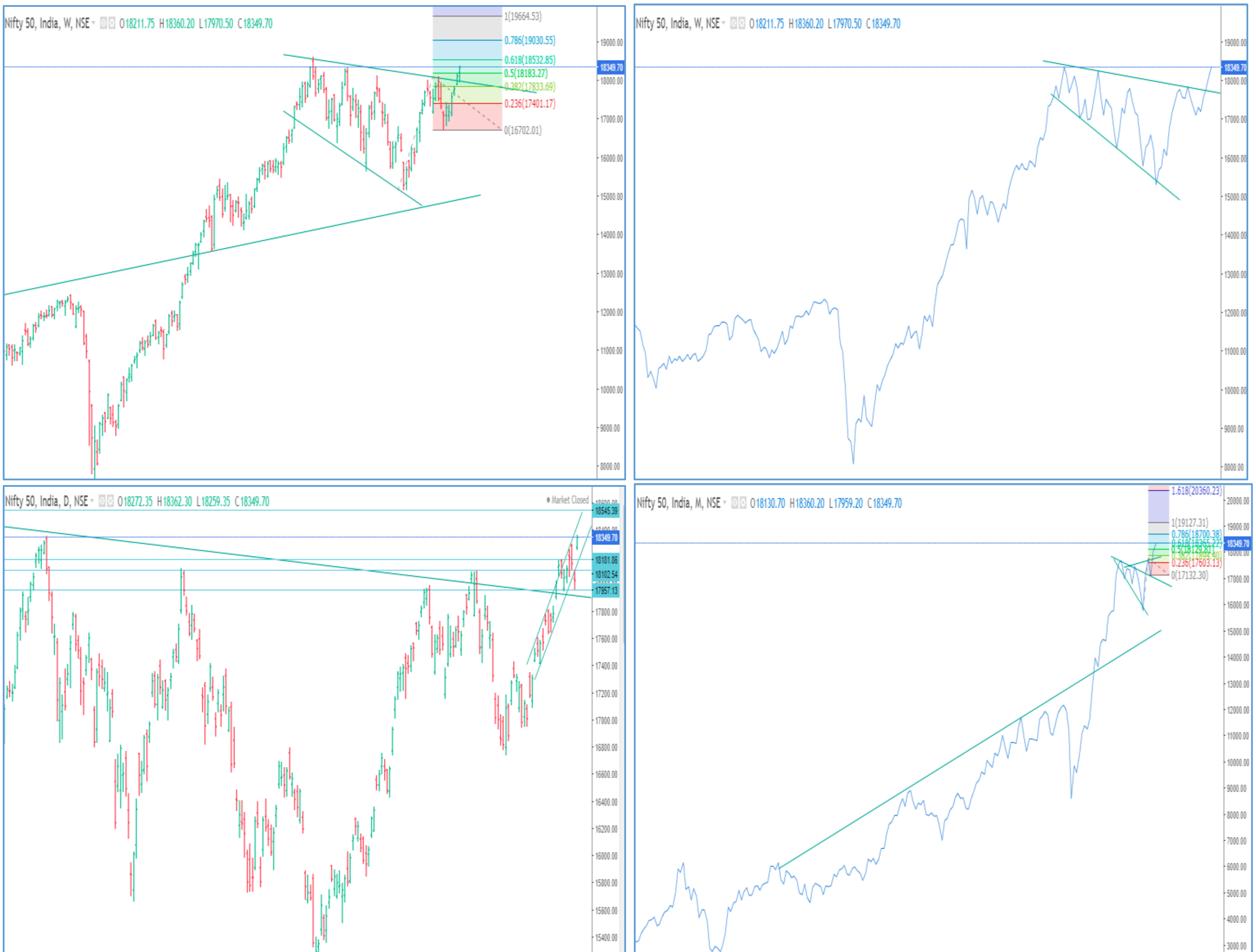
Market Views for the Week 14 Nov –18 Nov 2022-Venkat's Blog

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

NIFTY



(Chart image source: Investing.com)

The past week saw a confirmation of the cross-over of the downward trend line. The Index is moving in a narrow upward sloping channel. It actually broke the downside during the option settlement day confirming the fact that the big players were trying to hold the up move. Friday saw yet another huge gap-up opening. The consolidation is also a healthy sign. We can assume that the base is gradually shifting to 17970.

A few observations from the weekly charts are:

- Weekly charts suggest that
  - The index moved around 400 points viz. between 17970 and 18360
  - Oscillators suggesting cross-over with the momentum
  - Option OI is expected to drive the market direction

- A few observations from the weekly chart
    - The observation made in the previous blogs that the potential target of 18350 has been achieved
    - The index seems to shift the base to 17970 for achieving a new high
- Expected scenarios for the ensuing week
    - Though closed at 18349, the Index is expected to open higher
    - The index making higher lows and higher highs which is a bullish sign
    - Break below the trend line support at 18080 would see the index drift lower
    - For the ensuing week, the index may find supports at 18180, 18030, 17970, 17850, and the index could face resistances at 18470,18560. 18670
    - 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)
        - 18103-18259 ((A newly created gap)
- The oscillators in the Monthly chart are turning positive and requires stronger momentum
- 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 18530, 18700 are possible based on Fib projection of Monthly charts
        - FIIs did try a sell-off with volumes yet the markets held 18k firmly
        - Two possible scenarios
            - Expected rage of 18180-18570 or 18230-18670. The outer range of 18180-18670 is firm. Any breach on a daily closing basis requires re-assessment of risk
        - US Markets
            - DOW saw extreme volatility with sharp gains
            - The market seems to have priced in additional 50-75 BP hike and not seem to be bothered about a possible recession
            - Job cuts by Tech giants are a cause of concern
            - As observed in the previous blog DOW has successfully cleared 33K and on its way to 35k based on the Inv H&S target
    - Final Note
        - We see an Inv H&S pattern on weekly with Head at 15800 & base at 17600
        - Does this mean that we are heading towards 19k?
        - Breach of long term trend line and breach of neckline at 17900 favours such a move
        - The angle of inclination in the line chart suggest potential for achieving a new ATH as first goal post before attempting to cross the teens
        - Overall market sentiments seem to be turning to be positive with waning concerns on the war and other Geo-political risks
        - Recession worries are 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
        - Time to tighten our seat belts
        - Interesting times ahead

Bank Nifty:

(Chart image source: Investing.com)

The Bank Nifty recovered the loss made in September and has made a new ATH. Past couple of week saw an unusually narrow range 800-1000 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 42950 and lower end at 41300. Till we see a close below 40800 the trend is considered as bullish and there are possibilities for an attempt of 43200 a Fib projection. However, there may be hurdles at 42800-42950 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 41300-42950 with 42000 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.

USDINR

(Chart image source: Investing.com)

There seems a big relief for the importers as the market finds strong selling interest emerging. As observed in our earlier blog the pair cleared 81.10 and tested further lows. With this sharp down move the market would find sellers emerging on every raise. A daily close below 80.10 could trigger further stops and we may see the Fib support at 79.20. However, there could be strong buying interest around 80.10 which is the Trend line support and also the earlier break-out level. Expected range 79.20-82.10. A close outside this range requires re-assessment of risk/direction and target.

A few more observations:

- In the previous blogs the comparative analysis of 2018 & current scenario was discussed and suggested a possible correction in Nov 22 which is in progress. We saw nearly a 4 big figure correction in 2018. If the same were to repeat, we may see 79.20 soon.
- The long term trend line till at 83.10-83.30 levels holds for now and we are likely to see a consolidation between 79-81
- The DXY breaking the strong 110 is a sign of top in place for USD index. We may not see a runaway in DXY. 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 crossing 83
- The raising upward channel indicate the broader range of 80.10-82.70
- The increased volatility and wild swings likely to continue

Gold

As observed in the previous blog the oscillators made a strong cross-over and the precious metal could comfortably cross 1720 and subsequently scaled the next crucial level of 1770.The precious metal seem to be regaining the lost luster aided by the Crypto crash. Any reactive pullbacks towards 1720-1740 might see buying interest and soon we may see the metal attempting 1810-1840 range. Possible to see a consolidation between 1740-1840.

Crypto

For nearly the Crypto assets were seen in a narrow range with Dec 20 lows supporting. Earlier week gave a bit of hope for the market for a possible recovery but ultimately turned out to be a failed mission and end up in sell-off as observed. We have been highlighting the risk of the Crypto assets getting thrashed once Nov 20 lows are breached and that these assets may turn to dirt and dust. We are witnessing the sell-off. Though we may see reactive pull backs, It is likely to be a long haul for recovery and for regaining investor confidence in this asset.

Crude

Past week saw a consolidation in a narrow range of 85-93. While there were possibilities for the crude to cross 94 and attempt 100, market seems to remain cautious in respecting the boundaries. Till we see a cross-over of 94 we can assume that the consolidation would continue between 80-94. We may see sudden spikes and subsequent cooling-off within this range. There are many uncertainties on the demand and winter worries. Sounds safe for now as long as we see the crude move in this range of 75-95.

#Stay safe

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