

Market Views for the Week 03 Nov–07 Nov 25-Venkat's Blog

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

NIFTY



(Chart image source: TradingView.com)

The Nifty Index seems to face hurdles above 26K. For the second consecutive week it remained in a closed range of 25700-26100. However, the month closed with a strongly bullish candle. While the selling pressure was evident, at least for now, it is not very aggressive. The market sentiment has tuned from neutral to positive. The momentum is lacking for a big move in spite of breaking the long held range and crucial resistances.

A few observations from the weekly charts are:

- The index moved in a range of 386 points between 26097- 25711
- Option expiry and trade deal out-come to drive the direction of the market
- Oscillators in different timeframes are turning positive

Expected scenarios for the ensuing week

- The Index crossing the key resistance at 25600-660 after almost a year and the strong bullish monthly candle indicates the potential for new ATH and beyond

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

- Nifty made a bearish candle with a lower low and lower high
- Index may find supports at 25720, 25610***, 25520**, 25430*** and the index could face resistances at 25930**, 26130**/26280***
- *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 opened with a gap and continued its momentum scaling 48K and went on to make a new ATH
- DJI made a doji candle with a higher low and higher high
- There could be temporary setback as there could be supply around 48200-300 zone
- Though the Index may face selling pressure due to profit booking at higher levels, the candle pattern suggests that the upside potential still remains
- The weekly close is suggestive of a consolidation phase before further direction
- The oscillators are showing mixed signal
- We may expect a consolidation in the range of 47.2 -48.2K with a Neutral bias

Final Note

- The Index is closed just above the 55 DMA at 25114 and fairly above the 200 DMA at 24327
- We may see a possible consolidation between 25520 and 26230 while 25700 itself is a strong support

A few additional Observations:

- Index breaking the long of consolidation range of 24500-25500 and crossing the 25600 after almost 1 year with a bullish monthly candle is seen as positive
- The reactive move to drive away the small time investors is seen as an opportunity to look for fresh longs
- It appears as though the funds are returning to Indian equities for making quick gains
- It is observed that there are 2 break-outs:
 - Rectangular boxed consolidation range of 24400-25400
 - The long term resistance line drawn from previous peak of Sep 24 and June 25
- Same range for second week in a row and a close with a Doji type candle makes the formation look like a double barrel. Possibly the Monthly option exposure kept the upside capped. The trend is definitely looking upwards and is likely to be negated if we see a daily close below 25520
- The target for the first range break is 1K+ which turns out to be 26300+ which would become a new ATH and if we consider a flag formation type the target is 27800 which might take some time. The direction seem to be certain so long as major unexpected event trigger happens
- Key levels to watch are 25520 followed by 25410 on the downside and 26090 followed by 25280 on the upside
- Daily close above 26100 required for seeing higher levels
- Expect increased volatility for next couple of weeks and the Investors need to follow sound risk management measures to protect their capital

#Stay Safe

Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty continued its consolidation in almost the same range as that of the previous week. The supply kept the Index gains at check. For now, the momentum is expected to continue and base appears to have shifted to 56500. Bank Nifty made a bearish inside candle and remained in a range of 817 points viz. between 58469 & 57652 with a higher low and lower high. The oscillators in different time frames are turning positive. As noted in the previous blog, the first target for this break out around 57500 has been achieved while the overall target of 58800 is still open. While the break-out level of 57K-57.2K remains a decent support, if it breaks there could be trigger of stops and we may see the Index slide towards 56500. Expected range for the week is 56.5K-58.8K with a positive bias. A daily close outside the range would trigger at least 500-700 points move in the direction of breach.

EURINR

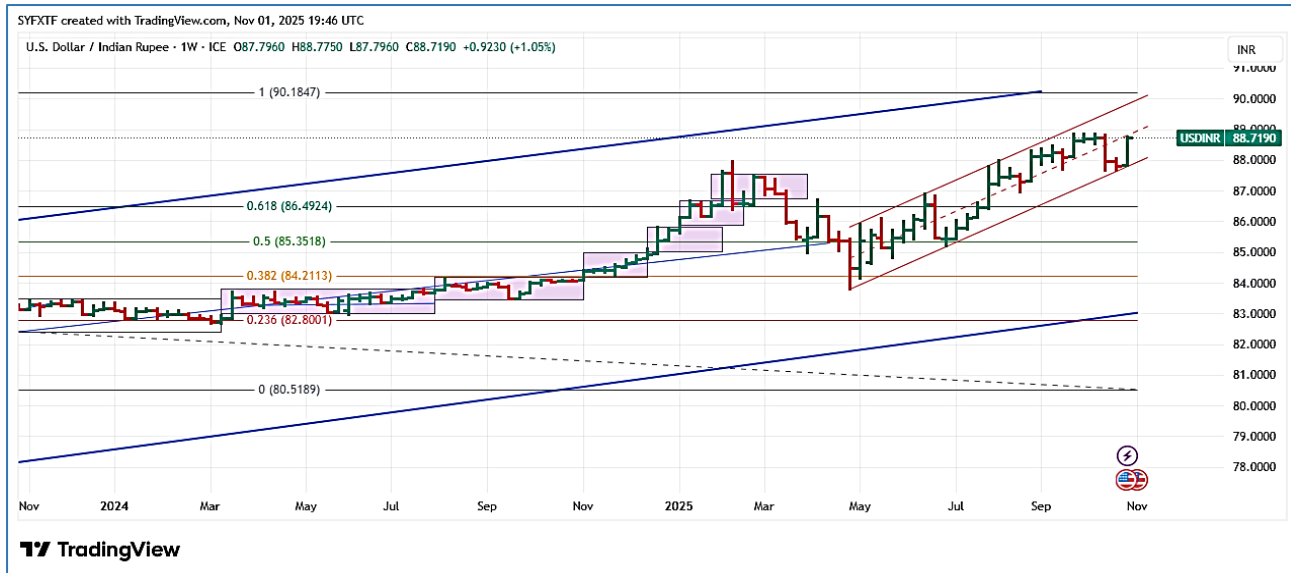


(Chart image source TradingView.com)

The EURINR currency pair made a positive candle after 4 weeks of decline and formed a bullish candle with a higher low and higher high. It seems to hold the support at 101.20 and is presently facing resistance at 103.10. For now, the upside seen capped around 103.40. The outlook can only change if we see a daily close above 103.10. The currency pair is moving in a descending channel with support at 101.10 and the top end around 102.80 and hence, we may expect a consolidation in the above range. We may see buying interest to emerge on any dip closer to 101.20. Daily close below 101.30 would see a trigger lower towards 100.80. 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 held the ascending channel support at 87.80 and moved closer to the ATH. It formed a bullish candle. The currency pair is moving in an ascending channel with top at 89.87 and 87.90 as the lower end of the channel with a mid-range at 88.92. A daily close above 88.80 could see the currency pair move towards 89.30. 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

- Expect the range of 88.20 -89.30 would hold for the week
- 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 may get the opportunity in this move if the daily close is above 89.30
- The two way move is likely to continue, which is positive.*
- The expectation of consolidation at a lower range is possible if we see a close below 88.10*
- At best we can expect 88.20-89.30 range with volatile moves
- A weekly close shows all is not week for the currency pair and the demand persists and the hope for a lower range remains a big question mark

Gold

As noted in the previous Blog that in the event of a daily close below 4060 would see the precious metal slide towards 3960 happened and a low of 3886 was seen during the week. While the precious metal is attempting to make a quick comeback, it might face hurdles around 4060-4120 range. Only a daily close above this would give an opportunity for close to the previous high. This saw the precious metal melt towards the first break-out level of 4K and also remained negative through the week. We may see a consolidation between 3730-4120. The precious metal has a tendency to fall after hitting a new ATH and resume its trend subsequently. Aggressive purchases by the Central Banks keep the prices elevated. The current week is crucial for assessing the future range. There could be choppy moves within this range.

Crypto

The crypto asset continues to be in a narrow range for the third consecutive week. We may see a period of consolidation before a major move. The crypto asset is likely to trade with higher volatility consolidate with +/- 7% of current levels with a positive bias and is likely to move higher. For now, the Feb 25 peak levels are holding. It remains to be seen if the crypto assets would consolidate around current levels till we see a clear direction. 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 59-62 during the week. Daily close above 64 could see the prices move towards 70. Overall picture for now is that the price range is 53-83 with a pivot at 70. With 55 holding through the month and the weekly closing is around the top of the range could see the crude prices trading at higher levels. The current set-up suggests that the crude is likely to consolidate between 58 & 64 during the week.

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