

Market Views for the Week 18 Sep–22 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 continuation of the positive sentiments except a struggle as it crossed the previous peak. As expected the Nifty posted a new ATH. The Index made a strongly bullish candle on weekly chart which is a positive sign. The previous high would act as a support for some time.

- A few observations from the weekly charts are:
 - The index moved in a range of 357 points viz. between 19890 and 20222
 - 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
 - In the normal course when the prices reach the earlier trend there are possibilities of rejection. However, the Index has re-entered the earlier trend which is likely to set the probability of continuation of the uptrend higher as seen from the other indicators

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- Additional interesting observations
 - The outlook appears to be positive with the break of crucial barrier zone of 19880 – 19960
 - Index may find supports at 20140, 20030, 19960 and the index could face resistances at multiple levels 20330, 20440, 20540
 - 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
 - 20063-20133- Newly created
- US Markets
 - Daily charts indicate that the barrier close to 35K seems strong
 - Dow is in a deep dilemma and there seems no clarity of direction
 - Expect a consolidation between 34200-35050
 - Unless either of these are breached on a closing basis we see whipsaw moves within this range. It indicates that the confidence level is low
- Final Note
 - The Index has stayed well above the long-term trend line and the 200 DMA at 18449 and 55 DMA around 19560
 - *In the weekly charts the Index has got get back to the original ascending channel after a struggle around 19850-880 which incidentally is the previous ATH*
 - The September series so far has proved to be positive with the Index recovering the entire losses made in August 23 and also posting a new ATH
 - *Expected to consolidate remain in the range of 19960-20440 and any close outside the range requires re-assessment of risk*
 - *With continued momentum the Index has an opportunity to hit the Fib projection of 20535 in the near future. However, there are a few resistance zones around 20330-20440*
 - After three consecutive weeks of positive candles, It is prudent to remain vigilant as drag can be on both sides

#Stay Safe

Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty moved in range of 1079 points Viz. between 45310-45383. As expected the previous three 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 with lower end at 44950 and the top of the channel at 46550 with the midpoint at 45810. The oscillators point towards a break higher. While the main index Nifty has posted a new ATH, Bank Nifty is trailing behind. We can expect a breach of earlier highs and a new ATH achieved during the ensuing week. Expected range for Bank Nifty is 45810-46550. 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 5 weeks. The currency pair attempted higher levels only to be sold-off again and posted a bearish candle. For the ensuing week, the pair may find support at 87.90 and may face resistance around 89.40. A daily close above 89.50 required for further gains. Below 89.00, we can see another round of selling towards 87.90. Expected to undergo consolidation phase between 87.90 & 89.40. Any breach of the range would lead to 100 pips move.

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USDINR



(Chart image source: TradingView.com)

Past week saw a narrow range by taking 83 as pivot moved 0.18 on either side. It is evident from the market action that the declines are used as opportunity to hedge the Imports. Market is no mood to believe decline towards even 82.20. At best we can presume that the range is gradually shifted higher between 82.50 and 83.30. Expect the range of 82.50-83.30 would continue to hold for the week with a crucial support at 83.80 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 82.50-83.30
- 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
- Incidentally, the big move from 80 to 83 happened during third week of Sep 22 to first week of Oct 23. Are we in to another such move?
- 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 1901-1930. With a small green candle. It is evident that the precious metal faces strong selling pressure around 1950 levels and reasonable buying interest around 1900. The Precious metal is caught between multiple moving averages and hence witnessing a narrow range consolidation. 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 week of narrow range with sharp moves of 10-15% within such a range altering the direction quickly. The Crypto assets have seen a narrow consolidation for the past four weeks. The trade set-up as per the weekly chart appears to be a break higher. Another faltering week could result in 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 crucial holding on the gains as 84 levels is breached on a weekly closing basis after almost 8 months. As expected the risk on the higher side above 90 is already met. Charts in different time frames are showing mixed signals. The likely scenario could be a consolidation between 87 & 93 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. The prices above 93 would create a cascading effect on the overall inflation/growth opportunities. Expect a range of 87-93 for the week.

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