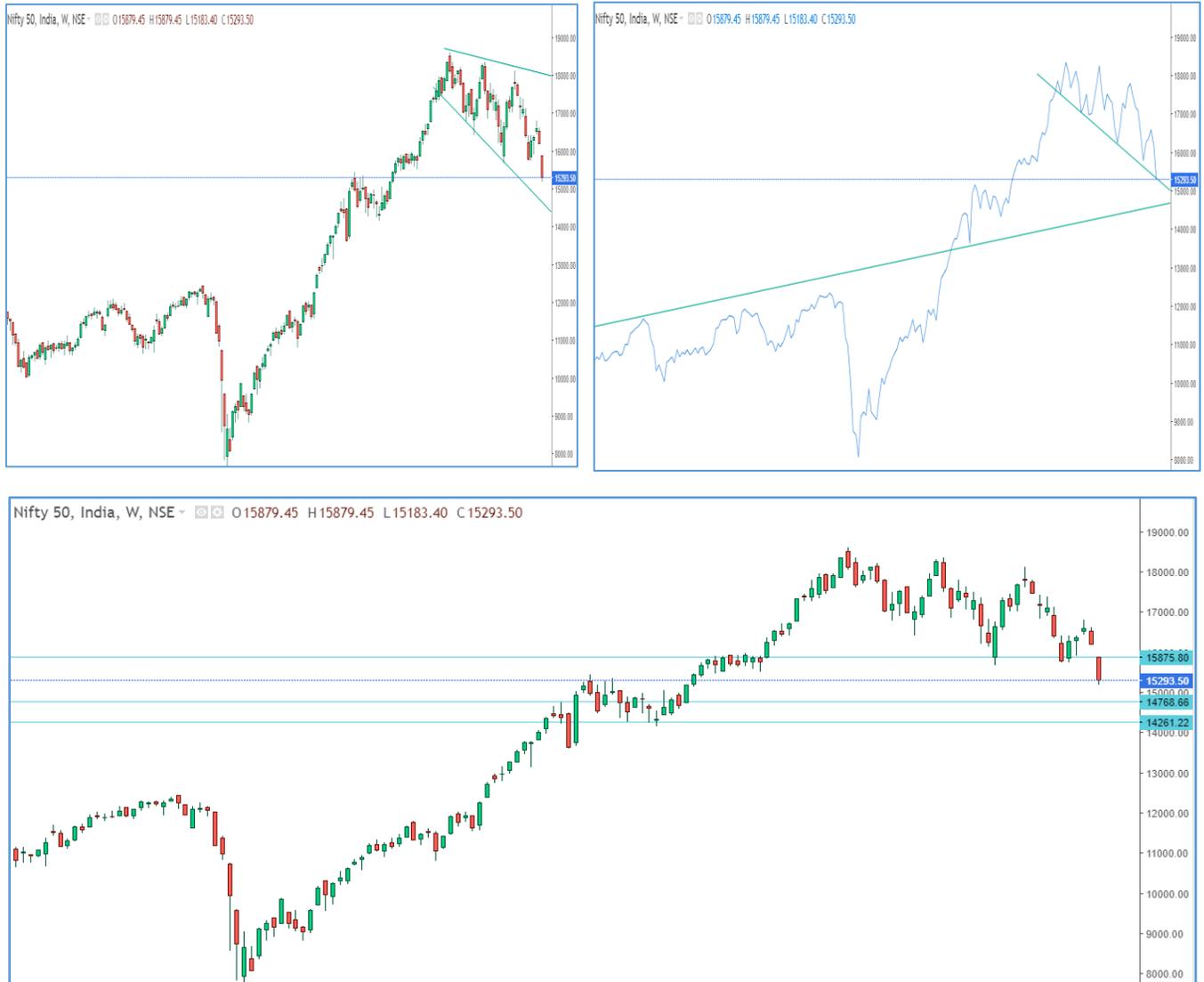


Market Views for the Week 20 June – 24 June 2022-Venkat's Blog

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

NIFTY



A shift in gear of selling fueled by the FED rate decision had seen a strongly bearish candle in the weekly charts. Now that the index has created another Gap between 16200 and 15900 on weekly chart which is a negative sign. Another key level of 15400 has been breached and the next strong level of also being tested. The monthly close below 15300 would be taken as complete breakdown for a move towards 15030 and then 14500. However, there are a couple of weeks for seeing the monthly close. Going forward 16200 -300 is likely to act as major resistances just like 16700 & 17200.

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

A few observations from the weekly charts are:

- Weekly charts suggest that the Index is at another crucial range
 - 15500-400 range is a very crucial support zone got breached
 - Sentiments likely to continue with selling on every spike
 - There is no clear indication of reversal as of now
 - There is a big gap between 16200 and 15900 created
- Now the next question is whether reversal can be expected from here?
 - A few interesting observations from the weekly chart
 - The line chart shows that 15250-300 is a crucial support on a closing basis and two weeks is too long to see if it closes above.
 - This downward sloping trend line got breached only twice viz. Week of 20th Dec 21 & 7th Mar 22. On both occasions it slipped by nearly 600 points and recovered to close above the trend line
 - Going by the above logic the target could be 14600-500 which was the major break-out zone for its journey towards 18k
 - Can we assume that the worst is over? Conventional wisdom suggests that there is no need to jump in to get the bottom
 - Though there are every possibility that 15k holds for a consolidation it seems wiser to wait for a clear reversal signal
 - Now that the earlier support zone of 16200-16350 would be a supply zone.
- Daily chart shows divergence
- A crucial fortnight is ahead with volatile/choppy sessions
- As has been discussed in past reports the Monthly chart still shows a possible move towards 15040 and this is at a striking distance.
- Will there be a rout in Equities similar to the one seen in Cryptos? It is scary to see a possible move towards 12500 if there is a huge sell-off
- A very crucial level to watch would be 14850. Expect this to hold at least for the coming week
- However, the risk perceptions are changing for better with war scenario easing and crude cooling-off. However, inflation and recession risk continues.

Bank Nifty:

Bank Nifty tested a very crucial support zone of 32200-300 range as expected. The Bank Nifty still remains vulnerable and an easy target for short sellers. Only a weekly close above 34400 can provide positive momentum. Weekly charts suggest a possible attempt of 31850 and a close below would see the index slide further towards 30800. Daily charts suggest a possible turn around with base at 32200 towards 33700. Could stay in the range of 31850-34300. A close outside this range requires re-assessment.

USDINR

The pair has shown extraordinary resilience compared to EM peers. Has been in a narrow range. With Oscillators turning the likely scenario is that 78.30 could be a temporary top and expected to move towards 77.10. However, the weekly close below 77.70 required for further a slide towards expected target. The range of be 77.50-78.10 will be the expected to range for this week. A close outside this range requires re-assessment of risk/direction and target.

Gold

Precious metal is unable to sustain the gains and got sold-off from 1875. Monthly charts still show a bearish scenario. Only a weekly close above 1875 could slightly change the outlook. The metal is seen strangled in a range of 1800-1900 with choppy moves during the week. Break on either side would require quick re-assessment.

Crypto

Crypto currencies sell-off continue un-abated. For the past several weeks this situation was highlighted in all our reports. Now we are heading towards Dec 20 lows. Will those levels hold or slide further will be known by middle of next week? Ideally the Dec 20 lows should provide support. However, with the kind of negativity surrounding these assets for now it might attempt to fill the huge Gap created during Nov 20 which was the beginning of dream run. Next couple of weeks could see strong actions in the Crypto currencies. Investors would be shying away from this asset class for some more time.

Crude

As expected 130 held as temporary top and the crude prices cooled-off. For the first time after 7 weeks the crude is showing signs of reversal hitting 123 to close at 109. This weekly candle is significant. Another major level required to be crossed at 103. A close below 100 could see crude settling between 90 & 100 a preferred range at least for now. The crude has to give-up 100 levels for possible ease of situation. Recession worries looming large would keep the crude price at check.

Stay safe

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