



Market Views for the Week 11 July – 15 July 2022-Venkat's Blog

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NIFTY



The past week saw a quick decent gain after making a stronger base at 15500. As observed in the previous weekly report 16200 range saw a selling pressure. However, the index managed to stay above 15900 and closed above 16200. With Index attempting 16275 the Gap got filled and we are at yet another strong resistance around 16300-330. New monthly candle in the making is showing some interesting feature. Though the weekly close is at 16220 which is above the crucial resistance of 16200, it is still under threat.

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A few observations from the weekly charts are:

- Weekly charts suggest that the Index is at another crucial range
 - A close above 15900 is considered positive
 - A weekly close above 16300 would be deemed as a new pattern is emerging
 - A clear break above 16330 could lead to a quick move towards 16450 and then possibly 16650-700 range. More short covering likely to happen above 16330-400 range
 - Oscillators are showing positive signal and requires confirmation for a bottoming out
 - Sentiments changing with refreshed risk perception
- Expected scenarios for the ensuing week
 - A few interesting observations from the weekly chart
 - Weekly candle indicates signs of bullishness. However, daily candle is uncertain bias
 - For now, 15700-900 range seem to be creating a second base. Till now the formation suggests that we are in safe zone.
 - Daily close below 15830 could make the Index drift lower.
- All is well?
 - Daily chart shows divergence and marginally over stretched. Could lead to a consolidation between 15900-16200.
- Current month's new candle indicates green shoots. However, the oscillators are still showing negative signs
 - Part of the objective as expected in our last week report is achieved as the index witnessed up move towards 16200
 - Staying above 16100 which is (Mid-BB on monthly chart) is important for possible attempt of 16500 if manages to breach 16330
 - There exists a ray of hope to attempt 16700
 - A quick push and a close above 16330 is the key for further gains.
 - Alternative scenario is that the Index attempts 16400 and reverses back to 15900
 - July is going to decide the fate of future course of direction of the market. Downside risk still exists.
- For now, down side seems to be protected for reasons best known to the market or differed for a new set of event risk
- The risk perceptions appear to be changing with a easing of crude prices. Crude holds the key for further gains in equities.

Bank Nifty:

The Bank Nifty moved higher and closed above 35k as expected. Till we see a close below 33900 the momentum is expected to be positive. However, there exists hurdles around 35200 then 35500. If manages to clear these levels, we may see a sharp move to attempt 36200. Could stay in the range of 34k & 36.5k. A close outside this range requires re-assessment.

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USDINR

As observed in past weekly reports the trouble for the pair started about a few weeks earlier and was highlighted. Break above 78.30 triggered first round of panic. We are close to another crucial level which was noted earlier as 79.30 and that has moved to 79.70. If for any reason this breaks we may see another bout of panic buying which might take the pair to 80.30. Will 79.70 provide a temporary relief? Only a weekly close below 78.30 could provide the relief towards 77.70. We may expect a consolidation between 78.60-79.70.

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

Gold

A break below 1820 triggered further sell-off in the precious metal. Now that we are almost close to Mar 21 lows. The metal bounced from there to hit all-time high. Monthly charts still show a bearish scenario. Appears that we are replicating 2013 type of down move, Last hope lies at 1700. Below that the metal may see another sharp decline towards 1575. We may safely assume that metal could remain in a tighter range with a cap of 1800 on the upside. The scenario seems to very unusual and it has lost its status as perfect inflation hedge.

Crypto

Finally, we see some stability in the crypto assets. Dec 20 levels providing decent support for the past 4 weeks. We may expect a sharp bounce with stops below last month lows. We may see strong action in the next couple of weeks. Though it may encounter strong selling pressure on every spike, there are chances that we may see huge short covering in the coming sessions. While retail Investors might be shying away from this asset class for some more time, the big guys might attempt to take the prices higher.

Crude

A great sigh of relief as crude prices cooling off. As expected it drifted towards 95 for a couple of sessions. Volatility seems to have reduced and is settling in a narrow range of 100-115. A weekly close below 100 could see crude settling between 90 & 110 a preferred range at least for now. The bounce from 95 suggest that risk perception still continues to hold the prices higher. With Recession worries looming large it appears illogical to have crude prices at elevated levels.

Stay safe

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