

## Market Views for the Week 30 May – 04 June 2022-Venkat's Blog

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### NIFTY



- The week began with a big gap up opening on Monday. As expected we have seen strong buying interest for value investing between 15800-16k. Also saw the the big gap between 16700 and 16300 created during first week of May got filled. Any reactive wave could again try to take the Index to 16360-16400 which is expected to act as interim support as this level got breached after three weeks of failed attempts.

A few observations from the weekly charts are:

- Weekly charts suggest that the oscillators are turning positive. The Index may consolidate between 16360 and 16700 which is a congestion zone.

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- The Index has breached 16360-16400 levels convincingly after three weeks of failed attempts.
- Weekly charts show a potential for attempt of 16970 if 16750 hurdle is overcome decisively.
- Daily chart shows the oscillators are neutral. However, shows a potential for attempting 16900.
- Monthly chart still paint a negative picture as long as the Monthly close is below 16850-16900. Current scenario is a consolidation between 16300-16900. If Index manages to close above 17050 we can see sharp spike to 17350 in quick sessions. The possibility can not be ruled out as the Option open interest is huge at 17k. The big players may try to give jitters to the 17k option sellers. For the time being the deep sell-off has a shifted timeline awaiting fresh risk assessment may be during second half of the month or the following month.
- The Monthly closing is in a kind of no man's land continuing to have uncertainties about the direction. We may see sellers continuing to do on every spike till we see a close above 17k. Now that the earlier support zone of 16620-16750 continues to be a supply zone as observed in the previous blog..
- We see a positive action/attitude in political leadership in addressing the inflation in a collective effort. Restoration of full supply chain could ease the inflation and growth worries to some extent. We have a long way to go to avert a major downturn.

### **Bank Nifty:**

While the Bulls did try for a better monthly close, it is a disappointing to note that the crucial 36500 has not been able to be cleared. The best attempt was only till 36k. Gap between 35100 and 34600 got filled and reactions could be contained within 34600. Bank Nifty is always unpredictable and the crucial 36500 is just 1k points away. The Option open interest to drive the market for the remaining sessions of the week. Most likely scenario is that it may stay in the range of 34600-36700.

## **USDINR**

The pair has exhibited amazing resilience. In the last fortnight first five days saw choppy move from 77.45-77.80 back and forth on alternate days for five sessions and next 7 odd sessions settled in a tighter range of 77.50-77.65. Clearly the base seems to have shifted its base from 76 to 77.00. Only a weekly close below 77.45 could see one possible down move to 77 levels. The managed depreciation likely to see the pair hit 78.30. Break of 78.30 could cause serious impact, which for now seems a bit difficult. Down side also seems limited. A close below 77.50, could give the required breathing space for it to move to 77.10. Could be a case of slow grinding between 77.20 & 78.30.

## **Gold**

Precious metal failed miserably in spite of the fact that it is considered as perfect inflation hedge. As expected the rally could extend close to the target of 1870. However, it is unable to sustain and move higher. Monthly charts still show a bearish scenario. Only a weekly close above 1875 could slightly change the outlook. The metal is seen in a wider range of 1760-1870 with choppy moves during the week. Break on either side would require quick re-assessment.

## **Crypto**

As expected the Crypto currencies had hit the Jan 21 lows. Now that the formation seems to provide some relief. The turnaround seems to have potential for another 20% upside before next wave of selling could be seen. Next couple of weeks could see strong actions in the Crypto currencies. There is still strong negativity surrounding these assets for now. Might take time to stabilize.

## **Crude**

Crude reversing from attempting 120 gives a sign of hope. As suggested/expected we may see a move back to 110 and then 107. Now a close below 107 means we are trying to reconcile for moderate growth prospects in the near future. The crude has to give-up 100 levels for possible ease of situation. This week could prove to be crucial. If for any reason it breaches 125, then we may see another spike towards 130 and then 140 on account of panic buying.

Stay safe

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