

Market Views for the Week 05 Sep–08 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 narrow range and every attempt was punished with sell-off during the first four sessions. The Friday's market action appeared a stand-out and saw a strong bull candle and helped in closing near the high of the week. The Index finally made a bullish candle after five bearish candles on weekly chart which is a positive sign. The base around 19220-250 is holding for now.

- A few observations from the weekly charts are:
 - The index moved in a range of 223 points viz. between 19223 and 19458
 - 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 closing close to the top of the descending channel on daily chart
 - Probability of breach seems higher as seen from the other indicators
 - The index breached the lower end of the channel and going forward the channel trendline would be a barrier which is around 19810

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- Additional interesting observations
 - The outlook appears to be turning positive with the crucial support at 19200 is holding for now
 - The support around 19200-250 range is gaining importance as this level is tested four times during the last few weeks.
 - Index may find supports at 19330, 19220, 19120 and the index could face resistances at multiple levels 19570 and 19670, 19780
 - 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 but held for now
- US Markets
 - As expected the support at 34K held and the Index made smart recovery and faced the resistance around 34900 which was also expected.
 - Daily charts indicate that the barrier close to 35K seems strong. However, there are chances for the Index to trigger a spike towards 35300-400 range
 - Expect a consolidation between 34400-35250
- Final Note
 - The Index has stayed well above the long-term trend line and the 200 DMA at 18374, however, the Index moving back and forth of 55 DMA at 19370 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 19070-19470*
 - 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
 - The is scenario currently tilted in favor of Bulls as the crucial support zone of 19250 held well for the past three months including the current month till now. 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 above 19420 suggest that the Index is likely see higher levels towards 19770
 - 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 19130-19630 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 19570. 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 949 points Viz. between 43830 & 44779. The Bank Nifty seem to be caught in a range and do not exhibit a clear direction. Though it made a bullish candle, it moved almost in the same range as that of the previous week and made lower lows and lower highs. This can be treated as a consolidation phase before gathering momentum and new direction. 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 43700-45200. 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 90.60. However, it could not make further gains and hence came under continued selling pressure. The currency pair moved in almost the same range as that of the previous week and posted a bearish candle. For the ensuing week, the pair may find support at 89.00 and may face resistance around 90.50. Below 89.00 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 91.10. Expected to undergo consolidation phase between 89.00 & 90.50. 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 slow grinding in a narrow range between 82.53 & 82.80. Previous week's decline was short lived as the market witnessed continued buying interest at lower levels. The earlier breach above 83.10 is still fresh in the minds, 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 would continue 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
- On analyzing the quarterly and half yearly charts, the risk on the higher side is till 85.70 which is the channel top and the down side is 77.70
- We have been witnessing depreciation for the past 12 years starting 2011 with exception of 2017. We are in the ninth month. Will it be another 2017 or as always is puzzle.

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Gold

Precious Metal has moved in the range of 1915-11953. With yet another green candle, it may be safe to assume that 1910 is likely to hold and the precious metal may bounce back to scale higher levels. However, the precious metal has very strong resistances at 1970 and 1990 range. The precious metal shows indication of a consolidation with a positive bias. Only a close above 1970 would help chasing higher levels. More likely scenario could be a consolidation between 1910-1970 with sharp moves within the range.

Crypto

The Crypto assets saw another slow grind of narrow range with wild moves within a range of 15% altering the direction quickly. 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 20-25% could help regain the confidence. Any further slide of 10% would be fatal for a free fall.

Crude

The crude seems to have commenced next cycle of up move after three weeks of gradual decline and consolidation. The crucial 84 is breached on a weekly closing basis after almost 8 months. The risk on the higher side is a breach above crucial zone of 85-87 would see well past 90 levels, Charts in different time frames are showing mixed signals. The likely scenario could be a consolidation between 80 & 90 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 80-90 for the week.

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