

Market Views for the Week 17 Jul–21 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 Yo-Yo move between 19330 & 520 with selling pressure every time the Index attempted to cross 19500. Friday's move matched with India's pride moment of Chandrayan 3 and the Index scaled a new peak of 19595.

- A few observations from the weekly charts are:
 - The index moved in a range of 268 points viz. between 19327 and 19595
 - The oscillators of different time frames are showing positive signals
 - Option open interest to drive the direction of the market
- Expected scenarios for the ensuing week
 - The Index has taken sufficient time to consolidate between 19300 & 19500 before breaking out which is considered a good sign
 - Index may find supports at 19420, 19340, 19230 and the index could face resistances at multiple levels 19670, 19770 and beyond 19770 there could be a bout of stops getting triggered

Disclaimer: The views expressed here are personal and not connected to SYFX Treasury Foundation. The views are for learning and reference purpose only.

- Additional interesting observations
 - The Index is entering positive territory and may remain positive till we see a weekly close below 19100
 - There has been a few Gaps created in this bull run
 - 18818-18908 (28th Jun 23)
 - 18972-19079 (29th July 23)
 - 19189-19246 (3rd July 23)
- US Markets
 - DJI moved in a wide range of 33714-34590
 - Appears like the DJI is caught in a range of 32700- 34700 for the past 8 months
 - Market would watch for key resistance at 34700. If breached on a closing basis we may see the DJI moving towards 35K
 - Closer to the key resistance at 34700. Will the 9th month prove to be positive for a break-out?
 - It appears to be very unusual for the Index to remain in this kind of range for 3 quarters. Wall street giants seem to be shopping elsewhere to make quick money.
- Final Note
 - The Index has stayed well above the long-term trend line and the 200 DMA at 18034 and 55 DMA at 18685
 - A word of caution
 - Be aware of the Gaps made during the up move
 - *Index is moving in an ascending channel having a depth of about 700 points. The top of the channel at 19770 and the lower end at 19070 and median at 19420*
 - Currently the Index is above mid-point of the channel
 - For the past 2 weeks the gains are around 275-300 points, which does not support a very big leap forward
 - Post Covid 19 crash in Mar 20, we have seen positive candles in the month of July. The story so far has been showing similar trends continuing. Yet, It remains to be seen if this would continue in this year as well when actual closing happens by the end of the month
 - The Index has achieved a fresh mile stone and the formation in daily charts appear that of a flag and a W formation in the weekly, the target could be another 600-700 points. When and How is the question
 - A consolidation would prove the strength of the move
 - Expected to consolidate remain in the range of 19420-19740 and any close outside the range requires re-assessment of risk
 - A daily close below 19420 would see the Index drift towards 19130
 - Need to remain vigilant as drag can be on both sides
 - There could be profit booking ahead of FED during the last week of July

#Stay Safe

Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty moved in range of 637 points Viz. between 44547 & 45184. The Bank Nifty moving in a smaller range is unusual. The performance in the past two weeks have been muted compared to other majors. The weekly chart shows a bearish candle and it made lower lows and lower highs. The Index is trading in an upward sloping channel with a pivot at 45710 and the top at 46970 and lower support at 44460. A weekly close below 44300 could lead to deeper correction. The ensuing week is crucial to see if Bank Nifty can hold the crucial support at 44300 and move higher. Past week candle can be interpreted as confirmation and there exists potential for the correction could be towards 43K. If such move happens then could impact NIFTY as well. He Bank Nifty will have hurdles around 45200 and 45 500. A strong move only can negate the sentiments. Expected range for Bank Nifty is 44300-45710. A daily close outside the broader range indicated above would require re-evaluation.

EURINR



(Chart image source: TradingView.com)

The Currency pair did not even attempt levels closer to 90 during the during the past week. The currency pair managed to post a strongly bullish candle and posted a high of 92.34 and broke the crucial resistance at 90.66. The Momentum is expected to remain intact and the pair is expected to trend higher closer to 94 levels. Expected to undergo consolidation phase between 90.50 & 93.50. 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 reversal of previous weeks move and closed around 82.02. As observed in the previous blog the declines are used as opportunity to hedge the Imports. Once again, the markets would be looking for lower levels to hedge imports. However, when the DXY has breached crucial 100 mark, there are no reason that the USDINR currency pair holds on to this range. This week is crucial and there are possibilities of lower levels towards 81.55 and then 81.15. If fails then there could be a wait period of another three weeks. In such scenario we may expect a consolidation between 81.75 and 82.75. 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:

Neither the moves in Dollar Index-DXY nor the equity have direct correlation

The raising upward channel indicate the broader range of 77.10-83.30

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.

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

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

A decisive week ahead

Gold

Precious Metal finds demand around 1900-20. For the past couple of weeks 1900-1925 range acted as consolidation zone and the precious metal is closer to its crucial resistance at 1965. The precious metal shows indication of a consolidation with a positive bias. A close above 1965 would help chasing higher levels. More likely scenario could be a consolidation between 1930-1990 with sharp moves within the range.

Crypto

The Crypto assets have finally crossed Dec 20 levels and attempted closer to the June 22 high which still remains elusive. It appears that the sentiments would continue to remain negative till we see a spike higher above June 22 levels. Has remained in narrow consolidation range for the past 2 weeks. Next couple of weeks are crucial and the present set-up shows that Crypto assets might consolidate in 15-20% band with a neutral bias. However, one strong move changes the outlook of the market.

Crude

As noted in the previous blogs, a few conflicting signals were evident. Breach above 75 could lead to further tightening and the prices may attempt 83. Charts in different time frames are showing signs of higher prices. The underlying triggers are not clear. Below 70 is favorable for recovery, 75-80 would be a tight rope walk and above 80 would make the inflation stay higher for longer. Expect a range of 72-80 for the week.

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