

Market Views for the Week 24 Jul–29 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 strong up move once it crossed 19600. A new ATP has been made at 19991, just short of the 20k mark. However, Friday's saw a sharp down move to make the Index settle at 19745. The Index still made a bullish candle. It remains to be seen if this fall is account of profit booking or a reversal.

- A few observations from the weekly charts are:
 - The index moved in a range of 429 points viz. between 19562 and 19991
 - The oscillators of different time frames are showing mixed signals
 - Monthly closing related 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 19500 & 19700 before breaking out which is considered a good sign
 - Index may find supports at 19570, 19440, 19320 and the index could face resistances at multiple levels 19860, 19970 and 20130

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 19300
 - There has been a few Gaps created in this bull run
 - 18818-18908 (28th Jun 23) far off for now
 - 18972-19079 (29th July 23) far off for now
 - 19189-19246 (3rd July 23) far off for now
- US Markets
 - DJI finally broke the barrier at 34700 after spending around 9 months in a wide range of 33714-34600
 - As expected the DJI saw a sharp up move on breach of 34700 and went on to make a high of 35274
 - We can expect the DJI to consolidate in the new range of 34600-35700
- Final Note
 - The Index has stayed well above the long-term trend line and the 200 DMA at 18034 and 55 DMA at 18811
 - 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 20020 and the lower end at 19320 and median at 19670*
 - Currently the Index is above the mid-point of the channel
 - 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 which happens in the current week
 - 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.
 - *Index still has an unfinished agenda of scaling 20200 and then 20500. When and How is the question*
 - A consolidation would prove the strength of the move
 - A daily close below 19520 would see the Index drift towards 19230
 - Need to remain vigilant as drag can be on both sides
 - There could be profit booking ahead of FED during the current week.
 - *Expected to consolidate remain in the range of 19520-19920 and any close outside the range requires re-assessment of risk*
 - *Apparently there appears two distinct fault lines-the lower one at 19520 and the top one at 19920. There are chances of 200 points move if either of this is breached on a daily closing basis.*

#Stay Safe

Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty moved in range of 1674 points Viz. between 44695 & 46369. The Bank Nifty is back with big moves. The weekly chart shows a strongly bullish candle and it made higher lows and higher highs. Normally there would be breather after such strong moves in the following couple of weeks. The Index is trading in an upward sloping channel with a pivot at 45760 and the top at 46760 and lower support at 44760. A weekly close below 44500 could lead to deeper correction. Expected range for Bank Nifty is 45300-46700. A daily close outside the broader range indicated above would require re-evaluation.

EURINR



(Chart image source: TradingView.com)

The Currency pair came under selling pressure after it attempted a peak of 92.46. The currency pair posted a bearish candle. This may be a reactive move after the strong move of previous week. The Momentum is expected to remain intact and the pair is expected to trend higher closer to 93 levels. Expected to undergo consolidation phase between 90.50 & 93.50. Any breach of the range would lead to 100 pips move.

USDINR



(Chart image source: TradingView.com)

Past week saw a narrow range of 81.91-82.20. After having seen the 79 to 83 moves during Sep 22, the declines are used as opportunity to hedge the Imports which has been highlighted in previous blogs. 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 82.55. 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:

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
- 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
- A decisive week ahead
- The narrowing of the Bollinger Bands suggest we can expect sharp moves sooner. 85+ or 79- is a strange puzzle.

Gold

Precious Metal has regained its support at 1940. And made a high of 1987. 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 1930-2000 with sharp moves within the range.



Crypto

Has remained in narrow consolidation range for the past 3 weeks. The Crypto assets though 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. The situation is like a cat on the wall and can jump either side. 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

The status remains the same as noted in the previous blogs. A few conflicting signals are noted. 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 72-81 for the week.

#Stay safe