



Market Views for the Week 07 Nov –11 Nov 2022-Venkat's Blog

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

NIFTY



(Chart image source: Investing.com)

The past week was a cross-over of month and a cross-over of the downward trend line. Earlier week we saw a struggle to cross 17850 and the reward earned was seen in the past week crossing the elusive 18k mark. Four out of five sessions the Index had moved in a narrow range. The consolidation is also a healthy sign. We can assume that the base is gradually shifting to 17600.

A few observations from the weekly charts are:

- Weekly charts suggest that
 - The index just moved 275 points viz. between 17900 and 18175
 - Oscillators suggesting cross-over with the momentum
 - Option OI is expected to drive the market direction

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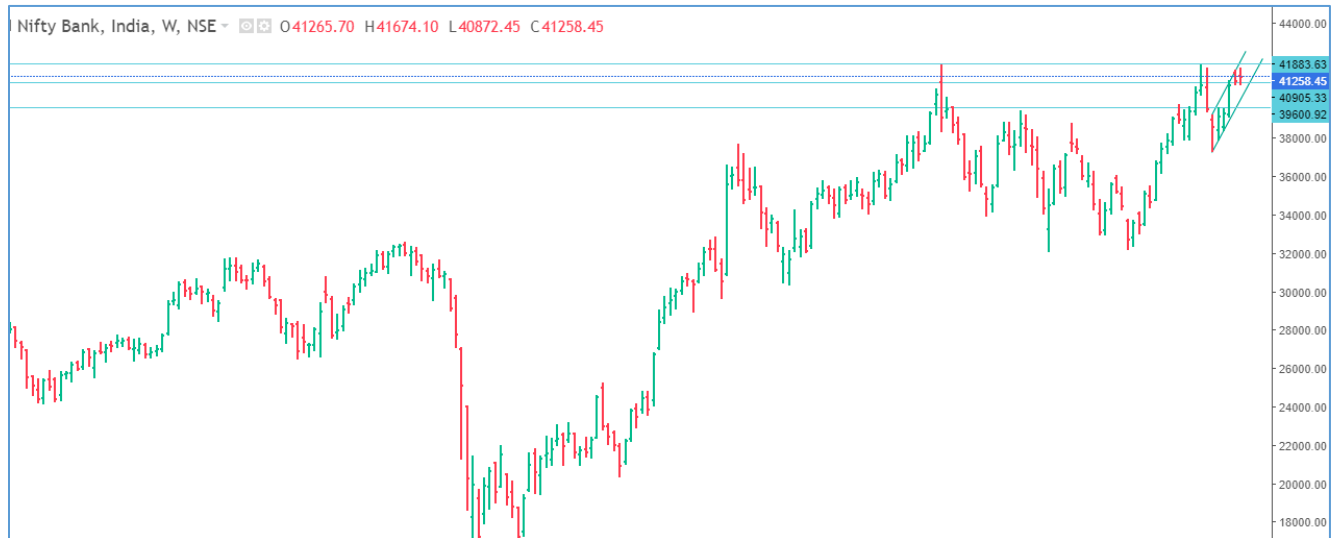


- A few observations from the weekly chart
 - The observation made in the previous blogs that the potential target of 18110 has been achieved
 - The index comfortably cleared the long term Trend line resistance comes at 17970
- Expected scenarios for the ensuing week
 - Though closed at 18115, the Index is expected to open higher
 - Break below the trend line support at 17970 would see the index drift lower
 - For the ensuing week, the index may find supports at 18030, 17970, 17850, 17770 and the index could face resistances at 18230 & 18350, 18470
 - The momentum likely to favour upside till we see a daily close below 18k
 - 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 and requires stronger momentum
- Our observation that Last day of Oct could help the Index sprint past 18K fulfilled by market
- Additional interesting 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
 - The projected target of 18230, 18350 & 18530 are possible based on Fib projection of Monthly charts.
 - DOW saw extreme volatility in the previous week with sharp declines and sharp pullbacks
 - What can be expected?
 - We are in an unusual market conditions with VIX as low as 25 and still the market moves 1000+ points in an hour
 - The market seems to have priced in additional 50-75 BP hike and not seem to be bothered about a possible recession
 - One of the pattern suggest the target for DOW is 33K and subsequently 35k
 - Final Note
 - We see an Inv H&S pattern on weekly with Base at 15800 & neckline at 17600
 - Does this mean that we are heading towards 19k? Will this work or turnout to be a failed pattern?
 - Breach of long term trend line favours such a move
 - Many observations are shared by analysts and economists on the striking similarities seen between 2008 & Present.
 - Are we seeing resilience and insulation for India?
 - Recession Pushed to 2023? Till we see something dangerous let's enjoy the party is the market mood?
 - Just a couple of sessions/weeks make markets to change perceptions
 - Next couple of weeks are crucial for scaling the peak of this move
 - Great learning opportunity in the times of uncertainties as the mighty market teaches new things
 - Interesting times ahead

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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 couple of week saw an unusually narrow range 800 odd points of consolidation while some of the components of Bank Nifty managed considerable gains. We see the Index move in a channel with top at 42275 and lower end at 40630. 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 40500-42275 with 41400 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 posting a new all-time high.

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USDINR



(Chart image source: Investing.com)

The ensuing week may throw some light on the direction of the market. There seems some relief as the market finds some selling interest emerging close to 83. For now, we can assume that 83.20 as Intermediary top. We might be heading towards 82.10 and possibly see the pair drift towards 81.50. A daily close above 83.20 could trigger one more sharp move towards 84.10. Expected range 81.50-82.90. A close outside this range requires re-assessment of risk/direction and target. There exists one 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 10th 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 in Nov 22 as in case of Nov 2018?

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
- 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
- We do not see an immediate threat of moving towards Fib projections of 86.60 levels.
- We may end-up with a scenario that importers hedge and exporters waiting on the sidelines miss the opportunity
- The raising upward channel indicate the broader range of 80.35-83.60
- The ensuing week would see increased volatility and wild swings

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Gold

For the entire week the precious metal moved in a narrow range and in the last session of the week spiked to 1680. This makes a case for taking 1640 as base for now with as many as 6 weekly candles held this level. Now the oscillators are preparing for a strong cross-over. 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. A weekly close above 1720 could see a move towards 1770 and then 1810. Possible to see a consolidation between 11660-1720.

Crypto

Past week saw further gains with a close above 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 requiring a strong momentum to break barriers. The scenario appears favourable. 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 85-92. For now, the base appears to have shifted to 85. With all commodities gaining considerably and technically supported, we may see the crude attempting 100. Possible range could be 85-100 for the week. We may see sudden spikes and subsequent cooling-off within this range. Anything above 100 would attract Inflation rhetoric. Crude settling in the range of 80-95 would help in eliminating recession concerns and revival of growth.

#Stay safe

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