

Market Views for the Week 07 Aug–11 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 sell-off on three out of five sessions. The selling pressure was more when the Index breached 19520. The Index made second bearish 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 499 points viz. between 19795 and 19296
 - The oscillators of different time frames are showing negative signals
 - Option open interest to drive the direction of the market
- Expected scenarios for the ensuing week
 - The Index breaching the crucial 19520 and the Index making lower lows and lower highs after 18 weeks are signs of weakness
 - The only saving grace is that it bounced back from the lower end of the channel
 - Index may find supports at 19320, 19180, 19040 and the index could face resistances at multiple levels 19630, 19770 and 19810

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 outlook for the Index presently a neutral bias as long as the range of 19300-19700 remains intact
 - 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) * at risk
- US Markets
 - DJI came under selling pressure after a making decent gains in the past 2 weeks
 - Friday's sell-off is seen as negative even though the Monthly charts shows positive bias
 - The support at 35K is crucial and breach below on daily closing basis would see the Index test the break-out levels.
 - We can expect the DJI to consolidate in the new range of 34500-35500
- Final Note
 - The Index has stayed well above the long-term trend line and the 200 DMA at 18230 and 55 DMA at 19063
 - *Index is moving in an ascending channel having a depth of about 700 points. The top of the channel at 20070 the lower end at 19370 and median at 19720 Currently the Index is below the mid-point of the channel,*
 - *Whereas, in the daily charts we observe a descending channel with 450 points range with range from 19230-19680*
 - *Index still has an unfinished agenda of scaling 20K*
 - *Ensuing week is crucial for a tuff fight between the Bulls and Bears for control*
 - *The line of control is 19700 for the Bulls to regain the power and it needs to be in a quick with sharp move else we may see second bout of sell-off*
 - *A health consolidation would prove the strength of the move*
 - *A daily close below 19320 would see the Index drift towards 19030*
 - *Need to remain vigilant as drag can be on both sides*
 - *Expected to consolidate remain in the range of 19230-19730 and any close outside the range requires re-assessment of risk*
 - *Apparently there appears two distinct fault lines-the lower one at 19320 an the top one at 19720. 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 1503 points Viz. between 45782 & 44279. The Bank Nifty is back with big moves. The weekly chart shows a bearish candle and it made higher lows and lower highs and bounced from the lower end of the channel. 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 45660 and the top at 46860 and lower support at 44460. As expected there was a sell-off when the Index breached 45200. A daily close above 45200 required for re-test of 45700. Expected range for Bank Nifty is 44460-45660. A daily close outside the broader range indicated above would require re-evaluation.

EURINR



(Chart image source: TradingView.com)

The Currency pair found perfect support at the lower end of the channel at 90.24 and bounced back to attempt 91.34 and closed at 91.04. The currency pair posted a bullish candle. For the ensuing week, the pair may find good support at the lower end of the channel at 90.40 and may face resistance around the midpoint of the channel at 91.80 and subsequently at the top of the channel at the previous high of 92.46. Expected to undergo consolidation phase between 90.40 & 92.40. Any breach of the range would lead to 100 pips move.

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USDINR



(Chart image source: TradingView.com)

Past week saw continued buying interest and the pair hit the high of 82.89 and cooled-off to close at 82.65. As has been continuously highlighted in the previous Blogs, it is evident from the market action that the declines are used as opportunity to hedge the Imports. Markets are confused on the logic of this magic numbers 81.70 & 83.00. This time around the pair is at a crucial juncture and the weekly charts show signs of potential breach on the upside if the pair stays above 82.95 on closing basis which may trigger a spike towards 83.25. Expect the range of 82.15-83.20 to hold for the week and 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.

- Neither the moves in Dollar Index-DXY nor the equity have direct correlation
- The 82.75-83.25(with error adjustments) zone is the Fib projection of July 2011 to July 2013. Alternatively, the Fib projection of the move from Jan 22(Low) to Oct 22(High) and Nov 22 low also suggest the projection as 82.92. Hence, the importance. If breached, we may see another spike towards 85.70.
- 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. We are close to the Top of the Triangle/Rectangle and the Oscillators in the weekly charts show indications of higher levels
- 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 1930-1972. Appears that there is interest at both sides and also that the precious metal is flirting around multiple moving averages. 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 1915-1975 sharp moves within the range.



Crypto

Has remained in narrow consolidation range for the past 7 weeks. This type of consolidation has sharp up move in the past. Scaling 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

As expected the breach above 80 has led to price rise towards 83 on its way to attempt 85-87. The crucial zone of 85-87 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 could be prolonged production cuts. If the scenario continues for longer, we may have a tuff time during the winter. Price above 80 would make the inflation stay higher for longer. Expect a range of 79-87 for the week.

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