

## Market Views for the Week 23 Oct–27 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 steady decline as the index was unable to clear 19840-50 range in couple of attempts during the week and finally closed at 19542 after testing a low of 19512. The change in Geopolitical risk perceptions coupled with the increasing in interest rates were major cause of concern for equity markets across geographies. In the process the earlier week's gain stands nullified. With territorial conflicts and Month end Option expiry during the week, markets are expected to remain volatile.

- A few observations from the weekly charts are:
  - The index moved in a range of 337 points viz. between 19849 and 19512
  - The oscillators of different time frames are showing mixed signals
  - Monthly Option open interest to drive the direction of the market

**Disclaimer: The views expressed here are personal and not connected to SYFX Treasury Foundation. The views are for learning and reference purpose only.**

- Expected scenarios for the ensuing week
  - Index erased the gains made during the previous week
  - After removing the outliers, the Nifty Index is moving in an ascending channel with a top at 20460 and lower end support at 19460 with a pivot at 19960
- Additional interesting observations
  - 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 19460, 19340, 19260 and the index could face resistances at multiple levels 19640, 19770, 19840, 19960
  - There has been a few Gaps created in this bull run
    - 18818-18908 (28<sup>th</sup> Jun 23) far off for now
    - 18972-19079 (29<sup>th</sup> July 23) far off for now
    - 19189-19246 (3<sup>rd</sup> July 23) far off for now
    - 20063-20133- Got filled yet a new Gap created 20133-19980\*
- US Markets
  - The index made three attempts to get past 34K. After these failed attempts the sell-off became stronger and in three sessions it lost about 800 points
  - The weekly chart shows a Hammer followed by a confirmation, the potential is till 36K which might take sometime and valid till the low of 32850 is not breached
  - Presently the Index is at a crucial support zone. The Index had bounced back multiple times from the 32800-32700 range. Most likely it would repeat again.
- Final Note
  - The Index has stayed well above the long-term trend line and the 200 DMA at 18594 and is moving back and forth of the 55 DMA at 19613
    - *The Index is moving in an ascending channel and it appears that there are chances that the Index may consolidate in a smaller range before taking further direction*
    - *The channel support is at 19460. While the present scenario appears negative, the support at 19460 is expected to hold. In case if breached then we can expect a slide towards 19330 which could well be seen as an opportunity for long positions*
    - *Expected to consolidate in the range of 19460-19960 and any close outside the range requires re-assessment of risk*
    - *The weekly chart has a hammer and a confirmation and the target extends till 20500 and the next question is the time frame. This would get negated if the Index breaches 19250 on a closing basis. 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
    - The ensuing week is expected to be volatile and likely to see whipsaw moves due to changes in Geo-political risk perceptions and the Monthly Option open Interests

#Stay Safe

## Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty moved in range of 1031 points Viz. between 44589 & 43558. The Bank Nifty posted a negative candle completely erasing the earlier week gains. The current sentiments is back to negative after previous weeks positive. This implies uncertainties on the clear direction. The declines closer to the monthly lows around 43400 are expected to be bought. The Index is moving in a descending channel with lower end at 43430 and the top of the channel at 44530 with the midpoint at 43930. The oscillators are showing mixed signals. Expected range for Bank Nifty is 43430-44530. 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 recaptures the support at 87.50 and attempted the top of the descending channel at 88.20. The tweezer bottom and a hammer with a confirmation through higher highs and higher lows makes things appear positive. There is likely to be buying interest emerging on every decline from here onwards and expect to hold for a relief rally towards 89 levels. For the ensuing week, the pair may find support at 87.50 and may face resistance around 88.90. A daily close above 88.60 required for further gains. Expected to undergo consolidation phase between 87.10 & 89.20. Any breach of the range would lead to 100 pips move.

**Disclaimer: The views expressed here are personal and not connected to SYFX Treasury Foundation. The views are for learning and reference purpose only.**

## USDINR



(Chart image source: TradingView.com)

The currency pair spent another week in the familiar narrow range of 83.03-83.29. As the base gradually shifting higher above 83, the market is no mood to believe decline towards even 82.75. That is a risk. The sharp moves happen when no one expects. A stray chance of a quick move towards 82.65 cannot be ruled out. 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 22. Appears to be saved this time*
- *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 nearing close of the tenth 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 82.70 can help chances of lower levels.

## Gold

In just a couple of weeks the scenario seems to have changed the fortunes of precious metals. This is the second time such sharp move happens from 1800 levels 2K. The earlier one was in Feb 23. Now the declines are expected to be bought. The geo-political tensions may help the precious metal post higher levels. We can expect a consolidation between 1950-2015. Declines are expected to be bought. Daily close above 2K would trigger a spike towards 2025.

**Disclaimer: The views expressed here are personal and not connected to SYFX Treasury Foundation. The views are for learning and reference purpose only.**



## **Crypto**

The Crypto assets saw a decent spike during the past week negating the negative signal. The trade set-up as per the weekly chart appears to have turned bullish after the sharp move. The Crypto assets have seen moving out of a narrow consolidation for the past eight weeks. The ensuing week is crucial and has favorable outlook for attempt of June 22 highs. Only a strong recovery past May 23 high could help regain the confidence. A fatal sell-off seem to have been avoided for the time being.

## **Crude**

The new developments in the geo-political scenario made the crude prices a spike higher which otherwise would have settled in the comfortable zone. 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.

#Stay safe