



Market Views for the Week 26 Sep –30 Sep 2022-Venkat's Blog

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

NIFTY



(Chart image source: Investing.com)

Past week's saw hectic activities and dramatic turn of events. At the start of the week, Bulls attempted to take the index higher past crucial 17700 giving hope for recapture of 18k zone. FED rate decision and follow through projection for future had created jitters in the market. Bears got the opportunity after a long wait. We are back well inside the long term the downward sloping trend line starting from Oct 21. The sharper move opens the door for further slide towards 17200, 17030 and even lower.

A few observations from the weekly charts are:

- Weekly charts suggest that
 - Weekly chart shows a strongly bearish candle
 - Option exposure would continue to drive the market
- Oscillators are turning negative

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- A few interesting observations from the weekly chart
 - Though there are chances for recovery to 17500 remains, break below 17450-470 range which held for 4 weeks is considered as negative.
 - Going forward 17700 itself would be a tuff barrier.
 - The sharp fall has distorted the charts and turned the oscillators.
- Expected scenarios for the ensuing week
 - As expected the 17470 base is crucial support and break has resulted in the index drift to lower levels closer to the expected target of 17280
 - The daily chart (line) shows a break of irregular H & S with Shoulders at 17800 and Head at 18070. The break of neckline at 17520 indicates a potential target of 17970. At times the momentum coupled with Panic could see crossing the targets.
 - For the ensuing week the index could face multiple resistances at 17470, 17550 and then at 17710
 - Daily close above 17550 required for further gains
 - While the trend seems to have reversed, the Index could find some support at 17030.
 - Expected range is 17840-17700. 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. Remains to be seen how many of these gets filled in this down move.
 - 16360-16560
 - 16650-16770
 - 16920-17070
 - 17160-17240(due for filling)
- The oscillators in the Monthly chart shows divergence.
- Additional observations
 - Previous week's observation that we can safely assume that the Bears take control to take the Index towards 17130 is almost closer
 - If the final hope of 17130 gives-up, we may be staring at 16960 and lower
 - Till now, the NIFTY has made an inside candle in the Monthly chart
 - We are in an uncertain territory. Even where the crude prices have fallen and hovering around the pre-war price band and the commodity prices have fallen considerably, the inflation does not seem to ease
 - The geo-political scenario seems to suggest that there could be extended pain for the markets and we may even see the index drift to 16600



Bank Nifty:



Bank Nifty made new high during second week of Sept 22. The momentum seems to be waning and last week saw a sharp pull back forming a bearish candle. Technically a lower lows and lower highs. This only confirms the earlier week's uncertain candle. Daily close above 40K is crucial for further gains. If the Bank Nifty fails further it is likely to cross-over another trend line support which might see the Bank Nifty drift towards the earlier break-out level. This week could be crucial. Over all up trend is still open till we see a close below 37800. Daily close below 38700 could see the Index drift lower towards 37500. Expected range 37800-40900. A daily close outside the range requires re-evaluation.

USDINR

In almost every weekly blog in the past couple of months the risk of sharp move higher has been highlighted when the pair crosses 80.35. It finally happened. What & where next is the question on top of every ones' mind. Now 80+ becomes a new normal. On any decline closer to 80, we may see buying interest for the unhedged imports. A daily close below 80.95 may give a chance towards 80.35. While the upside is wide open we may see some supply around 81.50 range. Daily close above 81.50 opens the door for next round of sharper move towards 82.75. Expected range 80.25-82.25. A close outside this range requires re-assessment of risk/direction and target.

Gold

The precious metal could not even penetrate 1690 and got hammered. The precious metal is expected to be sold off on every attempt of higher levels till it closes above 1710. Looking at the formation, there are possibilities that we may see the prices fall further towards 1600 levels. Some more time required for the fortunes to turn positive for the precious metal.

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Crypto

For more than a quarter the Crypto assets have moved in a narrow range with sharp moves on either side. seem to find buying interest around the Nov 20 opening levels. The scenario may be clearer by the end of this month whether there is potential for a double bottom formation. Presently the crypto assets are at a crucial price point. A 10% slide from here would see huge stops which would pull down the prices by another 20%. The assets are likely to sold-off on every spike higher. The coming week could be a decisive week for the crypto assets to withstand the assault. Technically it appears so. This can only be negated if it gains 30% with a sharp move. Most likely scenario waiting to happen is the final holy dip before a recovery.

Crude

Previous week's observations hold good for the current week as well.

For the fourth month (though the month is nearing the final week) in a row the crude prices have been declining. Break below crucial level of 82 could open chances of crude drifting towards 73 levels which could be a huge positive for global market sentiments. The lower crude prices could significantly reduce the recession concerns. After having seen crude at 130 price below 80 may appear like a miracle and could be a luxury zone. Lower prices to accelerate the growth expectations and aversion of a recession. Expected Range 74-90. Geo-political risks can alter the scenario anytime.

#Stay safe

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