

Market Views for the Week 19 May– 23 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 saw a strong pullback after the ceasefire announcement. With easing tensions along the LoC coupled with the US decision for a 90 days pause, the market sentiments improved noticeably. The Nifty Index appear to have made a strong base around 24500 and is expected to be well supported in the near future. Hence, we can consider that the 24500--24600 zone is likely to invoke buying interest. The Index having cleared the Nov 24 and Dec 24 highs we may see these levels to provide good support in case there is a pull back.

A few observations from the weekly charts are:

- The index moved in a range of 738. between 24378 and 25116
- Option expiry to drive the direction of the market
- Oscillators in different timeframes are showing positive signal

Expected scenarios for the ensuing week

- The Index closing around 25 is 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 strongly bullish candle with higher high and higher low
- Index may find supports at 24860**, 24730, 24560** the index could face resistances at 25130, 25260**, 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
 - 24008-24420- Gap created on 12th May 25

US Markets

- A gap up opening during the first session of the week gave the required momentum for the Index to stay afloat at higher levels. As noted in the earlier blog, DJI successfully closed the first gap created during the steep fall
- While there seems decent supply around 42K, DJI Index is likely to consolidate in a higher range
- For now the DJI may find decent buying interest on any pull back below 42K and expect sellers to emerge around 43K
- We may expect a consolidation in the previously known range of 42K-43K
- While the momentum favors more upside, it is to be noted that there could be second round of selling around 43300 which is expected to make a corrective wave

Final Note

- The Index is closed well above the 55 DMA at 23398 and fairly above the 200 DMA at 24058
- We may see a possible consolidation between 24630 and 24330

A few additional Observations:

- Immediately following working day after the announcement of ceasefire, the market witnessed a gap-up opening above the crucial 24400 which was considered a strong resistance and a supply one
- The Bulls were in total control and the levels once considered as resistances gave way easily.
- The Index has achieved the descending channel break and also the irregular Inv H&S formation which had a potential target of 25K
- The earning season is likely to contribute for volatility
- Another interesting observation is that the NIFTY is making a "V" shaped recovery and is well back in to the long term trend and faces the resistance around 25270 which is Aug 24 high. Beyond this the Index may move towards the earlier ATH
- Just a couple of weeks create diagonally opposing picture on the canvas. Hence the investors need follow prudent risk management measures
- The Index is expected to consolidate between 24670-25370

#Stay Safe

Bank Nifty:



(Chart image source: TradingView.com)

With the easing of tension in the LoC, The Bank Nifty is making a renewed attempt towards the 56K mark and possibly a new ATH. Bank Nifty well above the six months trading range of 49700-53600. Bank Nifty made a bullish candle and remained in a range of 1052 points between 54442 & 55499 with a higher low and higher high. The oscillators in different time frames are showing mixed signal. Bank Nifty is expected to be well supported between 54300 & 53800 zone and we can expect supply around 56400 & 56600 levels. Expected range for the week is 54300-56400. A daily close below 53300 required for a trigger lower. 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 was under continued selling pressure till it tested the break-out level of 94 from where it rose to 98 during the second week of April 25. Finally it managed to resist the selling and closed near the top of the range for the week. The currency pair made a bearish candle. The pair may continue its consolidation in the range of 94.50-96.00. A daily close above 96.20 is required for further gains. We may see buying interest to emerge closer to 94. We can expect a consolidation in the range of 94.50 and 96.10 with a neutral bias. 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 range and made an inside candle. The backlash subsequent to the disruptions in the LoC is keeping the currency pair in demand. The currency pair is moving in a descending channel with top at 86.65/70 and bottom at 83.70 with a mean at 84.65. The hang-over of the recent incidence will keep the currency pair in a range. A weekly close above 85.40 is not a good sign. For now, it appears that the currency pair is likely to trade between 84.60 and 85.65 with interest on both sides. A weekly close above 85.80 would imply that the currency pair is likely to move towards 86.70 and beyond. 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 84.60-85.65 would hold for the week
- Vols are expected to cool-off

A few more observations:

- The close below 86.10 is indicative of further consolidation at a lower range with a neutral bias. The upside at 86.10 is at risk.*
- 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 85.00 as the markets may turn around anytime

Gold

Precious metal closed below 3240 after 4 weeks. The volatility is very high as can be seen from the attempts to pull back after every fall. It made another strong attempt to move higher. However, it failed to cross 3290 and closed around the lower end of the range of the week. The divergence in the chart indicates that the upside may still be capped around 3330 and the downside buying interest seen around 3080-3030 levels. The Precious metal is likely to drift towards 3230 and possibly below 3K in the weeks to come. Expected range for the week, 3030-3280. There could be choppy moves within this range.

Crypto

The crypto assets continued appreciating for the fourth week after consolidating in a narrow range for the 8 weeks thereby erasing the losses made during the last week of Feb 5. Though it made a negative candle during the week, there are chances that it may make one final attempt towards the earlier peak and attempt to try 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 neutral 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, the Crude held the crucial 57 levels and recovered above 60. However, 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?" 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 58 & 64 during the week.

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