Market Views for the Week 24 Apr –28 Apr 2023-Venkat's Blog

#syfx.org #Nifty #USDINR #Indianstocks #Gold #Crypto #Crude #BankNifty #DOW #US equities

NIFTY

(Chart image source: TradingView.com)

The past week saw a steady decline after hitting a high of 17863, on account of profit booking. Almost 4 sessions the index moved in a narrow range with pivot around 17620. With the index getting back closer to the long term trend line support, the question is whether it would bounce back or give-up. With month end option expiry due it would be an interesting week ahead.

A few observations from the weekly charts are:

- Weekly charts suggest that
  - The index moved in a range of 310 points viz. between 17553 and 17863
  - The oscillators of different time frames are showing mixed signals
  - The Index returns back to the break-out levels of the long term trend line
  - Option open interest to drive the direction of the market

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- Expected scenarios for the ensuing week
    - Index may find supports at 17560,16470, 17360 and the index could face resistances at multiple levels viz. 17670, 17770, 17860, 17920
    - Expected to remain in the range of 17470-17870 and any close outside the range requires re-assessment of risk
- Additional interesting observations
        - Only a daily close above 17830 can see potential chances of scaling 18K mark
        - There had been multiple Gaps created during the up move (These are for quick reference as these are risk zones for sharp moves)
            - 17126-17221(newly created gap)
            - 16650-16770 (far away for now)
            - 16360-16560 (far away for now)
    - US Markets
        - The weekly candle suggest that the crucial support zone is around 33.3K and the Index facing a tuff resistance at 34K
        - We can expect a consolidation to continue till the Fed decision on 3rd May
        - Above 33400 the probabilities of the Index attempting 34400 is higher
        - We may see a consolidation between 33300-34400
    - Final Note
        - The Index has stayed above the long term trend line and at a crucial juncture as it hovers around the 200 DMA at 17600
        - Going by the past occurrences, the index is expected to post a considerable monthly gains after three months of decline. With Just a week to go in this month the chances appear to be bleak
        - The daily chart shows a steep upward channel with top at 18170 range and base at 17570
        - This week is crucial to judge if a new trend is emerging towards attempt of earlier peaks or reverse after a short term gain
        - Market appears to be betting on the hypothesis that the interest rates are peaking and possibly expecting a pause instead of a hike
        - We are entering in to another crucial week and crucial range
        - Most likely scenario would be that the bulls attempt to enter 18K range provided we see a daily close above 17830 with the target at 18170. If the attempt fails, then we may see a consolidation between 17480 & 17870

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Bank Nifty:

(Chart image source: TradingView.com)

The Bank Nifty moved in shorter range of 800 points Viz. between 41800 & 42600 which made a bearish candle and yet made a higher high and higher lows. This may be treated as profit booking after a sharp spike on breach of long term trend line resistance at 41300. Going forward the break-out level of 41300 would become a support for some time at least till we see a daily close below this level. The Index is trading in a new upward sloping channel with a pivot at 41600 and the top at 42852 and lower support at 40500. Only a close below 40500 could lead to deeper correction. Expected range for Bank Nifty is 41600-42800. A daily close outside the broader range indicated above would require re-evaluation.

USDINR

(Chart image source: TradingView.com)

Past week saw a narrow range of 81.79-82.31. The Monthly candle shows a bearish candle. A close below 81.60 favors further lower levels. It was indeed a short lived gain past 82 after almost 2 months. At least for the moment, it appears that the Pair seems to be in no mood to breach 81.60 on a closing basis. In such scenario we may expect a consolidation between 81.70 and 82.60. There could be choppy moves within this range. A close outside this range requires re-assessment of risk/direction and target.

A few more observations:

- The currency corrected after making multiple attempts to break 83
- Moves in Dollar Index-DXY does not have exact correlation
- The raising upward channel indicate the broader range of 77.10-83.30
- As noted in the previous blog, continue to keep the following input for quick reference.
    - The 82.75-83.25(with error adjustments) zone is the Fib projection of July 2011 to July 2013. Hence, the importance. If breached, we may see another spike towards 85.70.
    - This range is continuing to be protected
    - This week is crucial for the pair to break or bounce The pair has a tendency to make surprise moves when most in the market do not expect.
    - The target for this move is 80.60 provided 81.60 is taken out on a closing basis

Gold

The precious metal shows indication of a reversal which evident from the move in the past week which formed a lower low and lower high. Till we see a daily close above 2020 we can safely assume that every spike is likely to be sold off. Possible that this move tends to target 1920. At best it can attempt a consolidation between 1950-2000.

Crypto

The crypto assets are in a consolidation mode with a negative bias as it could not sustain and attempt to cover the losses made in June 22. The past week move signifies that the risk aversion is returning back for this asset class. One strong move changes the outlook of the market. We can expect a consolidation phase to continue for the current week with higher volatility and a 20% +/-moves. The next couple of weeks are crucial for the Crypto assets to hold on to the gains and move higher failing which we would see renewed attack. For now, the scenario seems to be negative and expect selling pressure on every spike.

Crude

Good to see the crude prices back below 80. The monthly charts show a Hammer formation. The confirmation candle is due this week. There are a few conflicting signals. On one side there has been speculation about the recession and on the other side prices of oil trending higher. Cartels trying to keep the Oil prices higher will only contribute to inflation hanging higher for longer. There would be better prospects of growth if the range of 72-84 continues for a longer time.

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