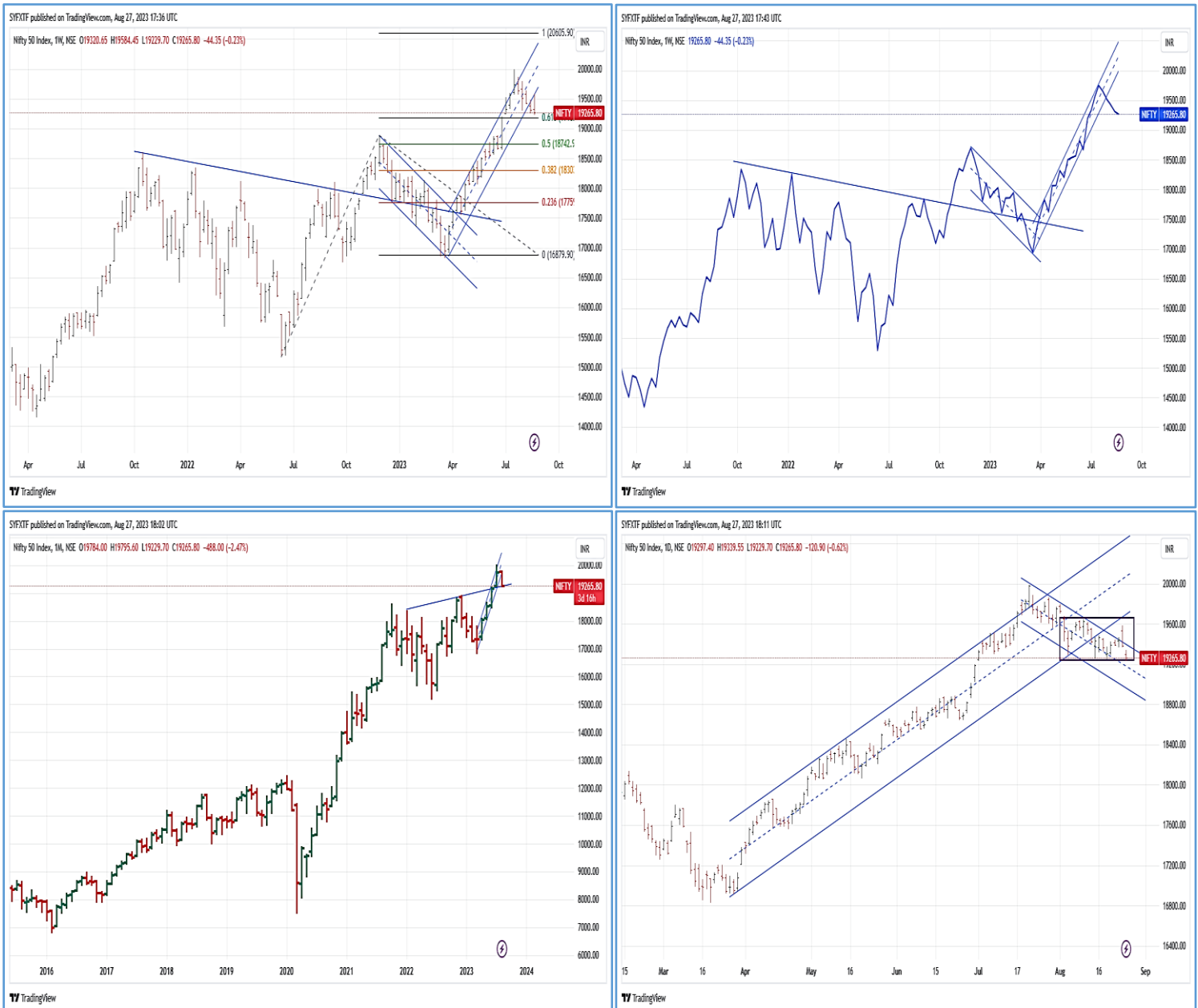


Market Views for the Week 28 Aug–01 Sep 2023-Venkat's Blog

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

NIFTY



(Chart image source: TradingView.com)

The past week saw a muted action during the first four sessions. The euphoria of soft landing on the moon triggered a spike past 19460 hurdle and saw a high of 19584, but only to be sold-off back towards the lows of the week. The selling pressure is expected to continue till we see a spike above 19520-640 range on a closing basis. The Index made fifth bearish candle on weekly chart which is longer than usual.

- A few observations from the weekly charts are:
 - The index moved in a range of 335 points viz. between 19584 and 19229
 - The oscillators of different time frames are showing negative signals
 - Monthly candle closing and Option open interest to drive the direction of the market
- Expected scenarios for the ensuing week
 - The Index closing below the crucial 19520 is a sign of weakness
 - The index breached the lower end of the channel and going forward the channel trendline would be a barrier which is around 19620

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
 - Presently, the outlook appears negative. However, the crucial support at 19200 is holding for now
 - The support around 19200-250 range is gaining importance as this level is tested thrice during the last few weeks of weeks.
 - Index may find supports at 19175, 19040, 19920 and the index could face resistances at multiple levels 19330, 19460, 19580 and 19670
 - 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) * being attempted
- US Markets
 - The selling pressure continues and the DJI is gradually losing the gains made in the previous two months
 - For now, the Index would face a tuff barrier at 34900 levels. The support at 34K is expected to hold
 - We can expect the DJI to consolidate in the new range of 34000-34900
- Final Note
 - The Index has stayed well above the long-term trend line and the 200 DMA at 18345, however, the Index moving back and forth of 55 DMA at 19310 is a matter of concern
 - *In the weekly charts the Index has broken the lower end ascending channel*
 - *Whereas, in the daily charts we observe a descending channel with 400 points range with range from 18970-19370*
 - Ensuing week is crucial for a favorable monthly closing candle
 - The line of control has shifted down to 19570 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
 - Index made fifth bearish weekly candle
 - The is scenario currently tilted in favor of Bears and is attempting to break the crucial support zone of 19250 for taking the Index below 19K. The significance of 19180-250 zone comes from the Fib retracements of the move viz. 16870 to 19990. And also, the Lows of July 23 and High of June 23
 - A close below 19420 suggest that the Index would Index drift towards 19030
 - Need to remain vigilant as drag can be on both sides and increased volatility due to Monthly closing candle. A monthly close below 19200 would signify a bearish engulfing pattern and the next thing to look for would be 18800.
 - *Expected to consolidate remain in the range of 19030-19630 and any close outside the range requires re-assessment of risk*
 - August series Option exposure build up has kept the Index lower. It remains to be seen the bets for new Sept series
 - *Apparently there appears two distinct fault lines-the lower one at 19170 and the top one at 19470. There are chances of 200 points move if either of this is breached on a daily closing basis.*

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Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty moved in range of 1083 points Viz. between 43862 & 44949. The Bank Nifty finally broke the declining trend with a positive candle after four consecutive weekly bearish candles and it made higher lows and higher highs. The Bank Nifty seem to have breached the descending channel which triggered attempt of higher levels. With the change in sentiments, the declines are expected to be bought. Expect 43350 to hold and the major resistance would be 45200. Expected range for Bank Nifty is 43350-45350. A daily close outside the broader range indicated above would require re-evaluation.

EURINR



(Chart image source: TradingView.com)

The Currency pair tried attempting the ascending channel at 90.80. However, it could not make further gains and hence came under continued selling pressure. The currency pair posted a bearish candle. For the ensuing week, the pair may find support at 89.20 and may face resistance around 91.00. Below 89.20 we can see another round of selling towards 88.40. It would be difficult for the pair to expect higher levels till it closes above 91.30. Expected to undergo consolidation phase between 89.20 & 91.20. 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 dramatic shift of stance. Aided by the buoyant mood after India achieved a successful soft landing on the moon, the market witnessed a sharp sell-off towards 82.35. It appeared as if the markets were betting on another failed mission or the previous trigger past 83.30 was a false break. However, the buying interest continues as the market is still not sure of a decline below 82.20. It is evident from the market action that the declines are used as opportunity to hedge the Imports. Expect the range of 82.20-82.90 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.

- 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. With last week's move we are back in the same trading range of 82.20-82.90
- Neither the moves in Dollar Index-DXY nor the equity have direct correlation
- A decisive week ahead as the monthly closing candle could give further clues for future direction and the target.

Gold

Precious Metal has moved in the range of 1923-1884. With a shaven bottom and a green candle, it may be safe to assume that 1885 is likely to hold and the precious metal may bounce back to scale higher levels. However, the weekly closing does not support a sharp up move. The precious metal shows indication of a consolidation with a positive bias. Only a close above 1940 would help chasing higher levels. More likely scenario could be a consolidation between 1885-1955 with sharp moves within the range.

Crypto

The Crypto assets saw another slow grind of narrow range after a 7% fall on 17th Aug. Failing to scale the June 22 after many failed attempts, the Crypto assets are facing a strong selling pressure. It appears that the sentiments would continue to remain negative. Only a strong recovery of 15% could help regain the confidence. Month end maturity contracts and short covering can help recovery. Any further slide of 10% would be fatal for a free fall.

Crude

The crude seems to have completed one cycle of up move. The crucial 84 remains a barrier for now. The expected drift lower towards 77 has also been achieved. The risk on the higher side is a breach above crucial zone of 85-87, Charts in different time frames are showing mixed signs. The likely scenario could be a consolidation between 74 & 86 for some time. If the higher price 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 74-84 for the week.

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