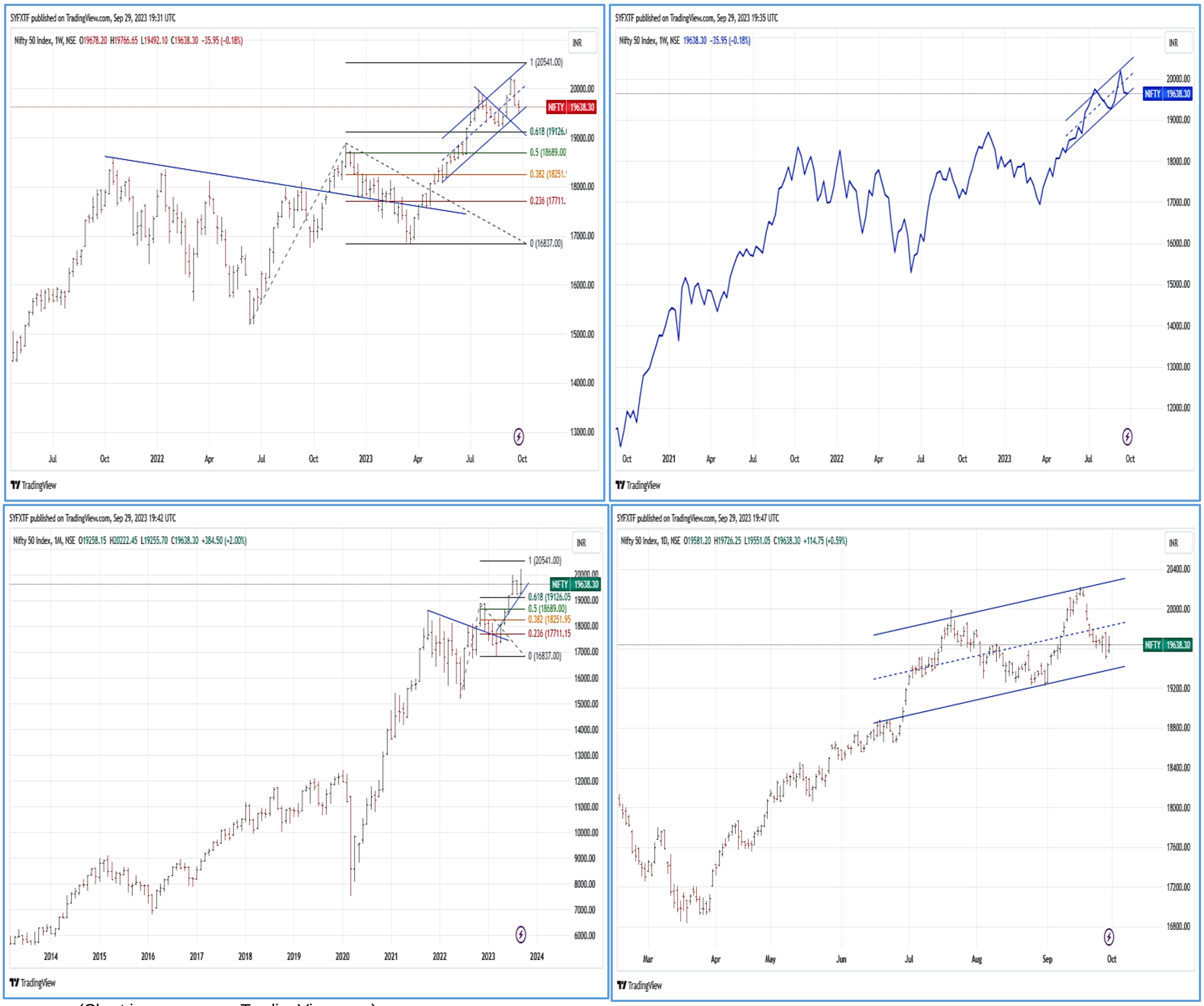
Market Views for the Week 02 Oct–06 Oct 2023-Venkat's Blog

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

NIFTY



(Chart image source: TradingView.com)

The market witnessed a struggle to retain control by Bulls and Bears. Unlike the previous week, the intensity was lesser, except for the month end option expiry which saw sharp fall. However, the Friday's recovery seems to send a message that the game is not over yet. Added pressure was due to a truncated week with monthly, quarterly and half yearly closing. The ensuing week also expected to remain volatile due to holiday at the beginning of the week and the Global cues could have impact when the market opens after a long weekend.

- A few observations from the weekly charts are:
  - The index moved in a range of 274 points viz. between 19766 and 19492
  - The oscillators of different time frames are showing mixed signals
  - Option open interest to drive the direction of the market

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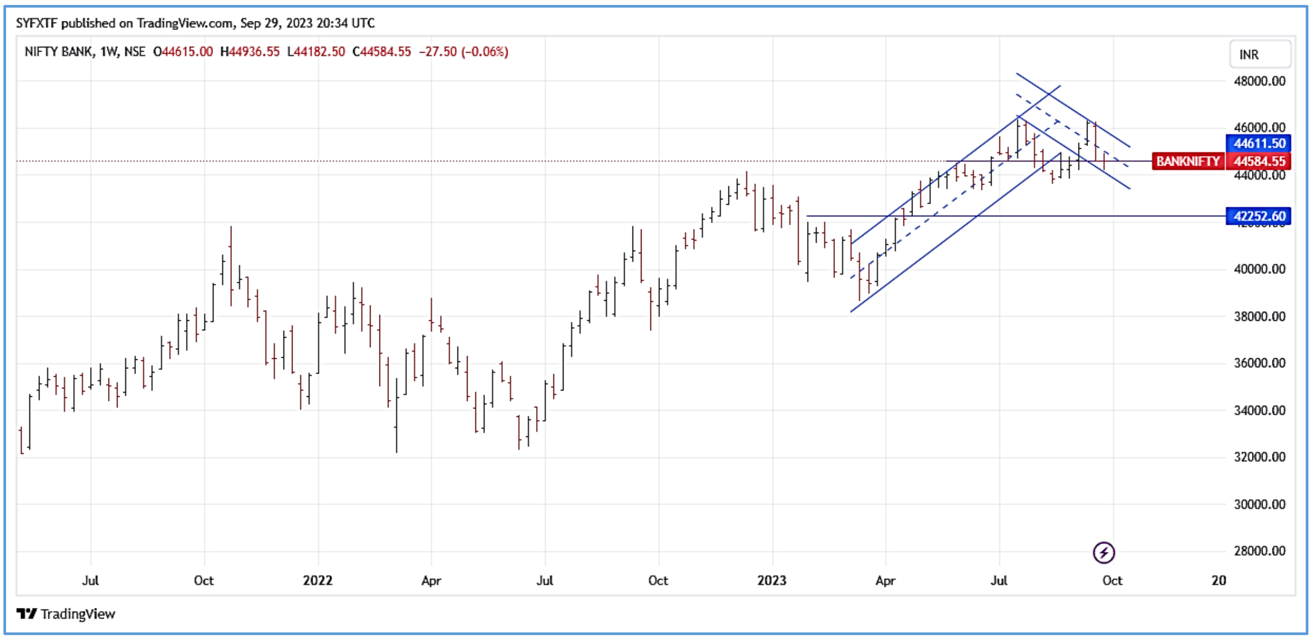
- Expected scenarios for the ensuing week
    - The ascending channel is redrawn with the new support seen from the lows of the week.
    - After removing the outliers, the Nifty Index is moving in an ascending channel with a top at 20430 and lower end support at 19540 with a pivot at 20020
- Additional interesting observations
    - The Bears were in total control and would continue to dominate till the index is below crucial zone of 19880 – 19960
    - Index may find supports at 19540, 19440, 19250 and the index could face resistances at multiple levels 19770 and 19880, 19940, 20060
    - 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- Got filled yet a new Gap created 20133-19980*
- US Markets
    - Daily & Weekly charts indicate that the sentiments are deeply negative. The Index gave away the crucial 33800-34100 zone which it held for nearly 16 weeks
    - Expect a consolidation between 33200-34100 which is likely to be the new range
    - Unless either of these are breached on a closing basis we see whipsaw moves within this range. It indicates that the confidence level is continuously getting eroded
- Final Note
    - The Index has stayed well above the long-term trend line and the 200 DMA at 18497 and is hovering around the 55 DMA at 19628
        - *The ascending is redrawn with the levels supported during this week and it appears that there are chances that the Index may bounce back or at least consolidate in a smaller range before taking further direction*
        - Even after more than 50% fall, the September series so far has proved to be positive
        - *Expected to consolidate remain in the range of 19460-19960 and any close outside the range requires re-assessment of risk*
        - *The fall has been very sharp and the 0.618 Fib retracement at 19620 and then the next 0.786 Fib retracement at 19450 are crucial*
        - Expect the regular SIP investments to support for a consolidation above 19500
        - The distinct fault lines lie at 19450 on the lower end and 19880 on the higher end
        - Any breach below 19490 would result in a fatal slide towards 19240 and then 19120

#Stay Safe

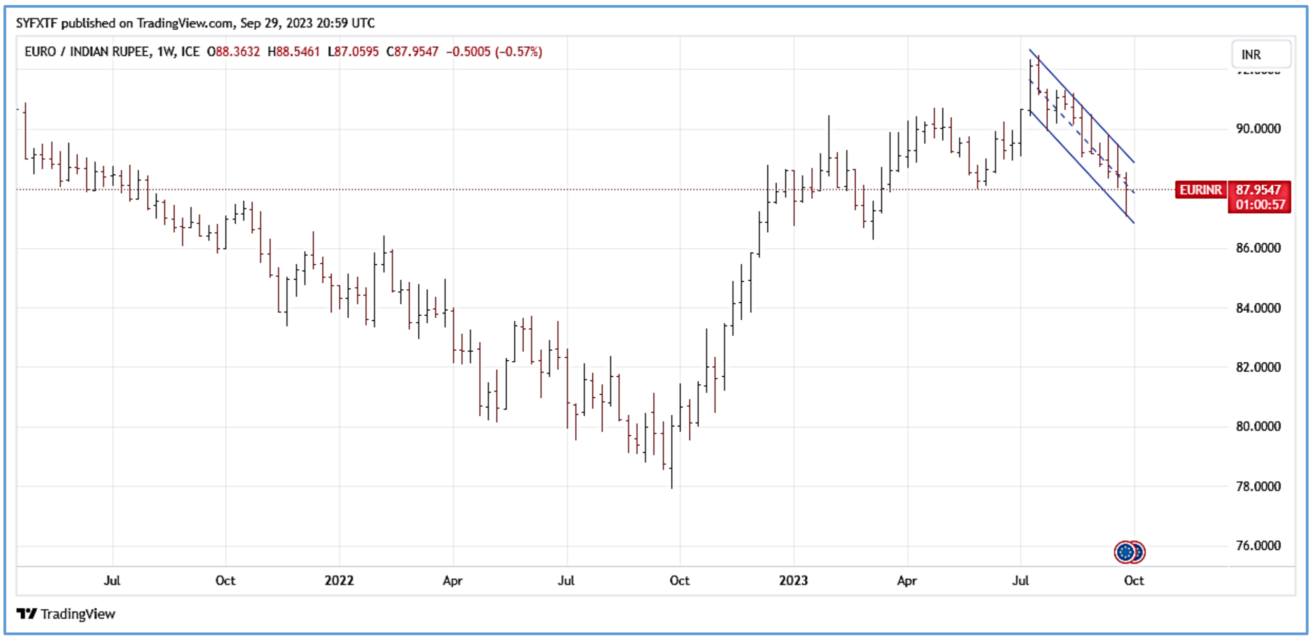
Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty moved in range of 754 points Viz. between 44936 & 44182. The past week saw less volatility and a narrower range and made another bearish candle, Though the current sentiments are negative, the declines closer to the monthly lows around 44K are expected to be bought. The Index is moving in a descending channel with lower end at 43960 and the top of the channel at 45560 with the midpoint at 44780. The oscillators are showing mixed signals. Expected range for Bank Nifty is 43960-45560. A daily close outside the broader range indicated above would trigger a spike of 400 points and would require re-evaluation of risk and target.

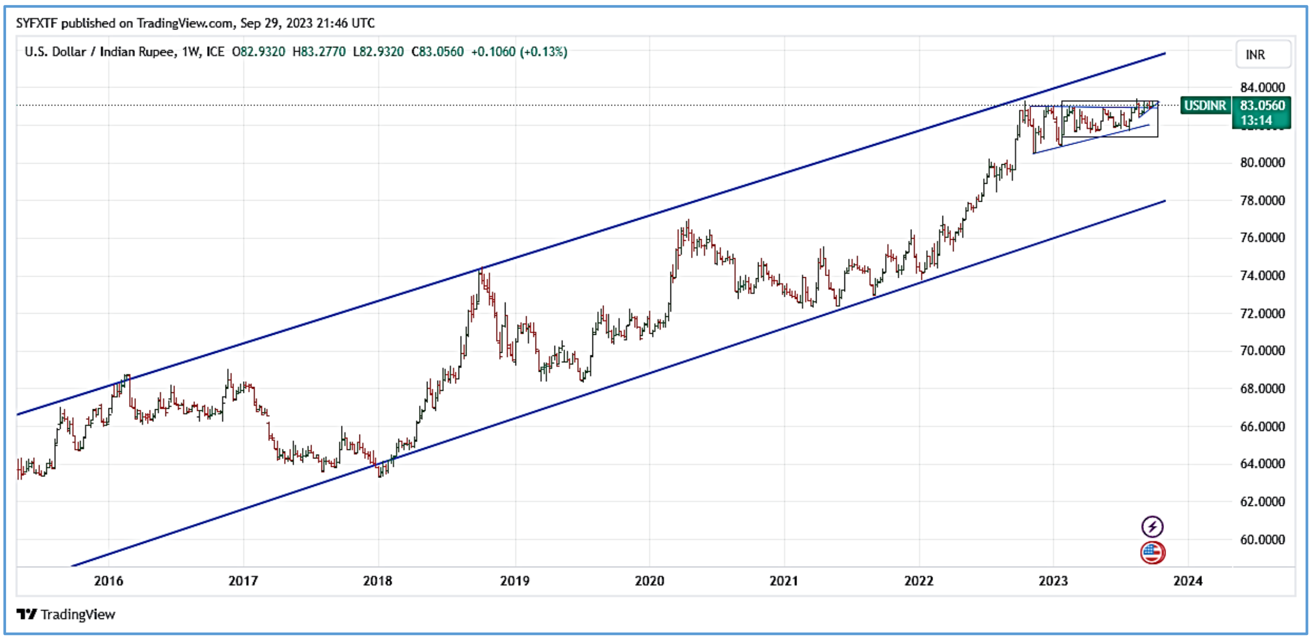
EURINR



(Chart image source: TradingView.com)

The Currency pair continues to be under selling pressure for the past 8 weeks. Every attempt towards higher levels is being sold-off and posted a bearish candle. The support at 87.10 and 86.90 are fairly strong and expect to hold for a relief rally towards 89 levels. For the ensuing week, the pair may find support at 86.90 and may face resistance around 88.90. A daily close above 89.50 required for further gains. Below 89.00, we can see another round of selling towards 87.10. Expected to undergo consolidation phase between 87.10 & 88.90. Any breach of the range would lead to 100 pips move.

USDINR



(Chart image source: TradingView.com)

Past week saw a narrow range by taking 83.10 as pivot moved 0.17 on either side. One more attempt of 83.27 and reversal is fairly a good sign for a small correction towards 82.75. Market is no mood to believe decline towards even 82.50. At best we can presume that the range is gradually shifted higher between 82.70 and 83.30. Expect the range of 82.70-83.30 would continue to hold for the week with a crucial support at 82.70 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 followed by 86.10 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 2023 is be another 2017 or as usual? Monthly/Quarterly/Half yearly charts do not show significant signs of lower levels yet. Only a weekly close below 82.20 can help chances of lower levels.

Gold

After the breach of Mid BB during the second week of June 23, the precious metal has been under selling pressure. After repeated failed attempts to cross 1940 the metal got heavily sold off as the support zone of 1900 also gave way easily. The lower demand due to off season coupled with the higher interest rate expectations were against the Precious metal. At best we can expect a consolidation between 1840-1900 for a few weeks or any trigger on account of geo-political risk perceptions.

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Crypto

The Crypto assets saw another week of narrow range. The Crypto assets have seen a narrow consolidation for the past six weeks. The trade set-up as per the weekly chart appears to be a break higher with a curved formation. Another faltering week could result in selling pressure. It appears that the sentiments would continue to remain negative. Only a strong recovery past May 23 high could help regain the confidence. Any further slide of 20% would be fatal for a free fall.

Crude

The crude attempted a high of 95 and settled lower around 90 and holding on the gains as 84 levels is breached on a weekly closing basis after almost 8 months. Crude appears to have made a temporary top and can cool-off a bit lower towards 82 levels if we see a daily close below 85. However, the Monthly charts depict potential for further upside. Charts in different time frames are showing mixed signals. The likely scenario could be a consolidation between 84 & 94 for some time. A weekly close below 87 would bring some relief towards 78-84 range. If the higher price scenario continues for longer, we may have a tuff time during the winter. Price above 90 would make the inflation stay higher for longer. The prices above 94 would create a cascading effect on the overall inflation/growth opportunities. Expect a range of 84-94 for the week.

#Stay safe