

Market Views for the Week 16 Oct–20 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 gradual shift towards higher levels. Friday saw a gap down opening due to uncertainties with regards to the impact on account of change in Geo-political risk perceptions. However, the markets recovered quickly and closed higher making a case for strengthening of key support zone of 19500-19450. With territorial conflicts and celestial happenings, next couple of weeks are expected to remain volatile.

- A few observations from the weekly charts are:
 - The index moved in a range of 363 points viz. between 19480 and 19843
 - 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 previous week.
 - Index has made a higher high and higher lows which is seen as positive
 - After removing the outliers, the Nifty Index is moving in an ascending channel with a top at 20430 and lower end support at 19430 with a pivot at 19930
- Additional interesting observations
 - Though the sentiments seem to change, the Bears still holds fair control and would continue to attempt selling every rally till the index is below crucial zone of 19880 – 19960
 - Index may find supports at 19640, 19520, 19430 and the index could face resistances at multiple levels 19880, 19980, 20060, 20120
 - 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 shows signs of recovery for the past 2 weeks.
 - With this background it is safe to assume that the Index is expected to consolidate between 33200 and 34300
 - The weekly chart shows a Hammer followed by a confirmation, the potential is till 36K which might take sometime and the overall sentiments seem to gradually shift towards positive.
- Final Note
 - The Index has stayed well above the long-term trend line and the 200 DMA at 18553 and is moving back and forth of the 55 DMA at 19635
 - *The ascending channel is redrawn with the levels supported during this week and it appears that there are chances that the Index may consolidate in a smaller range before taking further direction*
 - *Expected to consolidate remain in the range of 19460-19960 and any close outside the range requires re-assessment of risk*
 - *As noted in the previous Blog, the Daily chart has a hammer with a confirmation and the target for the same is 19860, which is almost achieved. Similarly, the weekly chart has a hammer and a confirmation and the target extends till 20500 and the next question is the time frame. Ideally it would be good for the market to consolidate after every stage higher by 300-350 points.*
 - The distinct fault lines lie at 19450 on the lower end and 19880 on the higher end
 - Expect for the Geo-political backlashes the set-up appears to be positive for a re-attempt of 20K

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Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty moved in range of 914 points Viz. between 43796 & 44710. The Bank Nifty posted a positive candle after 3 weeks of bearish candle. The current sentiments appear to shift towards positive from negative. The declines closer to the monthly lows around 43700 are expected to be bought. The Index is moving in a descending channel with lower end at 43720 and the top of the channel at 45520 with the midpoint at 44670. The oscillators are showing mixed signals. Expected range for Bank Nifty is 43720-45200. 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 finally finds a base at around 87 and has made a tweezer bottom and a hammer with a confirmation through higher highs and higher lows. There is likely to be buying interest emerging on every decline from here onwards. This reinforces the assumptions noted in the earlier blog that 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 87.00 and may face resistance around 88.90. A daily close above 88.60 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.

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USDINR



(Chart image source: TradingView.com)

Past week witnessed repeat of the same narrow range by taking 83.20 as pivot moved 0.10 on either side. As the base gradually shifting higher above 83, the market is no mood to believe decline towards even 82.75. Expect the range of 82.90-83.30 would continue to hold for the week with a crucial support at 82.90 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 83.00-83.30*
- 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?*
- *On an analysis of conflicts leading to change in perception of Geo-political risks there may be a scenario to "Let-Go". The big move in INR from 75.28 to 82.80 happened 3-4 weeks after the start of Russia-Ukraine war. However, there was a deceptive down move prior to the full blown up-move. So, it's a wait and watch?*
- 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

In just a couple of sessions the scenario seems to have changed the fortunes of precious metals. This is the second time such sharp move happens from 1800 levels to 1950. The earlier one was in Feb 23. Now the declines are expected to be bought. Once again, we will be seeing a new consolidation range of 1910-1970. The geo-political tensions may help the precious metal post higher levels. We can expect a consolidation between 1890-1970. Daily close beyond 1970 would trigger a spike towards 2K.

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Crypto

The Crypto assets saw another week of narrow range. The trade set-up as per the weekly chart appears to be a failed attempt to break higher and would be under selling pressure once again. The Crypto assets have seen a narrow consolidation for the past seven weeks. 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 10% would be fatal for a free fall.

Crude

As expected the Crude prices cooled-off towards 82 levels. However, the new developments in the geo-political scenario the crude prices saw a spike. Monthly charts depict potential for further upside. Charts in different time frames are showing mixed signals. The likely scenario could be a consolidation between 82 & 92 for some time. Only a weekly close below 80 would bring some relief towards 75-80 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 82-92 for the week.

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