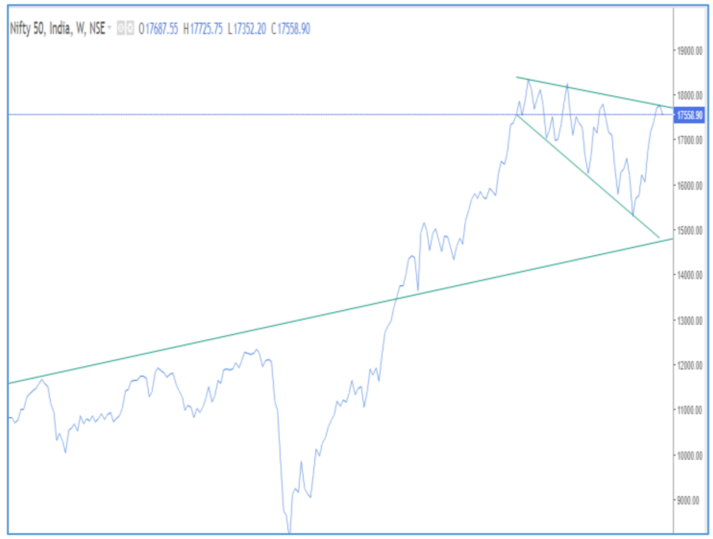
Market Views for the Week 29 Aug –02 Sep 2022-Venkat's Blog

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

NIFTY



The previous weekly candle considered bearish which required confirmation. Past week's first two sessions saw steep correction. It attempted towards the opening levels of the month and attempted recovery. Slowly the bears got their grip back. Going forward we may see more declines. Fed Chair Jerome Powell's Jackson Hole speech only adds acceleration to the slide.

A few observations from the weekly charts are:

- Weekly charts suggest that
    - Confirmation of previous week's bearish candle
    - The attempt of sharp recovery from 17350 to 17700 gave some hopes. There seems to be huge exposure on Monthly expiry which artificially kept the market higher.
  - Oscillators are turning negative

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- A few interesting observations from the weekly chart
  - We can see exactly similar type of move from the top of the trend line resistance which started from first week of April 21.
  - We may see the index drift towards 17960. There could be some support at 17200 and at 17075. In this process a few of the gaps created during the up move could get filled.
- Expected scenarios for the ensuing week
  - For now, the Index could face huge resistance at 17630. Daily close above 17700 required for further gains. Expected range is 17075-17670. Breach and daily close outside this range requires re-evaluation of risk, direction and target
  - As being highlighted in the past weekly reports the gaps listed below are open and are vulnerable
    - 16360-16560
    - 16650-16770
    - 16920-17070
    - 17160-17240
  - The expectations expressed in the previous weekly blog likely to happen during the ensuing week.
- Monthly chart shows still has positive signs.
- Final word of caution-
  - Sharp moves on either side without consolidation is not a healthy sign. It remains to be seen how the consolidation takes place.
  - Though the risk of going back to 15k not seen at the moment, it's a hard fact that the reversal from the trend line top is a cause of concern as to the target. Jackson Hole symposium has definitely made a dent in the risk perception. Next couple of weeks are crucial.
  - Bulls and Bears would sweat it out to have a favorable monthly closing candle.
  - We are in a situation where just a couple of weeks/sessions may change the direction of the market and the fortunes
  - The economic outlook could have a impact on the US mid-term elections and it remains to be seen the actions of FED on soft landing. Finally, there are chances are that we may have to accept recession

Bank Nifty:

Unlike the NIFTY, Bank Nifty has posted a green candle. However, it follows the same rule with lower lows and lower highs. For now, the Bank Nifty is expected to face strong resistance around 39700 and the support comes in at 37400. There seems to be high stakes at 40k Option strike which is holding the up move. Now that the Index may attempt to consolidate between 37400 and 39400. Daily close below 38300 could see the Index drift lower towards 37500. Expected range 37400-39700. A daily close outside the range requires reevaluation.

USDINR

The pair is not giving up the 79 levels which is a cause of concern and we are getting closer to the crucial 80.35 level. Are we heading for another trouble? Any daily close above 80.35 would trigger one more sharp move towards 81.50. Only a close below 78.50 could negate this. Still there is some hope for a prolonged consolidation between 79.10 & 80.35 as we have seen during April-May 22. A close outside this range requires re-assessment of risk/direction and target. Another interesting observation:
2013- 54 to 65 took 4 months
2018- 63 to 74 took 9 months
2022- 74 to ?? we are in the 7th green candle. Staring at 85? In a couple of months or sooner? If yes, what are the likely triggers in the global scenario? Scary as it might wipe out many businesses. Can only wish that such collateral damages do not happen.

Gold

The precious metal moved in a comparatively narrower range. Now that, 1765 is showing tuff resistance. The down move seems to have been delayed with 1727 supporting. We may see the Metal moving towards 1710 at least if not lower. A close below 1710 would drag the metal lower towards 1660.Some more time required for the fortunes to turn fully positive for the precious metal.

Crypto

Crypto assets are slated for enduring more pains and waiting for a final holy dip. The present formation suggests that the Crypto assets are in for another deep crisis and this time the Dec 20 or even Nov 20 lows may be tested. The coming week could be a decisive week for the crypto assets to withstand the assault. Once again the smaller investors might have got trapped. Are we heading towards a situation where the price is at one fifth of its value at the top? Technically it appears so. This can only be negated if it gains 30% with a sharp move. Uncertainties likely to continue for a longer time.

Crude

For the third month in a row the crude prices have been declining and it appears that the down move is slowing down and we are seeing a consolidation phase between 82-102. Any breach on either side would require re-assessment of risk and target. The lower crude prices could significantly reduce the recession concerns. The 82-92 range is a comfort zone and 92-102 a tolerable zone. Appears that the cooling period is competed and may have new risk emerging. Logistics and supply chain disruptions due to other geo-political risk continue to threat stability.

#Stay safe

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