

Market Views for the Week 05 Jan 26– 09 Jan 26-Venkat's Blog

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

NIFTY



(Chart image source: TradingView.com)

The Nifty Index took a strongly overturn from its support one of 25850-880 and made strong gains to hit a new ATH, breaching the range of 25830-26320 and closed just at the top of the range. The base around 25970-26060 would hold good for some time. The potential for scaling a new ATH remains open.

A few observations from the weekly charts are:

- The index moved in a range of 462 points between 25878- 26340
- Market sentiments remain positive
- Option expiry will decide on the direction of market
- Oscillators in different timeframes are showing positive signal

Expected scenarios for the ensuing week

- Index likely to consolidate in the range of 26K-26600

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Additional interesting observations

- Nifty made a bullish inside candle with a lower low and higher high
- Index may find supports at 26230**, 26110***, 25970 and the index could face resistances at 26390***, 26500**, 26620***
- 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
 - 24008-24420- Gap created on 12th May 25
 - 25355-25255- Gap created on 11th July 25

US Markets

- The DJI Index seem to be hitting another supply zone around 48600-800 and at the same time there is decent demand around 47700-800 zone
- DJI made a bearish candle with a lower low and lower high
- The weekly close is suggestive of lack of clear direction/a consolidation before fresh direction
- The oscillators appear stretched and are showing mixed signal
- We may expect a consolidation in the range of 47.5K -48.7K with a neutral bias
- 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 is closed above the 55 DMA at 25927 and far above the 200 DMA at 24970
- We may see a possible consolidation between 26110 and 26620

A few additional Observations:

- Index cleared the barrier at 26250 and hit a new ATH and on its way for another strong rally
- It is observed that there are 3 break-outs:
 - Rectangular boxed consolidation range of 24400-25400
 - The long-term resistance line drawn from previous peak of Sep 24 and June 25. The Index is above the trend line
 - The Index broke the declining trend line after 3 weeks of selling pressure
- The target for the first range break is 1K+ which turns out to be 26300+ (**has been achieved) and if we consider a flag formation type the target is 27800, which might take some time. The direction seems to be certain so long as major unexpected event trigger happens
- Option expiry can and the recent developments in the Venezuela can dampen the sentiments
- the Investors need to follow prudent risk management measures to protect their capital
- Key levels to watch are 26110 followed by 25960 on the downside and 26390 followed by 26520 on the upside
- Daily close above 26390 would trigger more stops which can take the Index to 26600

#Stay Safe

Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty made a strong comeback after being under pressure for the 4 consecutive weeks. It bounced from the support zone of 58700-800 and made a new ATH. A consolidation at every higher range would strengthen the base. Bank Nifty remained in a range of 1466 viz. between 58737 & 60203, made a strongly bullish candle with a lower low and higher high. The oscillators in different time frames are showing mixed signal. The target for the flag type formation has a potential upside of nearly 3K points which suggests the potential target as 61500. The hurdle on account of the long-term ascending channel top is at 61100. Expected range for the week is 59500- 61K 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 EURINR currency pair made an inside bearish candle with a higher low and lower high. As seen in the past, whenever the currency pair hits a new ATH, it comes under strong selling pressure for next 2-3 weeks. This time the recovery seems short lived. The present set-up suggests that the currency pair may re-attempt the recent highs only if it is able to have a daily close above 106.40. Expected range is 104.30-106.40. Any breach of the range would lead to 70-100 pips move.

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USDINR



(Chart image source: TradingView.com)

The currency pair remained in a comparatively narrow range after the fall during the week before. The currency pair is moving in an ascending channel with top at 91.30 and the lower end of the channel is at 89.30 with a mid-range at 90.30. While the imports are getting hedged at every dip lower, the Exporters who felt missing out the previous opportunity are expected to hedge on any spike higher, thereby providing supply.

A few observations

a) Expect the range of 89.30 -90.65 would hold for the week

b) Vols seen spiking

A few more observations:

- Appears as though the exporters are waiting on the side lines for the currency pair to trade above 90 got the opportunity in this move.
- The two-way move is likely to continue, which is positive.
- The expectation of consolidation at a lower range is possible only if we see a close below 89.30
- At best we can expect 89.30-90.65 range with volatile moves
- Will the pair attempt the final line of defence at 91.35 or trend towards the lower remains to be seen

Gold

The precious metal made dramatic move during the past 2 weeks making \$ 200 gain during the previous week and completely erasing and losing more during the week. At times these kind of moves happen around the top or the bottom of a major move which marks the tuff fight between the bulls and the beers. The present set-up suggests that a temporary top is in place and any trigger higher will see supply coming in. There is one risk due to the developments in the US-Venezuela which could trigger risk averse buying. The target of 4740 will have to wait for some more time. Aggressive purchases by the Central Banks keep the prices elevated. Expected range 4290-4540 and there could be choppy moves within this range.

Silver

Silver seem to be under temporary consolidation mode. The moves in Silver have become violent and almost 10% in a week which will derail the risk management measures if caught on the wrong side. Silver continues to attract buying interest. It would be difficult to project target levels in these types of exponential moves. There appears a deep structural issue. However, a few conventional projections point to 68-78 as one range and beyond 78 it moves to the net orbit of 78-85. The volatility is likely to continue, and we can expect a range of 68.10-78.50 during the week. This week closing is important to assess the near-term direction and target.

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Crypto

The crypto assets seem to have replicated the consolidation range similar to Mar 25. Still the outlook remains weak. Only a sharp 10% up move in one or 2 sessions can impact the oscillators. Though Crypto assets tried to move higher, it faced selling pressure on every spike. It would continue to trade with higher volatility. It is expected to consolidate with +/- 10% of current levels with a neutral bias. It remains to be seen if the crypto assets would consolidate around current levels or melt down further. The next couple of weeks are crucial which may throw some light on the future direction of the market.

Crude

The crude prices remained in a safe range of 57-59 during the week. Though these levels are good for the helping growth, a very long consolidation could be a sign of brewing risk. Crude is on the decline for the past 5 months making lower lows and lower highs in spite of supply concerns and sanctions on Russia. Daily close above 61 could see the prices move towards 67. Overall picture for now is that the price range is 53-69 with a pivot at 61. The weekend development in Venezuela could trigger a sharp spike.

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