



## Market Views for the Week 31 Oct –04 Nov 2022-Venkat's Blog

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

### NIFTY



(Chart image source: Investing.com)

The past week saw an unusually narrow range. This price action suggests either the market is undecided or holding on for a delayed firework. Elusive 18K is just a stone throw away and could have been possible. The consolidation is also a healthy sign. We can assume that the base is gradually shifting to 17600. The projected target of 18K, 18110 and 18230 are still open.

A few observations from the weekly charts are:

- Weekly charts suggest that
  - The index just moved 200 points viz. between 17640 and 17840
  - Oscillators are turning positive
  - Probable that huge Option OI @ 18K is holding on and requires a stronger push

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- A few interesting observations from the weekly chart
  - The observation made in the previous blogs that the potential target of 18110 seem to have better chances
  - The index comfortably cleared resistance at 17740-17770
  - Long term Trend line resistance comes at 17970
- Expected scenarios for the ensuing week
  - Though closed at 17785, the Index is expected to open higher
  - Break below the trend line support at 17690 would see the index drift lower
  - For the ensuing week, the index may find supports at 17690, 17540, 17430, 17340 and the index could face resistances at 17900 & 18030
  - Index if breaches 17840, we can see sharper move towards 17970 & 18030
  - Daily close above 18030 could keep the momentum toward 18230
  - As being highlighted in the past weekly reports the gaps listed below are open
    - 16360-16560 (far away for now)
    - 16650-16770 (far away for now)
    - 17320-17430 ((A newly created gap)
- The oscillators in the Monthly chart are turning positive
- October is a crucial month for the Index to scale back or give-up chances of 18k+ (Last day of Oct can prove this right)
- Additional observations
  - The past week's move reinforces the observation in the previous blog that the Fib projection is expected to work and it did work
    - Market may look for the second target of 18k & possibly 18230
  - Though the index witnessed a slow grinding the ensuing week is likely to be volatile as we have multiple events scheduled
  - DOW gained close to 5.5% during the week and NIFTY could manage only 1.1%. It validates the arguments that the Markets are disconnected.
  - Inflation is not an issue any more for US?
  - Final Note
    - A monthly closing candle followed by Rate decision and future outlook by FED/FOMC, RBI's MPC outcome.
    - Could see sharp moves
    - Many observations are shared by analyst and economists on the striking similarities seen between 2008 & Present. These might look odd after seeing the sharp gains in US stocks. Recession Pushed to 2023?
    - Just a couple of sessions/weeks make markets to change perceptions
    - Next couple of weeks are crucial for scaling the peak of this move.

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## Bank Nifty:



(Chart image source: Investing.com)

The Bank Nifty spent entire month of October recovering the loss made in September. Past week saw a narrow range of consolidation while some of the components of Bank Nifty managed considerable gains. The Main Index reflected the similar move in Bank Nifty. We see the Index move in a channel with top at 41975 and lower end at 40570. This would mean as an ideal trading range. This week is crucial to see whether the Bank Nifty breaks the barrier and makes a new high or breaks down. We can assume that the trend still remains positive till we see a close below the trend line support at 40500. It appears that the Bank Nifty is likely to continue in a wider range of 40500-41950 with 41200 as pivot and a breach and close above or below could see the next range of 1000 points. A daily close outside the broader range indicated above would require re-evaluation. Only a Daily close above 42K can provide the required momentum for scaling the earlier peak and posting a new all-time high.

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## USDINR



(Chart image source: Investing.com)

There seems some relief as the market finds some selling interest around 83. It might take one more week for the final picture to evolve. Till then we can assume that 83.20 as Intermediary top. If the pair manages to hold below 83.30 for another week, and a daily close below 81.10 could see the pair drift towards 81.50. A daily close above 83.20 could trigger one more sharp move towards 84.10 and then 84.60. Expected range 81.50-83.20. A close outside this range requires re-assessment of risk/direction and target. There exists one stray possibility that the pair makes one quick attempt of 81.10 on stop triggers.

A few more observations:

In the Aug last weekly blog (29 Aug-03 Sep), the trend analysis of the 2013, 2018 & 2022 were discussed and the concerns of USDINR moving higher has been highlighted as below:

2013- 54 to 65 took 4 months

2018- 63 to 74 took 9 months

2022- 74 to 83 (top?) we are in the 10<sup>th</sup> green candle.

- Another interesting observation from the 2018 move is that it started in Feb and seen the peak in Oct. Will the same trend be happening now and we start seeing reversal post Oct 22?

What are the probabilities?

- One of the possibilities...we will still be inside the long term trend line till we do not step away from 83.10-83.30 levels. Still a long way to go with lots of uncertainties.
- As expected the USD Index corrected to 109.54. For now, the DXY is expected to consolidate between 110-113. Though it is not clear whether the DXY has reached a potential peak, the momentum is slowing down. Though the full impact of the correction has not yet been seen in USDINR currency pair, the fall in DXY might have given a sigh of relief for many Central Banks.
- Another view is that Fib projections point to 86.60 levels. Are there possibilities of an odd event triggers such move?
- A question arises as to whether there are possibilities of exporters intentionally delaying the USD receivables?
- We may end-up with a scenario that importers hedge and exporters waiting on the sidelines miss the opportunity
- Treasuries might have had tuff times with the way the currencies have moved in the past 3 quarters. Volatility and uncertainties has made it a Hard/HoT time for Head of Treasuries.

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## Gold

Past week saw quick moves within the narrow range of 1640-1675. For now, 1620 levels seem to provide decent support. It is possible for the precious metal to attempt 1720. Next couple of weeks are crucial for the metal to regain some of the lost luster. Presently, the precious metal is at another crucial level. Break below 1620 would see further downside. Monthly charts show a possible target of 1600 and then 1560. Only a weekly close above 1710 could reverse the direction.

## Crypto

Past week saw decent gains with a close near the mid BB in the weekly charts. While the risk of sell-off still remains, the consolidation for nearly 2 quarters the Crypto assets seem to derive major support from Dec 20 levels. Presently the crypto assets are at a crucial price point. There exists a chance of a quick up move. The ensuing week is crucial for a break-out. A 20% gain would change the fortunes for the crypto assets and would begin a new trend. Failed mission will end up in same narrow range or a final sell-off before recovery.

## Crude

Past week saw a consolidation in a narrow range of 82-89. For now, 85 is likely to be a pivot and the range is likely to be 74-94. We may see sudden spikes and subsequent cooling-off within this range. As long as the crude price remains in this range there can be some stability in the market. Though not a firm possibility, any daily close above 92 could trigger panic buying which might see the crude jump to 102. Anything above 100 would attract Inflation rhetoric. Crude settling in the range of 75-85 would help in eliminating recession concerns and revival of growth.

#Stay safe

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