

Market Views for the Week 03 Jul–08 Jul 2023-Venkat's Blog

#syfx.org #NIFTY #USDINR #EURINR #Gold #Crypto #Crude #BankNifty #DOW #US equities

NIFTY



(Chart image source: TradingView.com)

The past week saw a big breakout from the congestion zone of 18650 and 18760 and the Index finally crossed the big barrier at 18880 and posted a new ATH. As noted in the earlier Blogs, Index surpassed the target of 19170. The Index briefly attempted 19200 and closed at 19189.

A few observations from the weekly charts are:

- The index moved in a range of 555 points viz. between 18646 and 19201
- The oscillators of different time frames are showing positive signals
- Option open interest to drive the direction of the market

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- Expected scenarios for the ensuing week
 - The Index has taken sufficient time to consolidate between 18600 & 18750 before breaking out which is considered a good sign
 - The index has made yet another base at 18650-18750 range
 - Index may find supports at 19030, 18880, 18770 and the index could face resistances at multiple levels 19230, 19320, 19410
- Additional interesting observations
 - As observed in the previous blog index has cleared the monthly peak levels of the past viz. 18134 (Feb 23 High), 18251 (Jan 23 High), and 18251 (Jan 23 High), 18350 (Jan 22 High)
 - The Index is entering positive territory and may remain biddish till we see a weekly close below 18760
 - *The observations of the previous Blogs repeated for quick reference with fine tuning: On weekly charts the Index has formed an irregular Inv H&S with about 850-900 points from the neckline which targets around 18900. Actually the Index followed the Fib Projected level of 19170.*
- US Markets
 - DJI moved in a wide range of 33600-34467
 - Index is close to the barrier at 34500-600 range and is all set to break with volumes.
 - We may see a consolidation between 34100-34900. If the momentum favors it may even attempt 35K.
- Final Note
 - The Index has stayed well above the long-term trend line and the 200 DMA at 17960
 - Index is moving in an Upward sloping channel with top around 19310 and support at 18720 with a Pivot at 19015
 - A word of caution
 - Index has made higher tweezer bottom at 18646 on weekly charts
 - A new trend seems to be emerging and even though a new peak has been achieved, the Index seem to achieve a fresh mile stone
 - July had seen a dream run. It remains to be seen if this would continue in the new month/quarter
 - Expected to remain in the range of 19030-19360 and any close outside the range requires re-assessment of risk
 - A daily close below 19030 would see the Index drift towards 18880
 - While the Index seem to penetrate the Upper BB which is considered as unusual. Last time it happened during the market crash on account of the pandemic
 - Need to remain vigilant as drag can be on both sides.
 - Technically 18350-410 zone if breached on a daily closing basis, we may see stops triggered

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Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty moved in range of 1246 points Viz. between 44787 & 43541. The weekly candle is a strongly bullish one with higher highs and lower lows. The Index is trading in a new upward sloping channel with a pivot at 45230 and the top at 46400 and lower support at 44130. Only a weekly close below 44100 could lead to deeper correction. The Bank Nifty has been hovering around the 43500-44500 zone for the past 6-7 weeks. We may find direction only if this range is breached on closing basis. L reversal of 4 consecutive red candle which is a positive sign. Expected range for Bank Nifty is 44400-45500. A daily close outside the broader range indicated above would require re-evaluation.

EURINR



(Chart image source: TradingView.com)

As expected the trend line supported at 88.90 held well and the currency pair managed to post a strong bullish candle. The currency pair continues to move in an upward channel with support at 89.00 and resistance at 90.60. Expect good support at 89 for re-test of recent high of 90.77 and possibly 91.20. Expected to undergo consolidation phase between 89.00 & 90.70. Any breach of the range would lead to 100 pips move.

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USDINR



(Chart image source: TradingView.com)

Past week saw a very narrow range of 82.10-81.94. As observed in the previous blog the declines are used as opportunity to hedge the Imports. A close below 82.00 favors further lower levels provided 81.95 is breached on a daily closing basis.. The currency pair is at a crucial support. It appears that the pair seems to be in no mood to breach even 81.90 on a closing basis. In such scenario we may expect a consolidation between 81.95 and 82.45. 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 raising upward channel indicate the broader range of 77.10-83.30
- Neither the moves in Dollar Index-DXY nor the equity have direct correlation
- 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
 - Unlike in the past, the Imports (mainly the oil) are being hedged as and when there are lower prices in Oil and/or lower prices in the currency pair.
 - A deeper correction is long overdue. Market is expecting 81.70-83.10 will be protected. If appears that the same kind of yo-yo moves may continue till one more quarter if we do not see a close below 81.70.

Gold

Precious Metal broke the key support around the Mid BB on weekly charts which is around 1950. For the past week 1910 seem to provide an interim support. The precious metal shows indication of a consolidation with a negative bias. Only a close above 1970 would help chasing higher levels. 1910-1930 remains crucial demand zone. Breach below would see decline towards 1870. More likely scenario could be a consolidation between 1900-1955.

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Crypto

The crypto assets have come out of its consolidation mode in a narrow range with 20% +/- which extended for the nearly the whole of the quarter. The Crypto assets have finally crossed Dec 20 levels convincingly and would ideally be looking to cover the July 22 losses. As expected we could see a break-out of the narrow range and could see sharp up move. The present set-up shows that Crypto assets might consolidate in 10-15% band. However, one strong move changes the outlook of the market.

Crude

Yet another week in the range of 67-71 and well below 75 levels, the outlook continues to remain the same and the observations made in the previous blogs hold good. There are a few conflicting signals. Having spent 9 weeks below 75, there could be some spike triggered by data or events or production cuts. Crude prices drifting lower which would directly help cooling inflation and provide growth opportunities.

Another disturbing observation is that 2008 we saw the crude prices fall below 40 and it got repeated in 2016 after a gap of 8 years. Are there chances that we see a similar one in 2024? Does that mean that the recession in 2024 is inevitable?

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