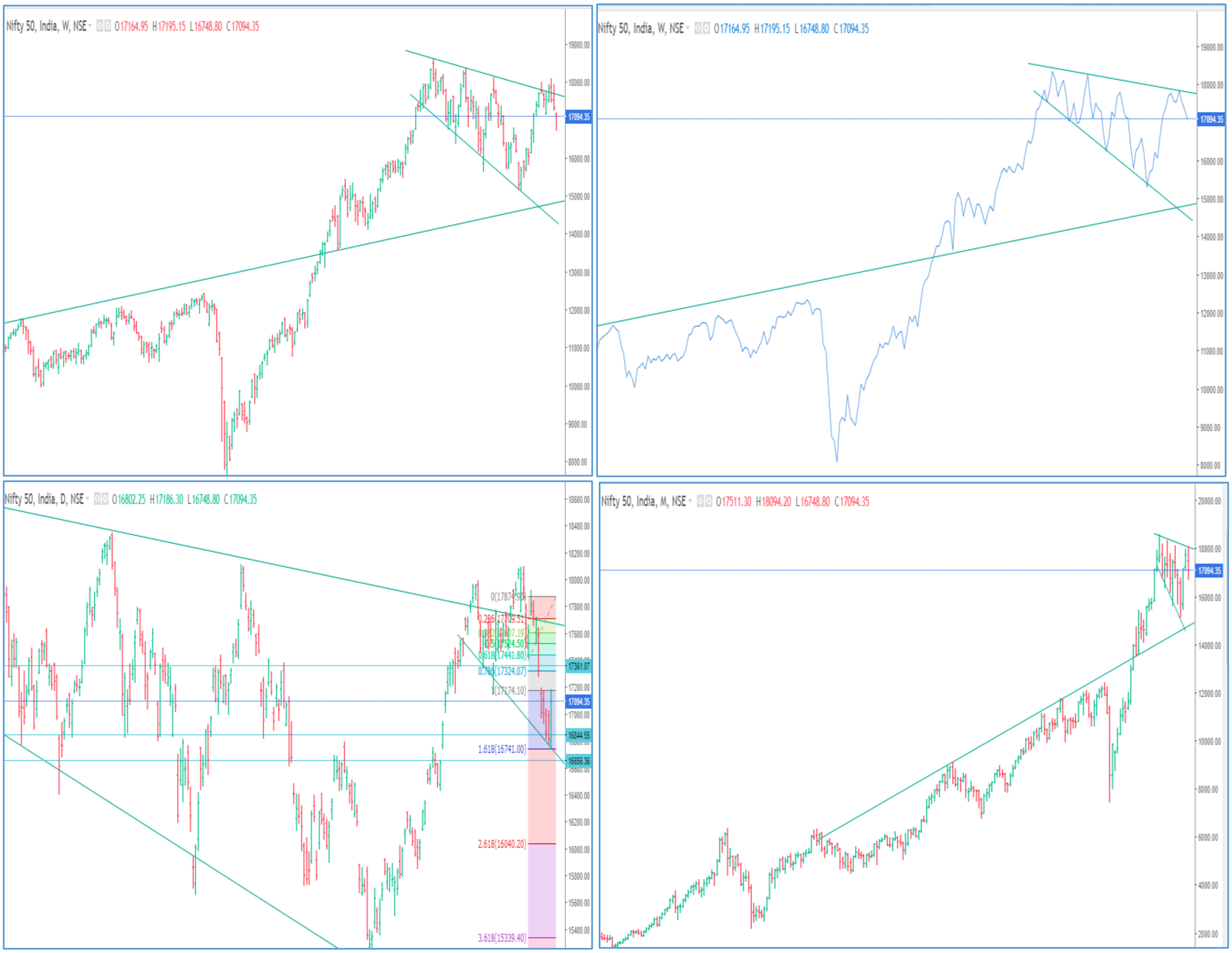
Market Views for the Week 03 Oct –07 Oct 2022-Venkat's Blog

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

NIFTY



(Chart image source: Investing.com)

Past week’s saw Bears making best use of the opportunity after a long wait. We are back well inside the long term the downward sloping trend line starting from Oct 21. As expected we saw a sharper move cutting across key supports at 17200, 17030 and went on to hit a low of 16748. As indicated in the previous week the potential target of 17970 expected on account of H &S beck line break got achieved and the momentum coupled with Panic saw the Index testing 16748.

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A few observations from the weekly charts are:

- Weekly charts suggest that
    - The sharp recovery in the final session has made the weekly candle appear like a Hammer. However, looking at other indicators this requires confirmation and a sharper move coupled with a close above 17200 for further gains.
    - Option exposure would continue to drive the market
- A few interesting observations from the weekly chart
    - We have seen a Gap created in weekly chart between 17290 and 17190
    - Going forward 17500 itself would be a tuff barrier
    - The sharp fall has distorted the charts and turned the oscillators to negative outlook
    - Though a sort of coincidence, we observe a lot of symmetry in the Monthly candles of Nov 21, Jan 22. April 22 & Sep 22(OHLC)
        - Nov 17783/18210/16782/16983
        - Jan 17387/18350/16836/17339
        - Apr 17436/18114/16824/17102
        - Sep 17511/18094/16748/17094
- Expected scenarios for the ensuing week
    - For the ensuing week the index could face multiple resistances at 17220, 17465, & 17545
    - Daily close above 17550 required for further gains
    - While the trend seems to have reversed, the support at 16800 & 17600 are crucial
    - Most likely scenario could be a congestion between 16700 and 17400. Expected range is 16600-17470. 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 Got filled
        - 17160-17240 Got filled
        - 17190-17290 Newly created
- The oscillators in the Monthly chart shows divergence.
- Additional observations
    - Bears are in command. Friday's move could be short covering
    - NIFTY has made a bearish 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
    - We may see a consolidation in the congestion zone-17360-17040-16840-16550.
    - A close below 16600 is of high risk as the zone between 16600 & 15600 is a slippery wicket and could see swift moves.
    - There appears extreme negative sentiment with many concerns and uncertainties of major economies.
    - With a truncated week we may see spike in volatility
    - The irony is that, a couple of weeks back the market was looking for a move towards 18500 and now the indicators suggest a deeper correction towards 15600. This can only be negated by a sharp up move and close above 17600

Bank Nifty:

(Chart image source: Investing.com)

Bank Nifty has made second weekly bearish candle. As expected the drift reached the expected level of 37500 upon break of 38700. Though the final session saw a sharp recovery towards 38700 there could be selling pressure till we see a daily close above 39700. Daily close above 40K is crucial for further gains. A decent recovery in Bank Nifty can help main index NIFTY to hold to 17k levels. Next couple of weeks are crucial for further direction. Ideally the Bank NIFTY is expected to consolidate between 36300-39700. A daily close outside the range requires re-evaluation.

USDINR

The pair though appears to have made a temporary peak around 81.75, there are no indication yet for a Now 80+ becomes a new normal. We may see buying interest for the unhedged imports. A daily close below 80.95 may give a chance towards 80.35. The upside is still wide open. Daily close above 81.80 opens the door for next round of sharper move towards 83.00. Expected range 80.65-83.00. A close outside this range requires re-assessment of risk/direction and target.

Gold

The precious metal seems to find some support and the oscillators are turning neutral. We may need a daily close above 1690 to see further gains. The weekly candle appears like a hammer and would require confirmation through a positive candle and the target is expected to be1780. Next couple of weeks are crucial for the metal to regain some of the lost luster. Upcoming festive season could be aiding a recovery.

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. Next few weeks are crucial for getting a clearer scenario. 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 in a row the crude prices have been declining. As expected the break below crucial level of 82 has seen the crude drifting towards 73 levels. The lower crude prices could significantly reduce the recession concerns. Final support at 74 and then at 68 may act like a shield. A spike towards 85 cannot be ruled out. Lower prices to accelerate the growth expectations and aversion of a recession. Crude below 68 could mean a full blown recession. Expected Range 68-85. Geo-political risks can alter the scenario anytime.

#Stay safe

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