 604.2 crore in Q3FY22 against Rs 2,947.9 crore in Q3FY21, revenue declined to Rs 6,002.2 crore from Rs 6,364.9 crore YoY.
- # **Petronet LNG** clocked strong profit growth, rising to Rs 1,143.5 crore in Q3FY22 against Rs 823 crore in Q2FY22, revenue jumped to Rs 12,597.2 crore from Rs 10,813 crore QoQ.
- # The U.S. economic data released last month showed existing-home sales rose by 6.7% in January to a 6.5 million annual rate, while U.S. leading economic indicators dropped 0.3% last month.
- # India's retail inflation rate breached RBI's upper tolerance limit at 6.01% in January while wholesale price inflation rate remained in double digits for the tenth consecutive month. The MPC had retained its inflation projection at 5.3% for FY22 and has estimated 4.5% inflation for FY23.
- # Russian President Vladimir Putin's decision to put his nuclear forces on a higher alert in reaction to the latest stiff measures weighed on investors' sentiment. As a result, WTI crude surged 5.1% to \$96.23 per barrel while Brent advanced 4.3% to \$102.14 per barrel in last Monday's early trading action.
- # Gold Prices remained above \$1900 mark last month as investors preferred to resort to safe havens in times of geopolitical uncertainties.
- # FIIs were net sellers last month at Rs. 45,720.07 crores. DIIs were net buyers at Rs. 42084.07 crores.
- # The Indian rupee remained almost unchanged at 75.298 for the month ended.



Gainers over 1-Month

Stocks	LTP (28th Feb 2022)	Change %	52 Week H/L
TATASTEEL	1220.90	10.12%	1534.60/681.20
TITAN	2544.65	6.95%	2687.3/1400.65
SUNPHARMA	843.35	4.50%	902.50/562.40
INDUSINDBANK	921.00	4.33%	1241.85/811.10
BAJAJ FINSERV	16007.35	3.10%	19319.95/8962.20

Losers over 1-Month

Stocks	LTP (28th Feb 2022)	Change %	52 Week H/L
DR REDDY'S LAB	4062.95	-7.81%	5613.65/4050.00
ULTRATECH	6569.75	-7.49%	8267.00/5727.90
M&M	790.95	-7.38%	978.90/725.00
ICICI BANK	742.45	-7.37%	859.70/531.00
HUL	2169.35	-6.81%	2859.10/2120.00

Stocks at 52 Week High

Stocks	LTP (28th Feb 2022)	52 Week High
FINEORG	4286.95	4444.00
GUJCMDS	644.95	644.95
HINDALCO	573.70	580.00
ORIENTBELL	630.50	669.00
VADILALIND	1371.95	1463.90

Stocks at 52 Week Low

Stocks	LTP (28th Feb 2022)	52 Week Low
BERGEPAIN	690.55	641.15
BRITANNIA	3427.85	3330.00
DRREDDY	4062.95	4050.00
HDFCLIFE	523.15	520.30
HUL	2169.35	2120.00

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

FII (Feb) Rs. In Cr.	FII (Jan) Rs. In Cr.	DII (Feb) Rs. in Cr.	DII (Jan) Rs. In Cr.
-45720.07	-41346.35	+42084.07	+21928.40



Looking Ahead:

Sensex: 56,247.

Nifty: 16,794.

Honestly speaking, the trading theme will move from caution, to panic, to skepticism. Investors will also have to brace for flash crashes.

March 2022 is likely to be challenging for equities as the spotlight will remain on two big catalysts:

1. Will the war halt?
2. Will the Federal Reserve raise rates?

Well, as long as the two questions are on the front pages, equity risk-aversion will be the preferred theme at Dalal Street and that reminds that the bears are still out there and lurking.

Also blame some part of pessimism to anxiety of stagflation in near future —slower growth with rising prices

The risk-off theme will be preferred strategy as even DIIs have failed to cover up the FIIs' selling quantum.

Amidst this negative backdrop, there will be definitely frequent shocks and volatility.

For the month of March 2022, with regards to benchmark Nifty — the only strange eyebrow-raising prediction is: Volatility, volatility and volatility.

The Indian economy is likely to be gyrate between recovery and relapse, dictated by multiple mutations of the virus. That said, the equity market could head in just one direction – skywards – only if FIIs return to buying desk.



The message is very clear — investors should not try to pick stocks with short term view or time the market.

The most probable bullish scenario could be that the benchmarks hold their ground.

The gyan mantra for perma-bulls camp is: 'Be Flexible & Focus on very long term' will be the winning theme for 2025.

Bullish looking stocks	Bearish looking stocks
VEDANTA, JINDAL STEEL & POWER, NATIONAL ALUMINUM, TATA STEEL, HINDUSTAN COPPER SRF, SBI, EASY TRIP PLANNERS, LINDE INDIA, RATNAMNANI METALS.	BAJAJ FINANCE, INDIGO, INDUSIND BANK, APOLLO TYRES, M&M FINANCIAL.



Daily chart of Nifty:



Our **call of the month** says investors will continue to wrestle with the implications of spiking inflation while on the positive side are hopes of a rebound in the economy as coronavirus cases has subsided significantly back by record high GST revenue.

The ice likely to crack on this bull market only any move below Nifty 15910 mark with aggressive downside targets at 14251 mark. Alternatively, Nifty poised for fresh uncharted territory and ready to shoot the moon as long as 15901 support is held.

Preferred Trade on Nifty:

CMP
16794

Technically speaking, from a chartist standpoint, still extremely overbought technical conditions prevail. That said, the long term landscape remaining in a super-bullish mode with all investors' eye now at Nifty's next hurdles at 19000 mark. The near term price action for Nifty is however suggesting that we are likely to see a 15900- 17500 range in near term with slight bias. Please note, Nifty's 200DMA at 16923 mark.

We suspect, markets will behave like a wild animal and any weak rebound attempt will again be swept aside by bears at around Nifty's 17300-17550 zone.

Selling on strength should be the preferred strategy between 17100-17350 zone. Targets at 15951 mark and then at 14251-14500 zone with strict stop at 17921.



The single-most conviction idea for March 2022.

Buy VEDANTA (CMP 387). Targets at 501):

Daily chart of Vedanta



Theme: Incorporated in the year 1965, Vedanta Ltd is one of the world's leading diversified resources producing company which include aluminum, Oil & Gas, copper, Iron Ore, zinc-lead-silver, Power and scrap. Vedanta is also one of the largest resources company in India.

Aluminum:

- Largest aluminum capacity in India with captive power and an alumina refinery.
- 9th largest Aluminium producer globally in terms of smelting production.

Zinc & Silver:

- One of the Largest integrated zinc- lead smelter.
- Rampura Agucha – largest* underground mine globally.
- 6th largest silver producer globally.
- Gamsberg - one of the largest zinc deposits in the world.

Oil & Gas:

- India's largest private sector crude oil producer.
- One of the lowest cost producers in the world.
- Strong exploration fundamentals supports reserves and resources growth (OALP 51 blocks having >5.5 mmboc with 65,000 sq km average).



Iron & Steel:

- India's largest private sector exporter of iron ore since 2003, according to the Federation of Indian Mineral Industries.
- ESL Steel is engaged in the manufacturing of steel with a total current capacity of 1.5 Mt per year and the potential to increase to 3 Mt per year.

The firm's has business operations in India, South Africa, Namibia, and Australia. The key positive catalyst in favor of Vedanta's stock price is the firm's improving operating performance, supported by stable volume across business segments and increased commodity prices. 85%+ of EBITDA comes from Zinc, Aluminium and Oil & Gas. The company is well positioned to fulfill the current commodities demand through its strong reserve of ores. The magnificent uptick in metal prices augurs well for domestic metal companies like Vedanta would have a positive rub-off on its financial performance. Amidst this backdrop, Vedanta's Ebitda is expected to improve to more than Rs 35,000 crore in fiscal 2022. Also, with the ongoing cost optimization efforts, the company should continue to improve margins in upcoming quarters.

Technical Outlook: Technically, brace yourselves for 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 311-321 zone

Preferred Strategy: A potential entrance exists at CMP, and on dips between 337-345 zone, targeting 389/421 mark. Aggressive-12 months psychological targets at 500 mark. **Rationale: Breakout Play.**





Mehta Equities Ltd

903, 9th Floor, Lodha Supremus, Dr. E. Moses Road,
Adjacent to Konark Empress Building,
Worli Naka, Worli, Mumbai - 400018

info@mehtagroup.in

For Grievances

grievance@mehtagroup.in

T : +91 22 61507101

F : +91 22 61507102

DISCLAIMER: This is solely for information of clients of Mehta Equities Ltd and does not construe to be an investment advice. It is also not intended as an offer or solicitation for the purchase and sale of any financial instruments. Any action taken by you on the basis of the information contained herein is your responsibility alone and Mehta Equities Ltd its subsidiaries or its employees or associates will not be liable in any manner for the consequences of such action taken by you. We have exercised due diligence in checking the correctness and authenticity of the information contained in this recommendation, but Mehta Equities Ltd or any of its subsidiaries or associates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this recommendation or any action taken on basis of this information.

Technical analysis studies market psychology, price patterns and volume levels. It is used to forecast future price and market movements. Technical analysis is complementary to fundamental analysis and news sources. The recommendations issued herewith might be contrary to recommendations issued by Mehta Equities Ltd in the company research undertaken as the recommendations stated in this report is derived purely from technical analysis. Mehta Equities Ltd has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; Mehta Equities Ltd makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. The opinions contained within the report are based upon publicly available purposes. The recommendations and suggested price levels are intended purely for trading purposes. The recommendations are valid for the day of the report however trading to information at the time of publication and are subject to change without notice. The information and any disclosures provided herein are in summary form and have been prepared for informational ends and volumes might vary substantially on an intraday basis and the recommendations may be subject to change. The information and any disclosures provided herein may be considered confidential. Any use, distribution, modification, copying, forwarding or disclosure by any person is strictly prohibited. The information and any disclosures provided herein do not constitute a solicitation or offer to purchase or sell any security or other financial product or instrument. The current performance may be unaudited. Past performance does not guarantee future returns. There can be no assurance that investments will achieve any targeted rates of return, and there is no guarantee against the loss of your entire investment.

POTENTIAL CONFLICT OF INTEREST DISCLOSURE (as on date of report)

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

Rewarding Relationships

www.mehtagroup.in