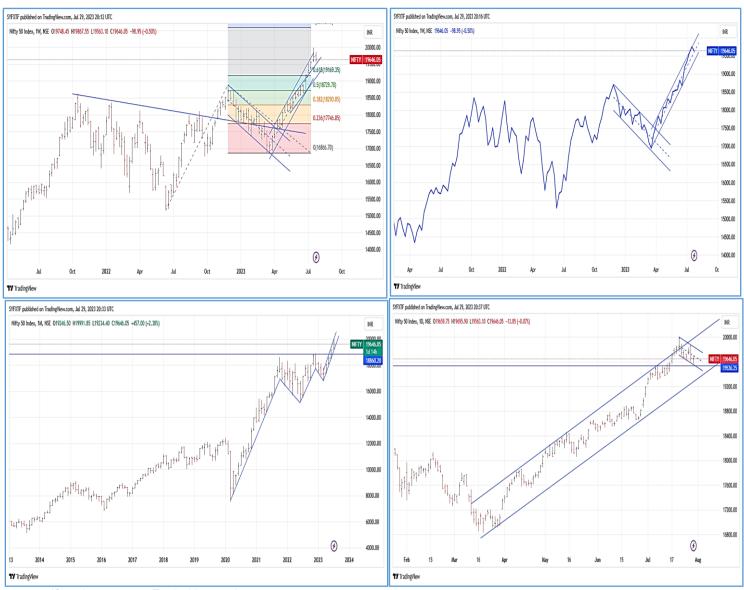


Market Views for the Week 31 Jul-04 Aug 2023-Venkat's Blog

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

NIFTY



(Chart image source: TradingView.com)

The past week saw a reactive move and the Index could not hold above 19800 though it attempted twice. Every attempt to spike higher is being punished with selling. The Index made a bearish candle. However, it had not breached the previous week's low. It remains to be seen if this fall is account of profit booking or a reversal.

- A few observations from the weekly charts are:
 - o The index moved in a range of 304 points viz. between 19867 and 19563
 - The oscillators of different time frames are showing mixed signals
 - Just one session left for the monthly closing candle and the 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
 - o Index has come back to the original channel
 - Index may find supports at 19570, 19440,19320 and the index could face resistances at multiple levels19860,19970 and 20030

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 still seen in 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 posted a new high of 35644 after which it faced a sharp sell-off. However, it recovered partially in the next session
- Monthly charts show signs of strongly positive bias
- We can expect the DJI to consolidate in the new range of 35000-35800

Final Note

- The Index has stayed well above the long-term trend line and the 200 DMA at 18167 and 55 DMA at 18943
- Index is moving in an ascending channel having a depth of about 700 points. The top of the channel at 19990 the lower end at 19277 and median at 19620
 - Currently the Index is around 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. With Just one session left for the monthly closing candle, we can hope that there may not be a negative candle
 - 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
 - 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 an the top one at 19920. There are chances of 200 points move if either of this is breached on a daily closing basis.
 - Daily close above 19770 required for further gains

#Stay Safe



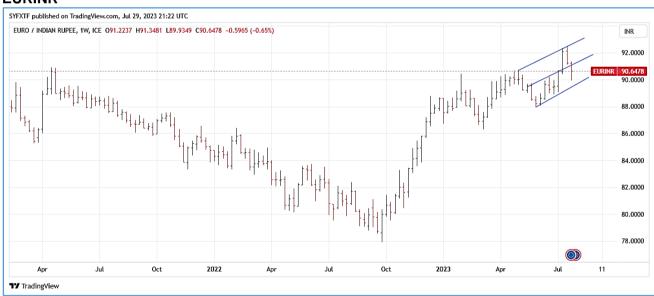
Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty moved in range of 1072 points Viz. between 45238 & 46310. The Bank Nifty is back with big moves. The weekly chart shows a bearish candle and it made higher lows and lower highs. Normally there would be breather after such strong moves in the following couple of weeks. The Index is trading in an ascending channel with a pivot at 45800 and the top at 46800 and lower support at 44800. A daily close below 45200 could lead to Index test 44800 and further correction if there happens a breach of 44800. For now, 46300 is one major hurdle for scaling a new high. Expected range for Bank Nifty is 44800-46200. A daily close outside the broader range indicated above would require re-evaluation.

EURINR



(Chart image source: TradingView.com)

The Currency pair continued to be under selling pressure. The currency pair posted a bearish candle for the second week in a row. This may be a reactive move after the strong up move of earlier week. The pair may find good support at the lower end of the channel at 89.70 and may face stiff resistance around the midpoint of the channel at 91.30 and subsequently at the top of the channel at 92.80. Expected to undergo consolidation phase between 89.70 & 91.70. Any breach of the range would lead to 100 pips move.



USDINR



(Chart image source: TradingView.com)

Past week saw another rare attempt of 81.67. However, the market witnessed a strong buying interest and the pair swiftly rose to 82.33 and finally settled at 82.20. As observed in the previous Blogs, it is evident from the market action that the declines are used as opportunity to hedge the Imports. Markets would be confused on the logic of this magic number 81.70 which has been holding since Feb 23 except for a marginal breach in March & April 23. It is evident from the charts that if 81.70 is breached on weekly closing basis there are possibilities of lower levels towards 81.55 and then 81.15 and even 80. Having made failed attempts, 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.
- Neither the moves in Dollar Index-DXY nor the equity have direct correlation
- 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 guarter if we do not see a close below 81.70
- The raising upward channel indicate the broader range of 77.10-85.30
- 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. Last week there was a breach of the support at the base of the triangle. Yet there has been sharp recovery to be back inside the triangle
- The narrowing of the Bollinger Bands suggest we can expect sharp moves sooner. 85+ or 80- is a strange puzzle.

Gold

Precious Metal has moved in the range of 1942-1982. Appears that there is interest at both sides. The precious metal shows indication of a consolidation with a positive bias. A close above 1970 would help chasing higher levels. More likely scenario could be a consolidation between 1930-1985 sharp moves within the range.

.



Crypto

Has remained in narrow consolidation range for the past 5 weeks. The Crypto assets though crossed Dec 20 levels and attempted closer to the June 22 high which still remains elusive. The situation is like a cat on the wall and can jump either side. It appears that the sentiments would continue to remain negative till we see a spike higher above June 22 levels. 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. As expected the breach above 75 has led to price rise above 80 on its way to attempt 83. The crucial zone of 84-85 if broken on a closing basis, we may see another spike towards 90. 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 75-84 for the week.

#Stay safe