

## Market Views for the Week 02 May – 06 May 2022-Venkat's Blog

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



Last week saw a narrow range of 16890-17377 which is one of the shorter band during the past 4-5 months. The last couple of hours saw deep sell-off which erased the solid gains made during the week. There has been a nice observation going rounds in social media Viz. the Monthly close has been 17100 for the past 6 months in a row. This is something strange. If we are to extrapolate with Fib series, after crossing 5, should we see the same happening for 3 more months?

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A few observations from the weekly charts are:

- Over-all sentiments continue to be negative and the Index is forming a declining tops for the past 4 weeks. However, it has formed a higher bottom.
- The coming week is crucial that a new monthly candle starts along with the weekly.
- The lower end at 16700-16820 assumes greater importance for further course of action
- As much as the top is being protected the base at 16820 is also likely to be protected unless something drastically changes in the global risk outlook
- If for any reason 16700 is breached, then we are in to another big down move towards 15900 and then 15400. This case could be extreme pessimism and could be opportunity for fresh investment for long term. However, do not see this happening in this week as most of the negative news has been discounted.
- Index made one attempt to re-capture the 17250 and closed higher. However, it could not generate higher momentum to cross the resistance at 17400.
- Expect the range of 16700-17450 to continue for the coming week with choppy moves.

A mid-week review may be required to re-asses the scenario if any of the boundaries are breached. There exists a strong possibility that Bank Nifty which has been underperforming might support the index to re-capture the long term trend. Next couple of weeks could decide future direction of the Index. Geo-political and Inflation risk getting highlighted as and when the market attempts higher levels. India VIX at around or below 20 is a good thing if it continues to do so. Bank Nifty could be the driver for the current week.

Bank Nifty:

Bank Nifty tested the all strong 35500 levels and closed above 36k. Had there been a scenario of weekly closing below 36k-35500 range (held since Aug 21) we are in for a bigger trouble. In any case Monthly chart shows a strong resistance at 38720 which is the top of the trend line starting from Nov 21. Presently, the Bank Nifty is at another crucial range around 36k. Expect the Bank Nifty to hold 36k levels and move higher towards 37500 and if crosses can move well above 38k. A strong move in Bank Nifty and Majors can support NIFTY scale back 17450.

## USDINR

The pair is under tremendous pressure as the zone between 76.70-77.00 is crucial. Break above 76.75 could see sharp move higher. The observations made during last month hold good for the current week as well. The pair is at a tipping point with 76.70 as critical level. Break would see the pair move quickly to 77.40. Down side also seems limited. A close below 76.40 could give the required breathing space for it to move to 76.10. Could be a case of slow grinding between 76.00 & 77.40. Above 75.90 expect the market to remain long.

## Gold

As expected the Precious metal has given up the tight range between 1920 & 1960 which was held for the past three weeks and moved to a lower band towards 1880. Now that we may see a new range of consolidation between 1820-1900. The metal is seen in a wider range of 1870-1970 with choppy moves during the week.

## Crypto

Upside seems capped for now and Monthly charts show a strong down move. It appears that we might see lows of Jan 22 levels and then May-June 21 levels. Next couple of weeks could see strong actions in the Crypto currencies. Such sharp down move could even threaten the option of investment in crypto assets for some time.

## Crude

Technically Crude likely to be moving in a range of 100 & 113 with both ends having interest. The crude has to give-up 100 levels for possible ease of situation. Theoretically and technically crude easing towards 70 is possible provided weekly close is below 90. Upside likely to be capped at 115. If for any reason it breaches, then we may see another spike towards 140.

As of now, it appears from the Charts it appears that the crude is cooling and it's heading back to normalcy and the range of 90-115 would prevail.

## General themes:

According to ancient almanac which is also a form of predictions on expected outcome, the year ahead will be a transition from difficult times to a better one. Positive hopes can lead to improving situations for better future.

Stay safe

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