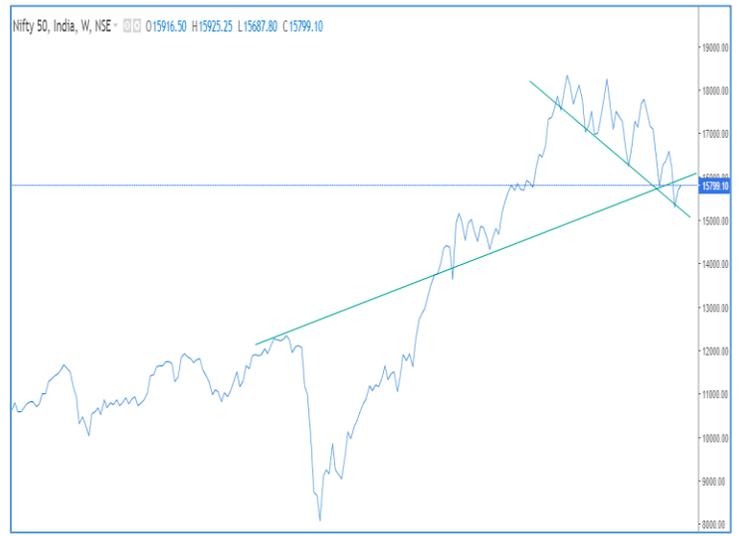




Mid-Week Review

Market Views for the Week 27 June – 01 July 2022-Venkat's Blog

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



Fib figures suggest a drastic slowdown in selling pressure. The Index manages to move in a narrower range of 15670-15925 with Bulls not giving up the fight. Wednesday's candle suggests that the sentiments continue to be positive. However, the crucial level of 15900 though tested on Monday still remains elusive. Though there are multiple hurdles on the upside there are chances that the Index attempts 16200 to fill the gap, if it manages to clear 16900 decisively. Next couple of days will see strong action as we have Monthly option expiry and a monthly closing bias. Going forward 16200 -300 is likely to act as major resistances just like 16700 & 17200.

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A few observations from the weekly charts are:

- Weekly charts suggest that the Index is at another crucial range
 - 15500-700 range is re-captured
 - There is a big gap between 16200 and 15900 created during second week likely to be attempted if Index is able to break 15900 convincingly
- What are the possible scenarios to be expected is on top of the mind for everyone in the market?
 - A few interesting observations from the weekly chart
 - 16030 appear to be the first target and resistance as well.
 - Now that the earlier support zone of 16200-16350 would be a supply zone
 - 15900-930 range is crucial as this marks the top of trend line connecting 20th Jan 20 top and 19th April 21 & 09th May 21 lows. This resistance once crossed can see sharp spike towards 16030 and possibly 16200 in quick sessions.
- Can we assume that the worst is over?
 - Daily chart continues to shows positive signals and also divergence. Could lead to a consolidation between 15500 & 16k.
- As has been discussed in past reports the Monthly chart still shows a possible move towards 15040
 - Till we see a close above 16700 we find selling on every spike/negative news
 - We are still not out of danger zone as 16700 is still a long way to go
 - One of the likely scenario is that we see a sharp up move towards 16200 and then possibly towards 16500, where we may see fresh selling
 - The reason for this observation is that past couple of weeks had created a near tweezer bottom candles with 15190 as base and the Fib projection points to 15900 and then to 16200 range
 - Secondly, the option open interest seems to be huge at 16500 after 15700
 - Alternative scenario is that the Index attempts 16030 and reverses back to 15700. The logic is that all stops are triggered and huge open interest exist for 15700 and 15800 Put and even with just before expiry ATM Put premiums are high which has to become zero/negligible by the expiry time.
- The risk perceptions are changing for better with war scenario easing and crude holds the key for further gains in equities.

Bank Nifty:

Bank Nifty crossed over a very crucial resistance at 33800 and attempted 33100. However, it is unable to hold on the gains. The Oscillators turning negative in daily charts and weekly are diverging, suggest that Bank Nifty is likely to consolidate between 32700 & 34000. A weekly close above 34400 can provide positive momentum. A close outside this range requires re-assessment.

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USDINR

After weeks of elusive range, finally, the market witnessed the alligator's jaws opening. As observed during the beginning of the week we are close to the target of 79.10. Where from here is the question by both exporters and Importers. 79.40 is the next Lakshman rekha. Cross over could be catastrophic. For now, we can assume that the pair will move and consolidate between 78.40 and 79.40. Only a weekly close below 78.40 could provide any relief. The range of 78.60-79.40 could be the expected range for the rest of the week.

A close outside this range requires re-assessment of risk/direction and target.

Gold

Nothing noteworthy happening in precious metal which is a strange phenomenon, Precious metal has moved in a narrow range of 1805-1855 through the week. 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 1775-1875 with choppy moves during the week. Break on either side would require quick re-assessment.

Crypto

As expected the Dec 20 lows have been tested and even attempted penetrate Nov 20 lows. Beyond the Nov lows would be death blow for Crypto assets and they would be treated as dirt and dust. Appears that this is moving towards that direction and the last hope remains for relief rally. Unless a huge rally happens due to short covering every spike is likely to be sold-off. Investors would be shying away from this asset class for some more time.

Crude

Crude moving between a narrow range of 105-110 is seen to be positive for all market segments. Now the market may not go for panic buying till it hovers in the range of 105-125. 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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