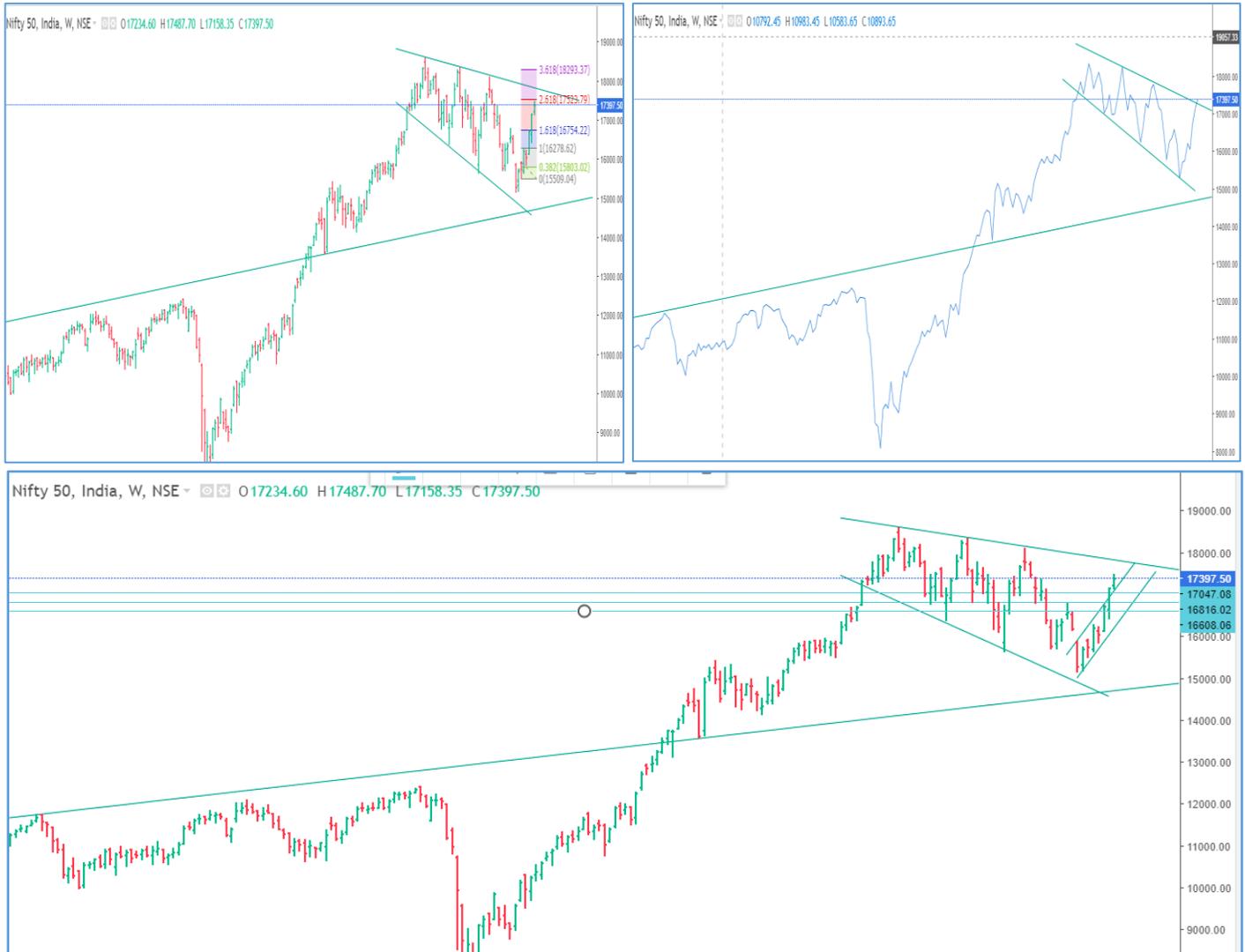




Market Views for the Week 08 Aug –12 Aug 2022-Venkat's Blog

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

NIFTY



The past week saw a continuation of the dream run. There was no looking back. As expected a trigger above 17200 saw see another sharp move towards 17450. The Index kept the momentum and scaled a peak of 17490. Till the weekend the markets shrugged off fresh geopolitical developments and connected risk outlook.

A few observations from the weekly charts are:

- Weekly charts suggest that
 - Two key triggers are
 - Third bullish candle on weekly chart
 - Appears to be targeting the Next Fib projected level is 17565
 - The top of the upward sloping trend channel which got breached during the previous week held a support this week as well

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- Comparatively a smaller candle in the weekly and not a very encouraging one in the dailies
 - As noted in the past, above 16330 is clearly a new trend emerging and possible to see 17770-800 range which is the top of the downward sloping trend line starting from Mid Oct 21
 - Oscillators are showing mixed signal. Daily appears over stretched and the weekly continues to remain positive
- Apparently it appears that a new trend is emerging.
 - We are seeing a mix of emotions in the market- optimism returning, missed-out feel and a switch between extreme pessimism to greed and high expectations.
- A few interesting observations from the weekly chart
 - For now, 17050-150 range seem to be creating another base
 - Thursday saw the high and the low of the week. Could be an Option related trigger. Could be an attempt to go for a kill. Though the market recovered quickly it could not succeed crossing the high.
 - Daily close below 17250 could make the Index drift lower and thereafter stronger selling interest could emerge
 - The index seems to face major hurdle around 17500. Expected range is 17250-17750. Breach and close outside this range requires re-evaluation of risk direction and target
 - The most worrying fact is that we have seen three major gaps which remains open Viz.
 - 16360-16560
 - 16650-16770
 - 16920-17070
 - 17160-17240
 - These are likely to see similar sharp moves when we see a down move any time
- Expected scenarios for the ensuing week
 - The risk appetite continues to be strong. However, there seems to be signs of tiredness after a long haul. Cross-over of 17500 and staying above is crucial for any further gains
 - Option open Interest build-up still suggest strong possibility of test of 17600
 - Technically, the trend resistance comes at 17770-800 range
- Monthly chart shows favorable signs of pullback and the oscillators are turning
 - While all set targets are achieved, there is still some steam left in this move. However, the major resistances at 17450-565 range being the first and then 17770-17850 and the next at 18080.
 - Monthly chart shows a bullish engulfing pattern which suggests that there may not be a crash too soon except for another major geopolitical risk emerging.
 - The index has covered the may & June losses and looks for March high target. April high of 18114 could be a bit difficult for now.
- The risk perceptions appear to be changing with stable crude prices.
- Final word of caution-
 - The range between 16900 and 17500 has seen sharp moves on either side.
 - In the line chart we could see and connect multiple points on the downward slope as support, we have irregular tops and if connect major tops we end up seeing 17350-400 as top of the trend resistance on a closing basis. If we see a weekly close above this, then we are in to very strong up move continuing till 18k.

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Bank Nifty:



As expected the Bank Nifty moved sharply towards 38200 and closed near 38k. which is above the trend channel resistance coming from the top of the channel is at 37800. In the past we have seen overshooting of this channel on two occasions. Viz. One during the last week of Oct 21 through the top and second being during second week of Mar 22 penetrating the support side of the channel. On both the occasions we have seen the Bank Nifty Index moved by nearly 1300 points away. Are there possibilities for similar move this time? There seems a stiff resistance around 38200. Need to see a close above 38200 for the Bank Nifty to attempt higher levels. Similar to the Nifty Thursday saw a whip saw move in Bank Nifty as well. Expected range 36700-38700. Daily close below 36700 could see the Index drift lower towards 35700

USDINR

As expected we saw a sharp move when 79.20 gave way and tested 78.50 and recovered quickly. As observed in the previous report, 79.45-79.50 could be the crucial levels and a kind of Pivot. We have to be prepared for 1 INR on either side. The pair appears to have made a temporary top at 80.30. This region could hold for some more time if no fresh risk emerges. The indications are that a top at 80.15-80.30 might hold and the panic buying could ease and we see slow drift towards 78.70 over a period of time. Any daily close above 80.15 would negate this and fresh assessment required for target.

Most likely scenario could be that we may expect a consolidation between 78.50-80.15. A close outside this range requires re-assessment of risk/direction and target.

Gold

The outlook for precious metal turning positive and the interim targets are achieved. Could see more of a consolidation phase to hold on the gains/strengthen the base.. Expect 1740 to hold and we could see a move towards 1810 and then 1840 which could be a major hurdle. There seems a potential for attempt of 1855 if daily close seen above 1810. A close below 1740 would drag the metal lower towards 1680. Some more time required for the fortunes to turn fully positive for the precious metal.

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Crypto

Crypto assets have gained considerably and has regained the Dec 20 levels. Greater push is required to penetrate the break down levels to attempt Jan 21 top. More likely scenario could be a consolidation with 15% on either side of the weekly closing levels. Even with this kind of appreciation the crypto assets may just cover the losses made during second week of June. Now the smaller investors might get attracted seeing the sharp appreciations and might get trapped. Uncertainties would re-emerge after this reactive pull back.

Crude

As expected we saw the crude prices drift towards 88. As observed in multiple past reports, technically the crude is expected to move lower towards the pre-war price band and a daily close below 88 could confirm test of 77. There could be interests to jack-up the prices. Expected range could be 78-98. The lower crude prices could significantly reduce the recession concerns. However, logistics and supply chain disruptions due to other geo-political risk continue to threat stability.

#Stay safe

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