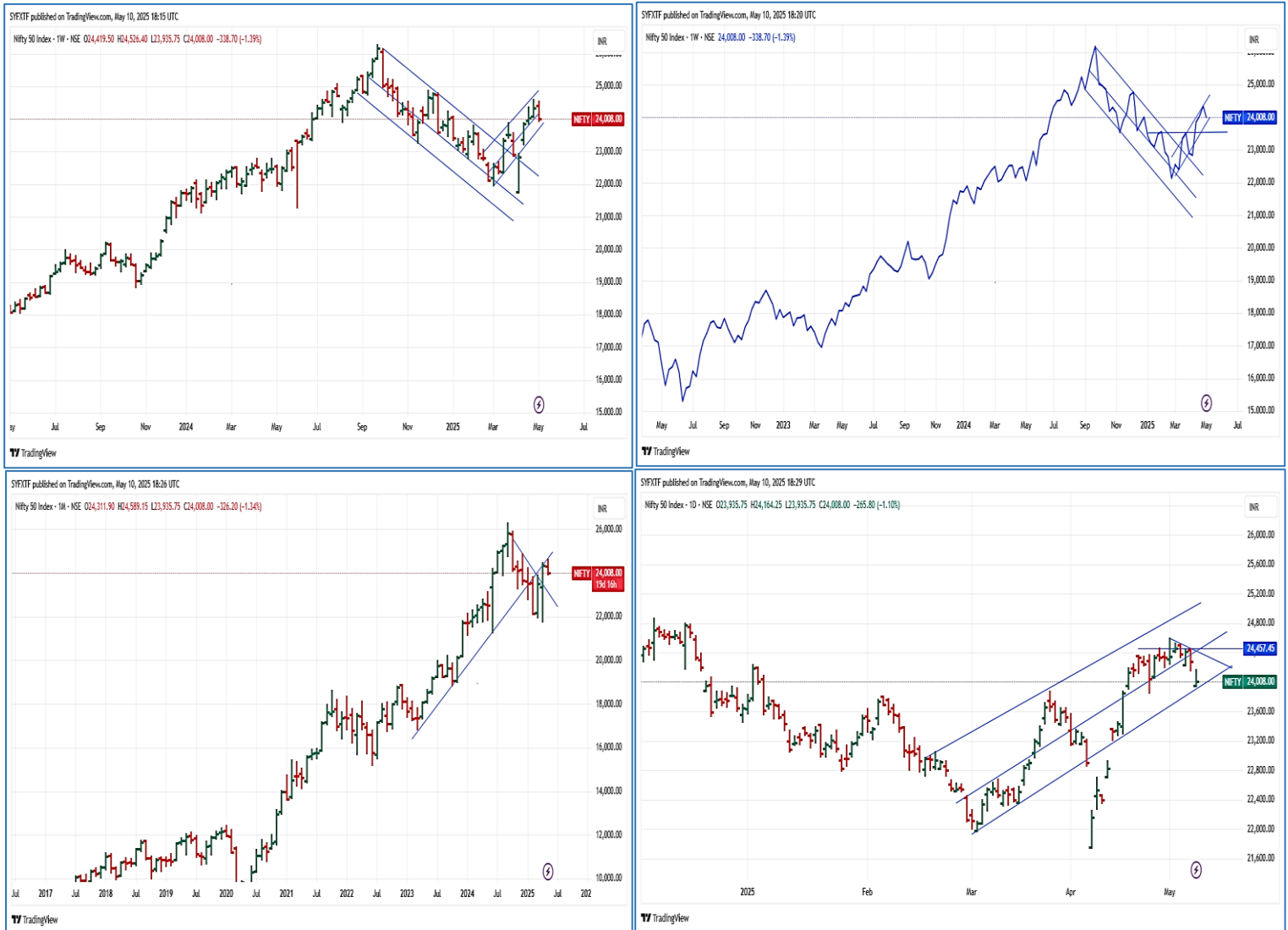


Market Views for the Week 12 May– 16 May 25-Venkat's Blog

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

NIFTY



(Chart image source: TradingView.com)

The Nifty Index snapped its four weeks gain and remained under pressure. Due to mounting tensions along the LoC it ended up lower. With US decision for a 90 days pause, the market starts breathing easy. However, the war situation has an impact on holding the gains.. For now, we can consider that the 23700--24800 zone is likely to invoke buying interest. The market sentiments are mixed. Till we get clarity, we can consider the Nov 24 and Dec 24 highs as major supply zone.

A few observations from the weekly charts are:

- The index moved in a range of 591 viz. between 24526 and 23935
- Option expiry to drive the direction of the market
- Oscillators in different timeframes are showing mixed signal

Expected scenarios for the ensuing week

- The Index closing around 24K is not a favorable sign for the bulls

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 lower high and lower low
- Index may find supports at 23860**, 23730, 23560** the index could face resistances at 24160, 24330, 24470**
- *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*
 - 22828-23368- Huge Gap Created on 15th April is open
 - 23851-23949- Gap created on 21st Apr 25-Likely to be attempted during this week

US Markets

- As noted in the earlier blog, DJI successfully closed one of the gaps during week and that that it made a quick attempt close to the expected target of 42K
- While there seems decent supply around 42K, it is likely that the DJI Index is likely to consolidate in a higher range
- For now the DJI may find decent buying interest around 40.5K and expect sellers to emerge around 42.5K
- We may expect a consolidation in the previously known range of 40.5K-42.2K

Final Note

- The Index is closed well above the 55 DMA at 23226 and fairly above the 200 DMA at 24050
- We may see a possible consolidation between 23520 and 24400

A few additional Observations:

- A repeated failed attempts to hold above 24400 resulted in a sell-off and the disruptions in the LoC added to the negative sentiments
- The Index has closed above the Mid BB after 6 months which is considered as positive. However, failure to hold above 24500 is negative
- The descending channel break and also the irregular Inv H&S formation has a potential target of 25K. It remains to be seen if the Index marches ahead directly or takes a breather before the next up move
- The tension in the LoC and earning season are likely to contribute for volatility. Similarly the LoC between the bulls and bears is 23700-800 zone
- Another interesting observation is that the NIFTY is making a "V" shaped recovery and is attempting to get back in to the long term trend and faces the trend line resistance around 24600-750
- Market correlations are dis-oriented and just a couple of weeks create diagonally opposing picture on the canvas. Hence the investors need follow prudent risk management measures

#Stay Safe

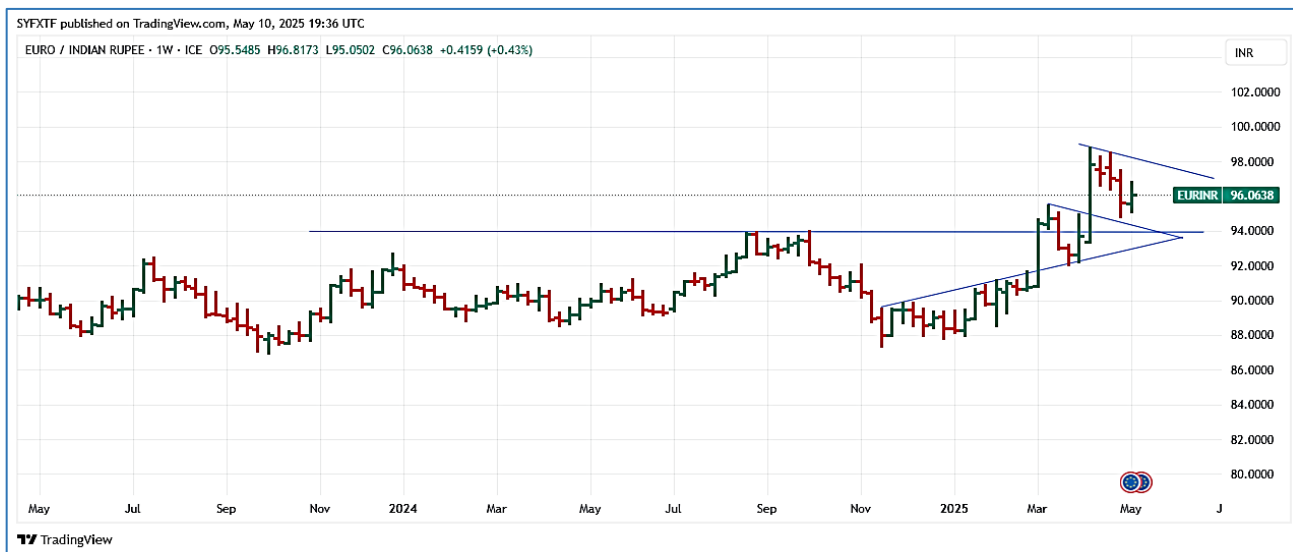
Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty came under selling pressure as it could not breach the 56K mark in its attempt during the previous 2 weeks. Bank Nifty is back in to the six months trading range of 49700-53600. Bank Nifty made a bearish candle and remained in a range of 1862 points between 55345 & 53483 with a lower low and lower high. The oscillators in different time frames are showing mixed signal. Bank Nifty is expected to be well supported between 52800 & 52500 zone and we can expect supply around 54700 & 55200 levels. Expected range for the week 52500-54500. A daily close above 56300 required for a trigger higher. A daily close outside the range would trigger at least 700-900 points move in the direction of breach.

EURINR

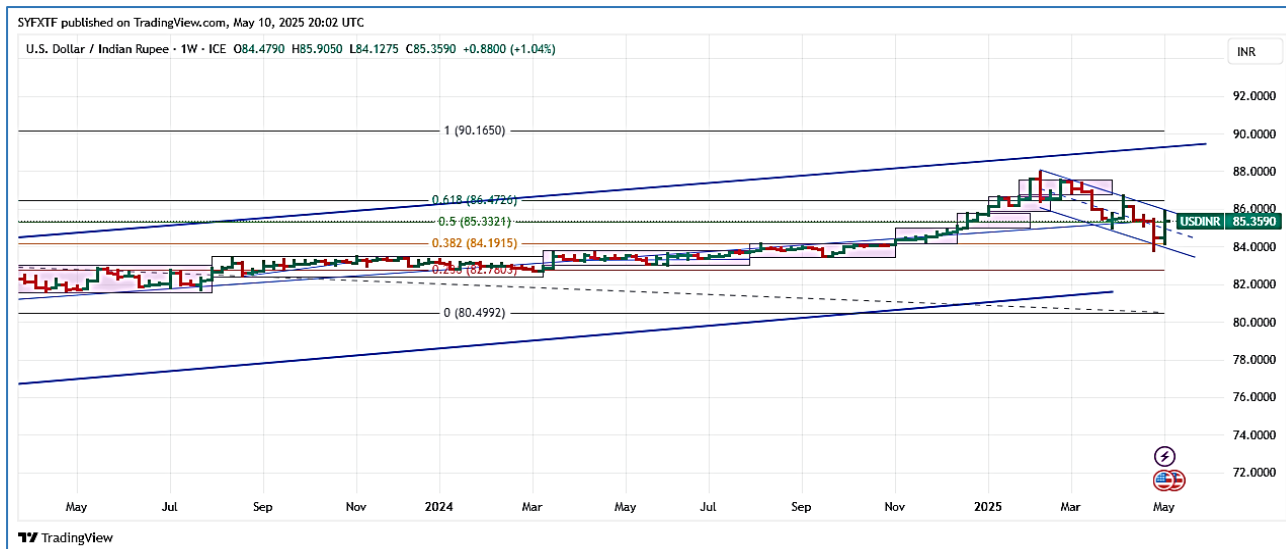


(Chart image source: TradingView.com)

The EURINR currency is attempting resist the selling pressure. The currency pair made a bullish inside candle. With 95.00 as a support the pair may continue its consolidation in the range of 95.00-97.00. A daily close above 97.60 is required for further gains. We may see supply coming in around 97 and similarly buying interest to emerge around 95. Any breach of the range would lead to 70-100 pips move. We can expect a consolidation in the range of 95.10 and 97.10 with a neutral bias.

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USDINR



(Chart image source: TradingView.com)

The currency pair made a sharp up move after testing a low of 83.75 during the previous week. This move happened on account of the escalations in the LoC. A weekly close above 85.40 is not a good sign. For now, it appears that the currency pair is likely to trade between 84.90 and 85.80 with interest on both sides. A weekly close above 85.80 would imply that the currency pair is likely to move towards 86.70. 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 84.70-85.80 would hold for the week
- Vols are expected to cool-off
- The target 84 is achieved

A few more observations:

- The close below 86.10 is indicative of further consolidation at a lower range with a negative bias. The upside is seen capped at 86.10 for now.*
- Going forward the exporters who missed the opportunity earlier would rush to hedge
- After almost 2 years of consolidation the charts appear to be showing probability of further down move, A weekly close above 86.50 would negate this assumption*
- In any case, the two way move is back after many months.*
- While the current move is beneficial, it is time to look for hedging Imports at levels closer to 84.00 as the markets may turn around anytime

Gold

Precious metal made another strong attempt to move higher. However, it failed to cross 3430 and closed midway of the range of the week. The move negates the fall of the previous week. Yet the divergence in the chart indicates that the upside may still be capped around 3440 and the downside buying interest seen around 3200. The Precious metal is likely to drift towards 3320 and possibly 3130 in the weeks to come. Expected range for the week, 3230-3440. There could be choppy moves within this range.

Crypto

The crypto assets continued appreciating for the third week after consolidating in a narrow range for the 8 weeks thereby erasing the losses made during the last week of Feb 5. The present set-up suggests that the Crypto assets may make one more attempt towards the earlier peak and attempt to create a new ATH and then may face fresh sell-off. Declines may invoke buying interest. Most likely scenario could be that the crypto asset is likely to have volatile sessions and there could be a consolidation with +/- 7-10% of current levels with a positive bias. The next couple of weeks are crucial which may throw some light on the future direction of the market.

Crude

At least for now, there is no change in the perception as noted in our previous blog that "Post COVID, the crude price moving below 65 last happened during Nov-Dec 21. Does this Indicates the fear of US recession looming happening sooner than expected?" The oscillators continue to show mixed signals. The crude prices below 60 still confuses whether it is indicating lower demand or a deceptive move to surprise the market. Overall picture for now is that the price range is 57-80 with a pivot at 69. Below 57, there could be definite trouble. The current set-up suggests that the crude is likely to consolidate between 57 & 64 during the week.

#Stay safe