

Market Views for the Week 30 Sep – 04 Oct 2024-Venkat's Blog

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

NIFTY



(Chart image source: TradingView.com)

The Nifty moved in a narrow range for the first 3 sessions of the week wherein 25850-25880 region was finding good supply. It clearly penetrated the 26K mark on the monthly option expiry date and continued to trade at elevated levels and was attempting new ATH every day. The 25430-550 zone is likely to act as a base for some time. The Index is moving in an ascending channel within which another steeper ascending channel. The longer term starts from Sep 23 and the intermediary trend starts from May 24, which got breached from downside during the first week of Aug 24. The NIFTY index has actually penetrated the long term resistance line starting from Sep 23.

A few observations from the weekly charts are:

- The index moved in a range of 430 points viz. between 25847 and 26277
- The sharp move during the past 3 weeks has helped the oscillators turn positive
- Option open interest to drive the direction of the market

Expected scenarios for the ensuing week

- Around 1500 points in just 3 weeks, Viz. from 24760 to 26277 indicates the underlying momentum
- Interest rate outlook for the near term and the power of liquidity is driving the markets

Disclaimer: The views expressed here are personal and not connected to SYFX Treasury Foundation. The views are for learning and reference purpose only.

Additional interesting observations

- Index posted third bullish candle in the weekly time frame
- Index may find supports at 26060, 25880, 25670* and the index could face series resistances at 26260, 26380 followed by 26420*
- *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 moved in a narrow range for 4 out of 5 sessions, finding good supply around 42200-300 zone, finally broke the barrier and made a new ATH
- Oscillators are turning positive and the original trend is intact
- A daily close above 42700 would trigger stops and the Index could make sharp moves
- As seen from the smaller weekly candle, Market seem to be positioning itself for the new monthly series
- Only a weekly close below 41500 will be seen as a probability of reversal of the trend
- Expect a consolidation in the range of 41500-42700,

Final Note

- The Index stayed above the 55 DMA at 24919 and is well above the 200 DMA at 23039
- Most likely scenario would be a consolidation between 25800 & 26420. Breach on either side requires reassessment of risk
- Downside risk sets in only if we see the Index close below 25500 on a daily basis.
- While the underlying momentum still continues to favor further upside potential, the monthly closing candle coupled with truncated week could make the market choppy
- The Index has crossed the resistance line starting from Sep 23 which could act as a support zone at least on a temporary basis which is at 26030
- The zone between 26350-420 is expected to be resisted firmly by decent supply. If this level gives-up, we can see swift move to 26700 and further projection would then move to 27300

#Stay Safe

Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty moved in a comparatively narrower range of 726 points Viz. between 54467 & 53834 which suggests a consolidation after 4000 points gain in three weeks. As noted in the previous blog the Bank Nifty had hit the Fib projections suggest of 54200 and was closer to the by a strong resistance at 54600 thereby making a new ATH @ 54467. While the momentum favors further higher levels, the resistance at 54600-700 needs to be cleared on a daily closing basis. We can expect Bank Nifty to make a new attempt for a fresh ATH. The oscillators in different time frames are showing mixed signal. At best we can expect a consolidation between the break-out trend line support of 52800 and 54700. Any close outside the range requires re-evaluation of the risk.

EURINR

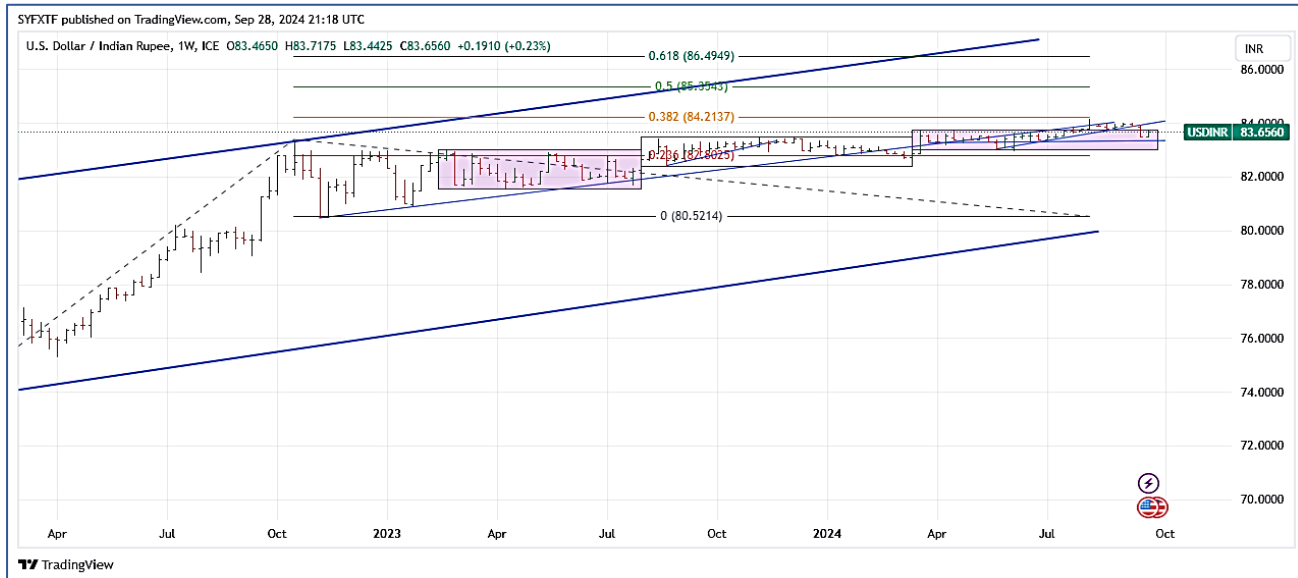


(Chart image source: TradingView.com)

The EURINR currency pair moved in a range of 92.59-93.46 more or less similar range as that of the previous week. As the trend is intact, the indications are that the currency pair is expected to hit the previous high with a probability of achieving a new ATH. Also that the currency pair has moved out of the descending channel showing signs of attempt towards previous high. The technical indicators are showing mixed signals. We may see a consolidation between 92.70 and 94.10. Any breach of the range would lead to 100 pips move.

Disclaimer: The views expressed here are personal and not connected to SYFX Treasury Foundation. The views are for learning and reference purpose only.

USDINR



(Chart image source: TradingView.com)

The currency pair took support at 83.46 and bounced back towards 83.71. Unlike seen in the past, we could see sellers emerging at higher levels. The currency pair is expected to stay in the new found range of 83.45-83.90. Still there is one chance exists for the currency pair to test 83.30. With one session to go for the monthly closing candle, it remains to be seen if there are chances for lower close which will decide whether the pair is likely to hit 84.20 or 82.70 in the following weeks. The overall picture still remains the same that the pair will eventually head towards 84.20 and then 85.30 in the near future. The market will try to position itself for covering the Imports on any dip.

A few observations

- Expect the range of 83.30-83.90 would hold for the week
- There is divergence seen in the charts
- Low Vols pose a threat of unknown risk

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*
- Next couple of weeks are crucial. For now, the Alligator seem to have been silenced/ sliced for rest. The dips are seen as opportunity for hedging the Imports
- Ultra-low Vols may be a huge risk and there could be sharp move happening when no one expects –A beginning of the new move and direction?
- The move brings back the interest in the currency for trading among the market participants

Gold

The precious metal continues to move higher as expected and has made a new ATH. The base seems to have shifted to 2550. As noted in the previous blog that the precious metal had seen 2630 and surpassed to hit a high of 2685. The indications are that we may see a consolidation between 2570-2720. There could be choppy moves within this range. A daily close below 2550 required for any corrective move down. We can reasonably conclude that the consolidation between 2570 & 2720 with choppy moves on either direction. With inflation cooling-off, probably the liquidity there is the driving force for precious metal trading at such elevated levels. Probably this could be the final week for gains and there could be a consolidation if not a corrective decline.

Crypto

Crypto assets continued to gain for the third consecutive week. 10% move in a week has become the norm with increased volatility. The Crypto assets are at a crucial juncture and close to take a sharp break-out. As has been highlighted 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 positive bias. The ensuing couple of weeks are crucial for the Crypto assets to come back in the positive territory. The technical indicators are favouring a turnaround. It remains to be seen whether the bulls catch this opportunity or give-up

Crude

Though there were indications of a pull-back in crude prices, it faltered around 72 and declined towards 67. It is favourable for the further cooling of the inflation and help in increased economic activities converting the green shoots to full blown growth. Overall picture for now is that the price range is 63-85 with a pivot at 74. The current set-up suggests that the crude is likely to consolidate between 63 & 70 during the week.

#Stay safe