

## Market Views for the Week 06 Jul-10 Jul 26-Venkat's Blog

#syfx.org #NIFTY #USDINR #EURINR #Gold #Silver #Crypto #Crude #BankNifty #DOW

### NIFTY



(Chart image source: TradingView.com)

The Nifty Index continued to consolidate almost at the same range as that of the previous week and on the final session it broke the crucial 24180-24250 with a gap-up opening. It retracted from the high of 24378 to close at 24270. For now, the indication is that the bulls hold an advantage. The break-out of the descending channel target points to 24600-700. Possibly the monthly closing was holding the up move. With three weeks holding the key support base around 23700-800, it can be assumed that we are in for a fresh wave higher. The Nifty Index made a bullish candle for the week. The sentiments appear to be turning positive.

A few observations from the weekly charts are:

- The index moved in a range of 549 points between 23829- 24378
- Market sentiments turning positive

Expected scenarios for the ensuing week

- Index likely to consolidate in the range of 22800-23800

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#### Additional interesting observations

- Nifty made a bullish candle with a higher low and higher high
- Index may find supports at 24180\*\*, 24030\*\*\*, 23960\*\*\* and the index could face resistances at 24350\*\*, 24470\*\*\*, 24620\*\*
- The Index had seen multiple gaps on either direction of its journey.
- The levels were repeatedly mentioned in the previous blogs.
  - 23622-23984 – Gap created on 15<sup>th</sup> June 26

#### US Markets

- The DJI Index continued to consolidate at a higher range and made a new ATH
- DJI made a bullish candle with a higher low and higher high. The index had a roller coaster ride through the week and the final session made the difference
- The present set-up suggests that there is still steam left for further upside and only a daily closing below 51600 would negate this
- The oscillators are stretched and showing mixed signals
- Any pullback towards 51700 would attract buying interest and we can expect a consolidation in the range of 52K-53500
- A daily close outside the range will attract stops and could trigger 500-700 points move in the direction of breach

#### Final Note

- The Index closed above the 55 DMA at 23870 and closed below the 200 DMA at 24868.
- We may see a possible consolidation between 24K and 24600

#### A few additional Observations:

- Index closed above the MBB on weekly after a fall during Jan-Feb 26, is a positive sign, however, it is facing hurdle around the Mid BB on the monthly
- Markets momentum indicates that the Bulls are taking control and we may see a decent consolidation between 24K & 24600
- Index crossing the crucial resistance zone of 24180-250 is a positive thing and the momentum if maintained, the Index is likely to attempt 24600-800 zone soon
- The risk associated with the Geo-political scenario seem to cool down and expect this to help the emerging markets to perform better
- The Investors need to follow prudent risk management measures to protect their capital
- Crude prices cooling below 70 is a big relief for global economy
- Expect the NIFTY Index to move towards 24500 and close to 25K in the weeks to come

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## Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty surprisingly moved comparatively in a narrow range making a bearish inside candle with higher low and lower high. It is facing a strong of resistance around the lower end of the channel around 58900-59K. Bank Nifty remained in a range of 940 points viz. between 58396 & 57456. Only a daily close below 56K-56300 range would signify that the Bank Nifty is heading for further lower levels. The oscillators in different time frames are turning positive. The upside hurdle is around 59K. The Index is likely to gain higher momentum if we see a daily closing above 59K as the Index will be back in to the long-term channel. Expected range for the week is 57K- 59K with a positive bias. A daily close outside the range would trigger at least 500-700 points move in the direction of breach.

## EURINR



(Chart image source TradingView.com)

The currency pair is seen attempting a reactive pullback. However, it faced hurdle around the previous strong support zone of 109.30-50. During the week the currency pair made a bullish candle with a higher low and higher high. The currency pair moved in a range of 107.34-109.23. The current set-up suggests that the currency pair may consolidate in the range of 107.80-109.80 and further sharp sell-off may not happen. Breach of the range would trigger a 50-70 pips move in the direction of the breach.

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## USDINR



(Chart image source: TradingView.com)

The currency pair has come under pressure again. With 94.10-94.25 holding for the past 3 weeks evinced the buying interest. The currency pair made a bullish candle with higher low and higher high. With the oil prices cooling to a level below 70, the pressure on currency pair is expected to ease. Oil import related demand continues to hold the currency pair from softening.

A few observations

- a) Expect the range of 94.60 -95.60 would hold for the week
- b) Vols seen cooling

A few more observations:

- The currency pair is likely to attract sellers on a spike closer to previous peak
- The two-way move is likely to continue
- We can expect 94.60-95.60 range with volatile moves
- Only a daily close below 94.00 will help the pair to attempt price stability
- Fresh escalations and changes in Geo-political risk and any sharp spike in higher oil prices would impact negatively

## Gold

The precious metal consolidated in similar range as that of the previous week. While it made a bullish candle with lower low and lower top, there seems definite demand below 4K. There could be an intermediary reversal of the trend. However, the zone between 4375-4430 will continue to be seen as a hurdle. There seems a definite shift in the overall outlook. It appears that the aggressive purchases by the Central Banks have slowed down causing mismatch in the demand and supply. There may not be violent move unless a fresh Geo-political risk arises. The precious metal is below the Mid BB in the weekly timeframe for the tenth consecutive week. The current set-up suggests that the precious metal may consolidate between 3800-4400 and there could be choppy moves within this range. Technically it has to have a holy dip below 4K and test the point of 3880 from where the major up move happened.

## Silver

Silver saw stabilising around 60 levels. For now, the levels between 65 & 67 will a supply zone. The metal is caught between multiple moving averages and could see choppy moves in the range. The present set-up suggests that the metal is likely to trade in the range of 55-67. The volatility is likely to continue. Next couple of weeks would throw better picture on the future direction and the target. A daily close above 65 would signify the change in stance for an intermediary pullback towards 72.

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## **Crypto**

The crypto assets saw a narrow range consolidation and it does not indicate any major move for now. During the week it made a bullish with lower low and lower high. The Crypto assets seem to face struggle moving higher. Only a strong single day move of 5% can alter the course of the oscillators and help gain momentum for higher levels. It is expected to consolidate with +/- 5-7% of current levels with a neutral bias.

## **Crude**

The crude prices returned back to safe zone of 67-71 range and closed below 70. It is likely to see further down side pressure due to glut in supply as the stranded ships leaving Strait of Hormuz. Upside remains capped at 75 and the crude price is expected to consolidate between 65 & 75. There could be temporary shocks and the resultant volatility for some more time. The crude prices attempting to fill the gap created on 2<sup>nd</sup> Mar 26 seems to be under progress.

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