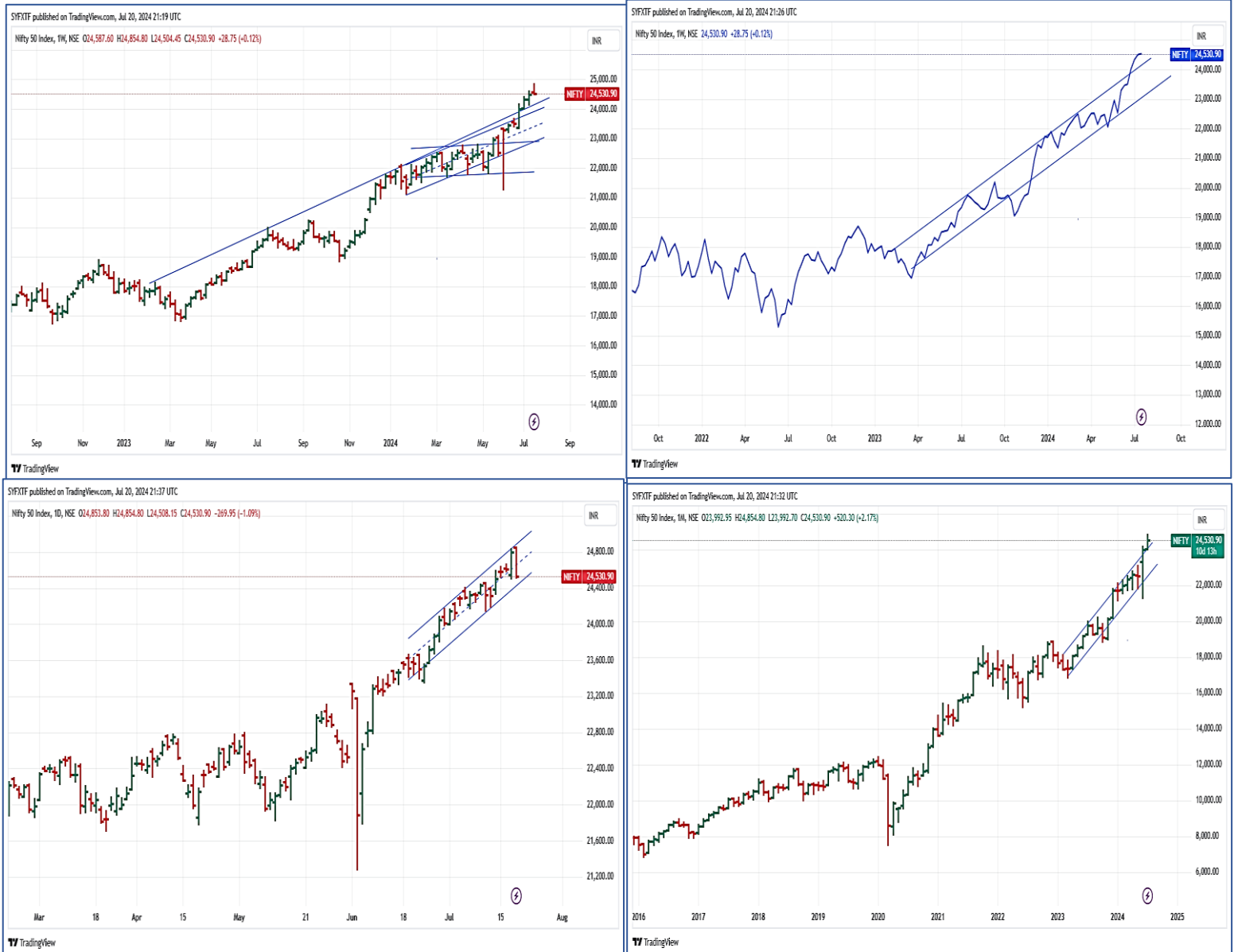


## Market Views for the Week 22 Jul – 26 Jul 2024-Venkat's Blog

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

### NIFTY



(Chart image source: TradingView.com)

The Nifty was caged in a range after the previous week's option expiry at 24315. After three attempts of crossing 24590-660, the opened lower on the expiry day and made a sharp move when it broke 24660 and made a new ATH. The Technical glitch on windows OS had its fatal impact on the sentiments as was evident from the sell-off across the globe and the markets. Still the Index has managed to float above the long term trend line starting from mid Feb 23. Now the base appears to have shifted to 24150-180 zone where we observe good buying interest. Index is expected to consolidate.

A few observations from the weekly charts are:

- The index moved in a range of 350 points viz. between 24854 and 24504
- The oscillators of different time frames appear to be turning negative
- Monthly option expiry open interest to drive the direction of the market

Expected scenarios for the ensuing week

- The start of the week till the last session made to suggest that there is a full-fledged break-out and the markets were to head higher. However, the entire week's gains have been erased during the last session.

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#### Additional interesting observations

- Index posted bearish candle in the weekly time frame. However, it continues to remain above the long term trend line. at 24185
- The expected target for this break-out around 24870-900 range has been achieved
- Index may find supports at 24485, 24320, 24160 and the index could face series resistances at, 24660, 24810, 24950
- *There were multiple gaps created during this dream run. The levels were repeatedly mentioned in the previous blogs. Since they are far away for now, they will be inserted back when relevant*

#### US Markets

- DJI made a remarkable up move during the week as it cleared 40K and all the barriers and could make a new ATH of 41375.
- After making this sharp move, it was evident that there had been profit booking.
- The global outage of MS had its impact on the market mayhem and the result was that the DJI almost lost the gains made during the week
- While the daily charts show bearish outlook, the weekly charts still has not turned fully negative
- Positive outlook can sustain only if the index manages to close above 40600 on a daily basis else, we may see the sell-off to continue
- The oscillators in weekly time frame still shows positive signals
- We can expect a consolidation between 39500-600 & 41K

#### Final Note

- The Index has stayed well above 55 DMA at 23276 and the 200 DMA at 21742
- The weekly charts suggest that the Index has breached the ascending channel with top at 23810 and also the long term trend line at 24040. This indicates the underlying push to further higher levels
- Most likely scenario would be a consolidation between 24285 & 24860 (with a caveat that we see a daily close above 24660). Breach on either side requires reassessment of risk
- The Q1 results expected to be positive and likely to keep the markets at higher levels. However, the Budget on Tuesday followed by the monthly expiry during this week would keep the markets volatile

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## Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty moved in an unusually narrow range and posted a Harami candle. Bank Nifty posted a bearish candle. However, it still continues to hover above the one of the trend line top. The Bank Nifty moved in range of 636 points Viz. between 51782 & 52146 and posted a lower highs and higher lows. The support at 51600-700 region is crucial. Break would see the Bank Nifty drift lower. The Bank Nifty is expected to have selling pressure around 54300 which is another trend line resistance zone. The oscillators in different time frames are showing mixed signals. A daily close below 51600 could negate the upside momentum. The narrow range of 51820-52780 has to give-up for deciding the direction and the target. The expected range for Bank Nifty is 51240-53600. and a daily close outside the range would require re-evaluation of risk and target.

## EURINR

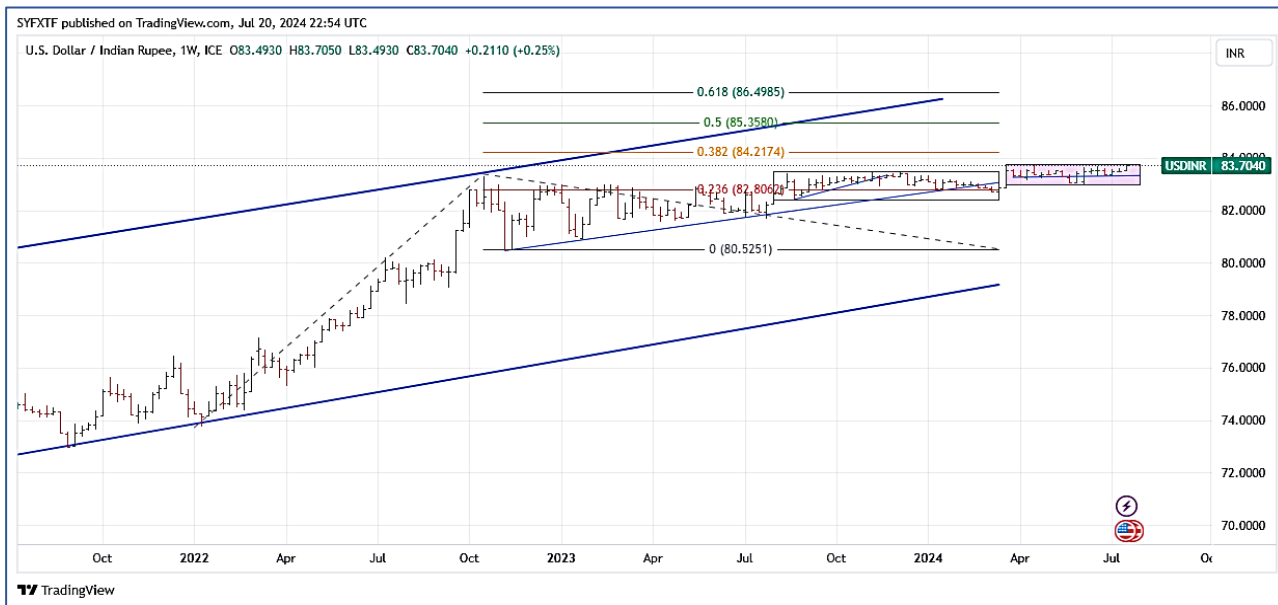


(Chart image source: TradingView.com)

The currency pair posted a bearish Bullish candle as it was attempting to break-out of the range of 90-91. After a steep fall from the peak of 92.66 during last week of Dec 23, the currency pair is making the forth attempt towards 91.20. If the pair manages to close above 91.20 the chances of re-test of earlier peak seems fair. We may see a consolidation between 90.50 and 91.70 till we see a breach on one side on a daily closing basis. The next couple of weeks are crucial for the currency pair to sustain the gains and move towards 91-92 range. Any breach of the range would lead to 100 pips move.

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## USDINR



(Chart image source: TradingView.com)

The currency pair continued to be in a tight range of 83.49-83.70. The range of 83.35 & 83.62 which has been there since April 24 seem to give-up gradually. If we consider a slightly longer time frame, the currency pair has remained in the range of 82.90 & 83.60 for the past 1 year. The problem with these kind of narrow range consolidation is that there is a potential risk that in case of a sudden move due to any geo-political disturbance, things will go for a toss. It is observed that the pair may move higher. The ultimate targets of 84.20 and 85.35 are around the corner. Any daily close beyond 83.80 is a clear indication of the Alligator formation opening its mouth in which case we may see 84.20 sooner. The market will try to position itself for covering the Imports on any dip.

A few observations

- Expect the range of 83.50-85.85 would hold for the week
- There is divergence seen in the charts
- The ultra-tight range of the currency pair seems to reflect the sentiments similar to CNY currency.

A few more observations:

Continue to keep the following input for quick reference though it is repeated for the past 8 months.

- The Fib projection of the move from Jan 22(Low) to Oct 22(High) and Nov 22 low also suggest the projection as 84.21. Hence, the importance. If breached, we may see another spike towards 85.35*
- Ultra-low Vols may be a huge risk and there could be sharp move happening when no one expects
- Next couple of weeks is crucial. The final hope remains at 83.80. If this level breaches on a closing basis, then the Alligator pattern will kick-in and it would be a confirmed move towards 85.70 in the near future.

## **Gold**

As observed in the previous blog the Precious metal not only attempted but surpassed and made a new ATH of 2484. When all round selling was seen in equities precious metal also faced the similar scenario and closed below 24K. the sentiments seem to turn negative as could be seen from the oscillators turning negative. The declines would see buying interest. Only a daily close below 2350 would see metal drift towards lower levels. We can expect a consolidation between 2350 & 2450 with choppy moves within the range

## **Crypto**

After 4 weeks of fall and 2 weeks of consolidation the Crypto assets made sharp gains. It could also be rotation of funds from other asset classes. The required single day sharp move of 7-10% happened not on a single day However, the 10%+ happened in a couple of sessions put together which made the oscillators change the direction significantly. A couple of weeks earlier It appeared that the dream run was seen to be over and the asset class was tending to consolidate at a lower range.. As has been highlighting in our earlier blogs, the problem with the crypto asset is that it follows a unidirectional move. We may see a consolidation phase with a neutral bias. The volatility induced choppy moves would continue for a couple of weeks.

## **Crude**

The crude price shifted marginally to a lower range of 78-82. the risk zone of 81-84 continues to bother the markets. The crude made a bearish candle. Overall picture for now is that the price range is 71-89 with a pivot at 80.The current set-up suggests that the crude is likely to consolidate between 74 & 81. Higher crude prices would add trouble to the growth & the inflation expectations. Expect a range of 74-81 for the week.

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