

Market Views for the Week 18 Apr – 22 Apr 2022-Venkat's Blog

#syfx.org#Nifty#USDINR#Indianstocks#Gold#Crypto #Crude



Last Friday's move from 17600 to 17840 gave great hopes for a sustained momentum upwards. Unfortunately faced with truncated week with just three sessions saw a steady decline and breach below 17580 which a crucial one. A new intermediary trend has emerged with a steep downward channel on daily charts. While the Index has held 17450 which is the earlier bounce back level the scenario seems to suggest that it might give-up this base at least for a day or two. The supports at 17330 and 17260 are expected to provide good support. For the upward momentum has to return the Index has to break the upper end of the trend channel around 17620. Till we see a close above 17620, the possibility of revisit of 18k appears difficult for now. Additionally, the Index is having another major barrier at 17880.

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A key observation from the weekly charts is that the Index is still moving in the wedge formation which has the top at 18070 and lower end at 17050.

One technical possibility is that the downward sloping channel is most likely to break-out from the upside. Next couple of weeks could decide future direction of the Index. Below 17300 it's going to be a difficult situation and we might be heading towards 17050 and finally 16700. Could be the final chance for the Bulls to take hold of the grip. Geo-political and Inflation risk getting highlighted as and when the market attempts higher levels. India VIX at below 20 is a good thing if it continues to do so. Probably some accumulation happening on one side for a big move. Last week's price action has dented the optimism.

Bank Nifty:

Bank Nifty has shown tremendous resilience and moved in a narrow range between 37270 &-37980. This is due to the fact that the oscillators show divergence. Monthly chart shows a strong resistance at 38720 which is the top of the trend line starting from Nov 21. The intermediary support at 37350 is crucial level to watch. A close above 37900 or below 36700 would decide further direction. The overall picture continues to be positive and above 38k we may see scaling Feb high of 39400. A strong move in Bank Nifty and Majors can support NIFTY holding above 17600.

USDINR

The crucial support at 75.45 was tested last week and the pair made a strong bounce back. Expect a range trade between 75.50 and 77.20 with a pivot at 76.30. A close above 76.60 could see quick test of 77.20. We are back in a danger zone where any breach of 77.20 could lead to very sharp up move. Above 75.90 expect the market to remain long.

Gold

Precious metal has broken the tight range between 1920 & 1960. This range held for the past three weeks. Probabilities of attempting 2045 is reasonably good if it is able to break 2000 on a closing basis.

Crypto

After nearly 3 months of range trading and consolidation. Since the beginning of 2021, only on three occasions the Crypto is seen in a trading range of 15% on either side. Next couple of weeks could see strong actions in the Crypto currencies. Upside seems capped for now and Monthly charts show a strong down move. It appears that we might see May-June 21 lows in Crypto currencies which indicates an approximate 25% move which could even threaten crypto investments for some time.

Crude

As observed in the last weekly report crude moved closer to 90. However, a dramatic drop towards 92 and then a quick reversal to settle above 106 makes the case for higher levels in the coming week. As observed in the last week report a close below 90 could have given the required relief for a stray possibility of gradual easing of price towards 75 levels. A close below 90 can signal that the war is over. Technically Crude moving towards 70 is possible provided weekly close is below 90. Upside likely to be capped at 125. If for any reason it breaches, then we may see another spike towards 140.

Complexities have compounded and Markets have seen too many risks for the past two years. Whatever be the factors contributing, the Interest rates and Inflation risk will be in focus during this quarter.

Stay safe

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