

Market Views for the Week 05 Oct- 09 Oct 26-Venkat's Blog

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

NIFTY



(Chart image source: TradingView.com)

The Nifty Index made its ninth consecutive bearish candle. There has been continued pressure on the Indian Indices. There is no sign of relief in oil prices due to conflicting signals on the status of the Strait of Hormuz and potential additional tariff. These factors have rendered the market sentiments to turn negative. Index closed lower making another bearish candle. The overall sentiment appears to be negative and is likely to continue till we see clear resolution of the on-going conflict in the Middle East region and resultant cooling of oil price.

A few observations from the weekly charts are:

- The index moved in a range of 863 points between 23080- 22217
- Market sentiments remain negative

Expected scenarios for the ensuing week

- Index likely to consolidate in the range of 22180-22800

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 22330**, 22210***, 22080 and the index could face resistances at 22540**, 22700***, 22840***
- The Index had seen multiple gaps on either direction of its journey.
- The levels were repeatedly mentioned in the previous blogs and will be inserted when relevant

US Markets

- The DJI Index continues to remain vulnerable
- DJI made another bearish candle with a lower low and lower high and shows a possibility of a dip below 50K
- There is no clear indication of a recovery pull back
- It appears that there is decent supply above 5200-300 zone
- Only a daily close above 52500 can provide an opportunity for a pullback
- The Index closing around/below the MBB is negative
- The oscillators in different timeframes are showing signs mixed signals
- We can expect a consolidation in the range of 49700-52500
- A daily close outside the range will attract stops and could trigger 500-700 points move in the direction of breach

Final Note

- The Index closed below the 55 DMA at 23896 and closed below the 200 DMA at 24355
- We may see a possible consolidation between 22180 and 22800

A few additional Observations:

- Index attempting the lower BB on weekly is considered a negative sign
- As noted in the previous blog that the support at 22900 is crucial and a breach and daily close below could lead to further sell-off towards 22700 and possibly 22560 has happened and the fall was well beyond the expectations
- In addition to the spike in crude prices, the additional risk of fresh tariff could delay any possible recovery
- The Banking Index is seen as a huge drag on the main Index and it can swing either side
- Option expiry could drive the direction of the market
- The start of Oct has not shown clear direction of an up move and the present set-up suggests that there is likely selling pressure on every spike higher
- Index has sharply reclaimed above 23K in the earlier 2 occasions from the baseline of 22K
- Q2 earning expectations can provide some support for the market
- The Investors need to follow prudent risk management measures to protect their capital

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Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty made a bearish candle with lower low and lower high. As noted in the previous blog that the last hope is seen at the crucial support at 55K and a breach and daily close below this would see the Index drift towards 54500 and lower has come true. We may see selling pressure to continue till we see a daily close above 57K. The Index is seen moving in a descending channel with support at 53300-400 zone and resistance at 55500-700 zone. Bank Nifty remained in a range of 1605 between 55390 & 53785. The upside remains capped around 56700-800 till we see a daily close above this. Expected range is 53300-55700. The oscillators in different time frames are showing mixed signals. 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 currency pair could not hold above the crucial resistance zone of 109.70-109.80, it came under selling pressure and has breached the ascending channel and closed lower. The currency pair made a bearish candle with a lower low and lower high. The currency pair moved in a range of 109.56-107.88. The currency pair is seen moving in a descending channel with top at 109.20 and support at 107.50. The current set-up suggests that the currency pair is likely to consolidate in the range of 107.50-109.10. Breach of the range would trigger a 50-70 pips move in the direction of the breach.

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USDINR



(Chart image source: TradingView.com)

The currency pair continued to trade at higher price band on the back of spike in Oil prices and the uncertainties on the conflict in the ME zone. It remained in a range between 95.75 and 96.33. Took support at the mid-line of the parallel channel and made a bullish with higher low and lower high. The weekly close suggests that the currency pair has direct correlation with the crude price and any shock has direct impact. The risk of an attempt towards the previous ATH has opened up again. Oil and Import demand continues. There seems no quick-fix for the on-going crisis in the gulf region.

A few observations

- Expect the range of 95.95 -96.85 would hold for the week
- Vols seen spiking

A few more observations:

- The weekly close above 95.70 is seen as negative
- New tariff threat could act as an additional pressure on the currency
- The two-way move is likely to continue
- We can expect 95.95-96.85 range with volatile moves
- A daily close above 96.85 would open the upside for test of 97.15
- Only a daily close below 95.60 will help the pair to attempt 94.80 and further lower levels
- Fresh escalations and changes in Geo-political risk and any sharp spike in higher oil prices would impact negatively

Gold

The precious metal broke the crucial support at 4235-45 and had a quick fall towards 4110. As noted in the previous blog that the current set-up suggests that the precious metal may eventually give-up the support at 4235-40 and is expected to see volatile session between 4100-4400 has happened. The precious metal made a bearish candle with lower low and lower high. The next couple of weeks are crucial for assessing future direction of the precious metal. While supply can be expected around 4300, the declines are expected to see buying interest around 4K and there could be choppy moves within this range. The precious metal is caught between multiple MA and break on either side would see \$100 move in the direction of breach.

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Silver

Silver after holding the crucial support at 62 for 6 weeks finally gave-up and moved lower. It made a bearish candle with lower low and lower high. The present set-up suggests that the Silver may attempt previous lows around 55 before a possible pullback. Next couple of weeks would throw better picture on the future direction and the target. The present set-up suggests that the metal is likely to trade in the range of 55-63 with choppy moves within the range. The volatility is likely to continue.

Crypto

The crypto asset had shown unusual resilience when all other asset classes faced tremendous pressure. I attempted to break higher and yet do not seem to have the required momentum. Though the trend appears to be higher, it faces a definite hurdle around the highs which it attempted during Dec 25-Jan 26. During the week it made a Doji candle with higher low and lower high. There seems a potential pullback in crypto assets and it remains to be seen if it is well supported by buying interest. The crypto assets are expected to consolidate with +/- 4-5% of current levels with a neutral bias. There is likely to be volatile moves.

Crude

The crude prices remained below the psychological mark of 100 and remained in almost the same range as that of the previous week and moved in a range of 88 & 96. As noted in the previous blog that we are at another crucial juncture and the set-up suggests that the momentum still exists and only a weekly close below 85 could ease the pressure. The weekly closing does not paint a rosy picture. At best we can expect similar range for the week. Expected range for the week 85-96.

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