

Market Views for the Week 11 Sep–15 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 return off positive sentiments as could be seen from the positive candles on all five sessions irrespective of the size of the move. The Index made a strongly bullish candle. on weekly chart which is a positive sign. The base around 19220-250 is proving to be a strong for a new wave..

- A few observations from the weekly charts are:
 - The index moved in a range of 435 points viz. between 19432 and 19867
 - 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 broke the top of the descending channel on daily chart which helped the strong move. It made another break of ascending minor channel
 - Probability of continuation of the uptrend seems higher as seen from the other indicators
 - The index is attempting to re-enter the long term trend channel which is around 19950-980 region

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- Additional interesting observations
 - The outlook appears to be turning positive with the break of crucial barrier zone of 19520 - 19640
 - The recovery suggests re-attempt of the earlier highs which matches with the lower end of the long-term trend channel
 - Index may find supports at 19740, 19630, 19520 and the index could face resistances at multiple levels 19870 and 19980, 20080
 - 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
 - Daily charts indicate that the barrier close to 35K seems strong
 - As expected the support at 34300 held and the Index attempted a recovery and faced the resistance around 34900 which was also expected.
 - Dow is in a deep dilemma and there seems no clarity of direction
 - Expect a consolidation between 34400-35250
- Final Note
 - The Index has stayed well above the long-term trend line and the 200 DMA at 18407
 - After spending 5 weeks moving back and forth of 55 DMA around 19400-450 range, it finally broke higher which is positive
 - *In the weekly charts the Index is seen attempting to get back to the original ascending channel which is a normal scenario after a break lower*
 - *In the daily charts the Index broke a descending channel and also a minor ascending channel which shows the momentum is stronger, the target of this could be 300 points from the break-out level of 19670 which in turn works out closer to ATH*
 - With break above 19570 the Bulls have regained the power and it needs to be seen whether they are able to hold on to the control
 - Need to remain vigilant as drag can be on both sides
 - August series Option exposure build up had kept the Index lower. The September series so far has proved to be positive with the Index recovering the entire losses made in August 23
 - *Expected to consolidate remain in the range of 19620-20080 and any close outside the range requires re-assessment of risk*
 - *With continued momentum the Index has an opportunity to hit the 20K milestone and a new ATH*

#Stay Safe

Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty moved in range of 1176 points Viz. between 44207 & 45383. As expected the previous two weeks move to be treated as consolidation, the Bank Nifty finally broke its narrow range. It made a strongly bullish candle, With the change in sentiments, the declines are expected to be bought. The Index is moving in an ascending channel and expect the lower end of 44350 to hold and the next major resistance would be 45560 which is the top of the channel. The oscillators point towards a break higher. Expected range for Bank Nifty is 44300-45600. A daily close outside the broader range indicated above would require re-evaluation.

EURINR

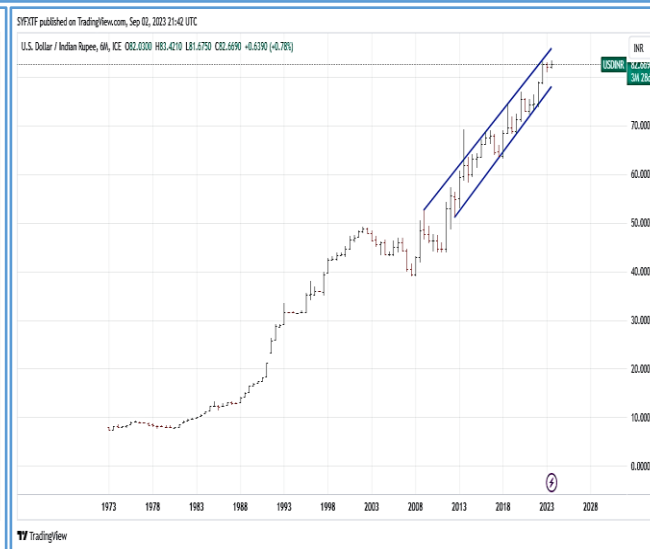


(Chart image source: TradingView.com)

The Currency pair continues to be under selling pressure for the past 4 weeks. The currency pair moved in a smaller range with lower lows and lower highs and posted a bearish candle. For the ensuing week, the pair may find support at 88.35 and may face resistance around 89.50. A daily close above 89.50 required for further gains. Below 89.00, we can see another round of selling towards 88.40. Expected to undergo consolidation phase between 88.35 & 89.50. 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 sharp move past 83 and attempted 83.22. Every time the currency pair attempt above 83 the panic buttons are pressed. 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. At best we can presume that the range is gradually shifted higher between 82.50 and 83.30. Expect the range of 82.50-83.10 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 usual?
- When India is projected as doing better than many countries, why should the currency have one-way move is a puzzle.

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Gold

Precious Metal has moved in the range of 1915-11946. With a red candle, it is evident that the precious metal faces strong selling pressure around 1950 levels and reasonable buying interest around 1910. With a failure to close above 1950, the precious metal is likely to face increased selling pressure which may result in breach of 1900 levels. Only a close above 1950 would help chasing higher levels. More likely scenario could be a consolidation between 1880-1940 with sharp moves within the range.

Crypto

The Crypto assets saw another slow grind of narrow range with wild moves within a range of 10-15% altering the direction quickly. The Crypto assets have seen a narrow consolidation for the past three weeks. 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 20% would be fatal for a free fall.

Crude

The crude seems to be pausing for a while after a quick move from 79-86. 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 82 & 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 82-90 for the week.

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