

Market Views for the Week 09 May – 13 May 2022-Venkat's Blog

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



A week that was fully charged with just one sided action of unabated selling. Index lost around 700 points from the peak of 17100. In last weekly report there was an observation that If for any reason 16700 is breached, then we are in to another big down move towards 15900 and then 15400. Now that the unexpected has happened. Though we cannot attribute this to any single event, more that FED action the RBI rate hike was not anticipated by the market at least during this period. We are closer to the first target of 15900. There could be some buying interest for value investing between 15900-16100.

Disclaimer: The views expressed here are personal and for learning and reference purpose only.

A few observations from the weekly charts are:

- Over-all sentiments continue to be negative
- Daily charts show supports at 16325 and then 16060. The weekly chart still shows very vulnerable formation pointing to a target of 16060 and then 15800
- The formation appears to mirror the move from first week of March to First week of April.
- Now the next question is whether reversal can be expected from there? This may be clearer by end of next week.
- For now, it all points to a very tuff time ahead as we are closer to the Mid BB on the monthly charts for the first time since Sep 2020 when it crossed higher.
- Now that the earlier support zone of 16700-16820 would be a supply zone.
- Globally the Stock indices show deeply negative scenario. Apart from the disruptions due to war, the effects of long transitory inflation hurting the economies.
- There is still hope for revival and expect good demand starts around 16k levels.

A mid-week review may be required to re-asses the scenario as by Wednesday we may see a low for the week or the peak. India VIX at around or below 20 is a good thing if it continues to do so. Bank Nifty losing its shine due to central bank actions.

Bank Nifty:

As noted in the previous weekly report, for Bank Nifty, a scenario of weekly closing below 36k-35500 range (held since Aug 21) has resulted in deeper correction. The downside can be much steeper towards 33300 and then possibly 32500 if Bank Nifty breaks the crucial support at 34300. Do not major positive scenario which can give a 2000+ point single day move to impact the oscillators. Even if we see a good move, the upside appears to be capped at 36200. Only a weekly close above this could give change of sentiments.

USDINR

The pair is under tremendous pressure as the zone between 76.70-77.00 is crucial. The previous week was a blessing that the pair cooled down till 76.10 and suddenly made a U turn with sharp move. Continuing with the same observation and concern that the pair is at a tipping point with 77.20 as critical level. Break would see the pair move quickly to 77.70. The pair moving to 77.20 or 77.70 is not a big event. The worrying part is that technically, the alligator waiting to open. We need to be aware and alert to remain safe. 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

Precious metal had a golden opportunity to break the barrier around 1920 and move higher. Unfortunately, it had seen a quick correction back to 1880. Now that we may see a new range of consolidation between 1820-1920. 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 As expected we are closer to the lows of Jan 22 levels and sooner we may see May-June 21 levels. Next couple of weeks could see strong actions in the Crypto currencies. Any sharp down move penetrating June lows could lead to bout of selling by punters.

Crude

While the previous week had seen higher closing, Crude likely to be moving in a range of 100 & 115 with both ends having interest. The crude has to give-up 100 levels for possible ease of situation. Upside likely to be capped at 115. If for any reason it breaches, then we may see another spike towards 130 and then 140.

Stay safe

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