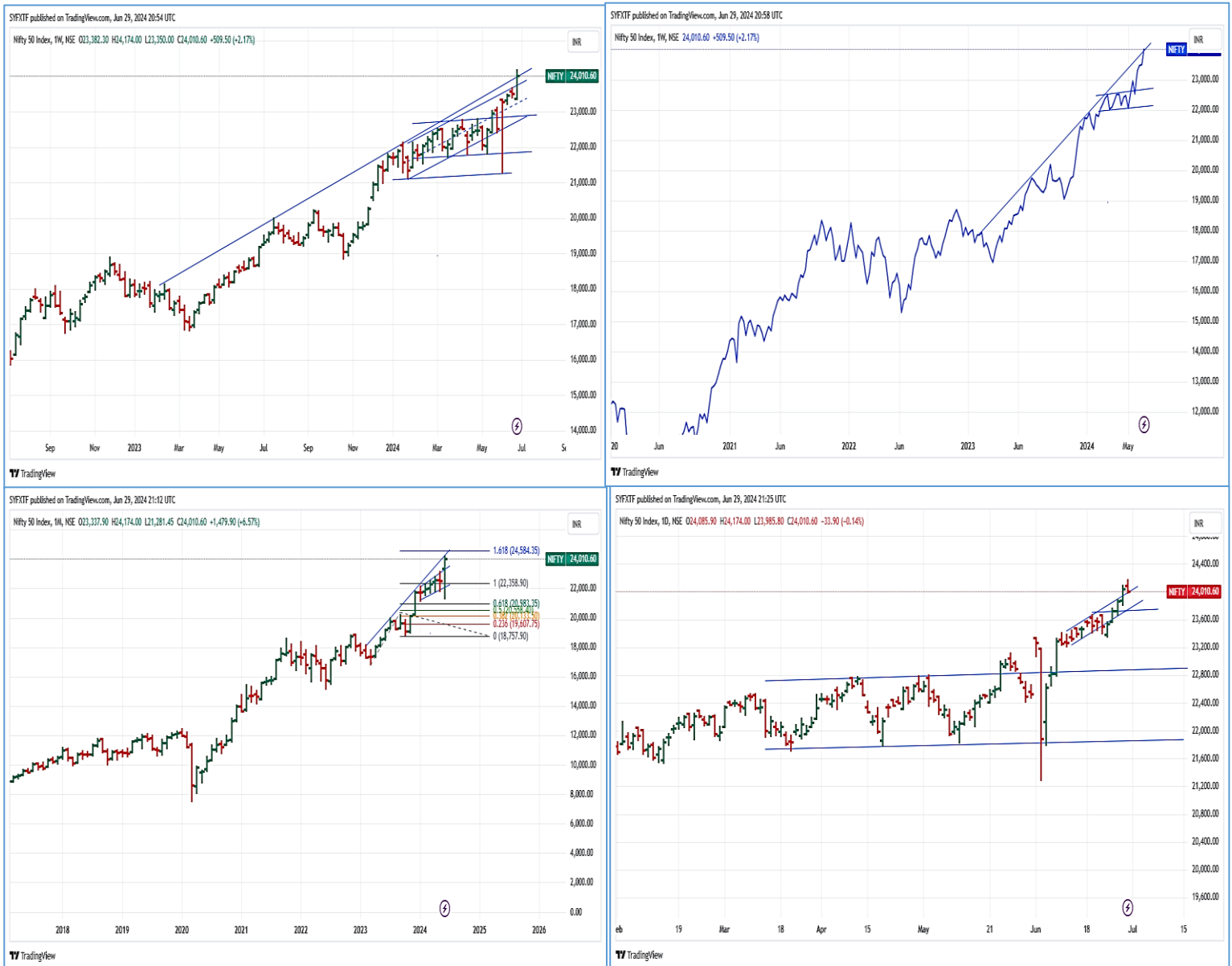


Market Views for the Week 01 Jul– 05 Jul 2024-Venkat's Blog

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

NIFTY



(Chart image source: TradingView.com)

The month of June had seen wild moves. The Index was in a consolidation range and as the election result drama unfolded it plunged. In spite of strongly negative sentiments the Index recovered in a matter of 3 sessions. Thereafter we have been witnessing new ATH every week. The Index has attempted to pierce the long term trend line starting from mid Feb 23.

A few observations from the weekly charts are:

- The index moved in a range of 824 points viz. between 23350 and 24174
- The oscillators of different time frames appear stretched
- Option open interest to drive the direction of the market

Expected scenarios for the ensuing week

- After a strong bull candle we can expect a profit booking resulting in a consolidation

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 a strongly bullish candle and has moved out of the channel resistance at 23780-800 zone and also attempted piercing the long term trend line at 24040
- Having achieved the milestone of 24K what's up next?
- Index may find supports at 23900, 23780, 23650 and the index could face series resistances at, 24160, 24320, 24480
- *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 seem to be having trouble crossing the key milestone of 40K
- The bias appears tilted towards negative sentiments. Yet the Base at 38600 appears to be strong and we can expect a consolidation between 38800 & 39800 to continue for some more time.
- The oscillators in weekly time frame show mixed signals
- Multiple moving averages are converging which could be the reason for uncertainty of the direction

Final Note

The Index has stayed well above 55 DMA at 22771 and the 200 DMA at 21426

- The weekly charts suggest that the Index has breached the ascending channel with top at 23810 and also the long term trend line at 24040. This indicates the underlying push to further higher levels.
- The notable observation is that the daily charts shows similar pattern as seen in the Monthly charts immediately after the pandemic fall and subsequent recovery.
- Most likely scenario would be a consolidation between 23810 & 24410. Breach on either side requires reassessment of risk
- The Q1 results expected to be positive and keep the markets at higher levels. However, the uncertainties on account of the expectations from the Budget would keep the markets volatile

#Stay Safe

Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty is posted a new ATH and has penetrated the channel top at 51600 and has stayed above for the past couple of weeks. The Bank Nifty moved in range of 2042 points Viz. between 51138 & 53180. The Bank Nifty posted a bullish with higher lows and higher highs. The next target could be 53500. The Bank Nifty appeared to be catching up the lost opportunities. The oscillators are showing mixed signal. Bank Nifty has shown stronger momentum in penetration the limitation of selling pressure compared to the main Index NIFTY. The resistance comes in at 53500 range and the support at 51950 followed by 51750. A close below 51600 could negate the upside momentum. The expected range for Bank Nifty is 51750-53500 and a daily close outside the range would require re-evaluation of risk and target.

EURINR



(Chart image source: TradingView.com)

The currency pair posted a narrow bearish candle. The currency pair has been moving in a range of 89.10-89.70 for the past couple of weeks, We may see the continuation of this till we see a breach on one side on a daily closing basis. The currency pair is at a crucial support zone and breach below 89.00 would see quick fall towards 88.10. The next couple of weeks are crucial for the currency pair to sustain 89 levels or move towards 90-91 range. Expect the currency pair to undergo a consolidation between 89.10 & 89.90. 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 is consolidating between 83.35 & 83.62. This range has been continuing since April 24. It is observed that the pair may once test lower levels of 83.10 and possibly 82.90 and then break the barrier at 83.65 and move higher. The ultimate targets of 84.20 and 85.35 are around the corner. Any daily close beyond 83.80 is a clear indication of the Alligator formation opening its mouth in which case we may see 84.20 sooner. The market will try to position itself for covering the Imports on any dip. We are back in the same old range of 83.10-83.62.

A few observations

- Expect the range of 83.10-83.50 would hold for the week
- There is divergence seen in the charts
- The currency pair seems to have its own agenda and reflect the sentiments similar to CNY currency.

A few more observations:

Continue to keep the following input for quick reference though it is repeated for the past 8 months.

- The 82.75-83.25 (with error adjustments) zone is the Fib projection of July 2011 to July 2013. Alternatively, the Fib projection of the move from Jan 22 (Low) to Oct 22 (High) and Nov 22 low also suggest the projection as 82.92. Hence, the importance. If breached, we may see another spike towards 85.70
 - Ultra-low Vols may be a huge risk and there could be sharp move happening when no one expects
- Next couple of weeks is crucial. The final hope remains at 83.80. If this level breaches on a closing basis, then the Alligator pattern will kick-in and it would be a confirmed move towards 85.70 in the near future.

Gold

The precious metal is in a consolidation mode with support at 2300 and the resistance at 2375. For now 2280-85 is likely to provide good support. In the absence of any major risk and lowering inflation there is no logical reason for the precious metal to trade at elevated levels. However, the technical outlook remains neutral. Here again the downside may not be that deep as the declines would have buying interest. The ensuing week is crucial and we can expect choppy moves. Only a daily close below 2270 would see metal drift towards lower levels.

Crypto

Crypto assets continue to be under strong selling pressure. It appears that the dream run seem to be over and the asset class is in a consolidation range. However, there could be choppy moves of 10% on either side of the current levels. As has been highlighting 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 negative bias. The volatility induced choppy moves would continue for a couple of weeks.

Crude

The crude price continues to hover around the risk zone of 81-83. We have seen the crude prices gaining for the past three weeks and the monthly candle is a small but bullish candle. Overall picture for now is that the price range is 69-93 with a pivot at 81. The current set-up suggests that the crude is likely to consolidate between 76 & 86. We cannot expect any sharp decline. Higher crude prices would add trouble to the growth & the inflation expectations. Expect a range of 76-86 for the week.

#Stay safe