Market Views for the Week 30 Oct–03 Nov 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 sharp sell-off when the crucial support at 19430 got breached and also on account of the intensifying conflict in the gulf region. In just three sessions it lost about 700+ points. The Geo-political risk perceptions coupled with the higher interest rates were major cause of concern for equity markets across geographies. With just 2 sessions for the monthly closing candle the market to remain volatile.

- A few observations from the weekly charts are:
  - The index moved in a range of 720 points viz. between 19556 and 198837
  - The oscillators of different time frames are showing negative signals
  - Monthly closing candle and open interest to drive the direction of the market

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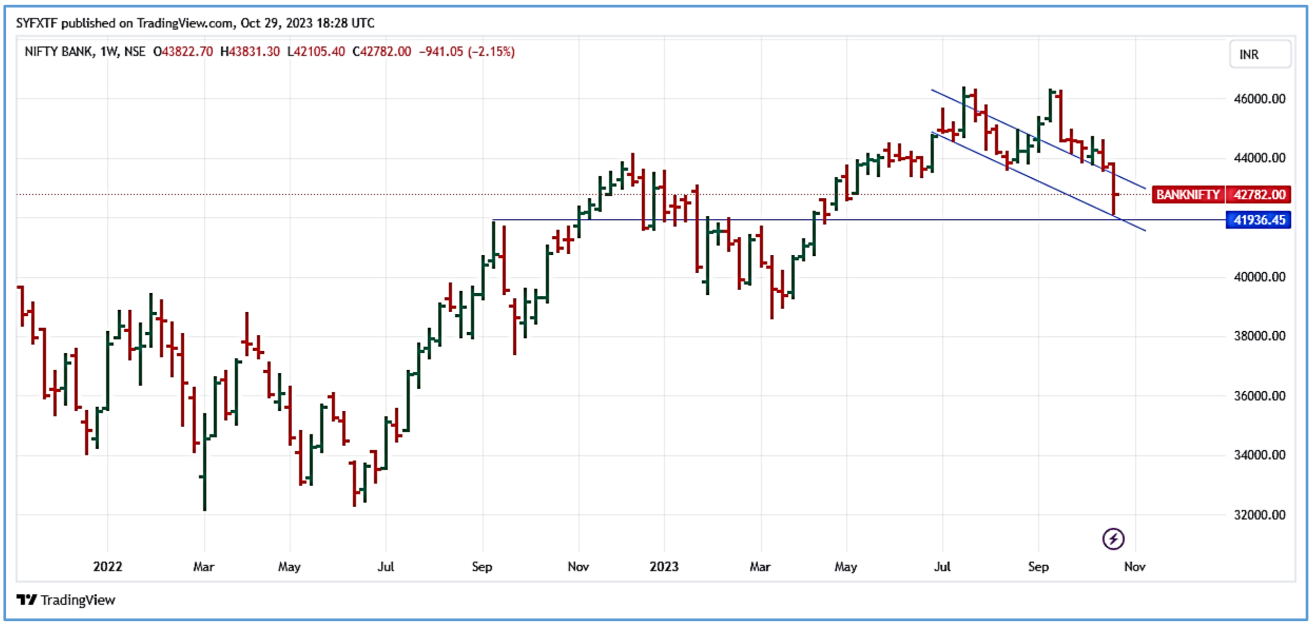
- Expected scenarios for the ensuing week
    - Index erased lost most of the gains made in the past three months and the current move mirrors the move made during last week of June 23 and first week of July 23.
    - The re-attempt of 20K would be a herculean task, given the change in risk scenarios
- Additional interesting observations
    - Bears tightened their grip the moment 19400 was breached and subsequently, all earlier supports did not even hold for sometime
    - Index may find supports at 18910, 18840, 18640 and the index could face resistances at multiple levels 19170, 19230, 19340, 19460
    - *There were multiple Gaps created during the up move, which have been highlighted in the previous blogs. The irony is that, what appeared as far off, got covered in a single week*
        - *18818-18908 (28th Jun 23) Covered*
        - *18972-19079 (29th July 23) Covered*
        - *19189-19246 (3rd July 23) Covered*
        - *20063-20133- Got filled yet a new Gap created 20133-19980* Covered*
- US Markets
    - The index seems very weak and any spike is punished with intensive selling. made three attempts to get past 34K. In just 2 weeks the Index lost about 2000 points
    - With break of 32850, the chances of a recovery pull back seems lost
    - Earlier occasions the Index had bounced back multiple times from the 32800-32700. Now that the weekly closing is well below this support zone. The present sentiments appear negative and this could be the reason for strong spikes in other assets classes like Precious metals and Crypto assets.
- Final Note
    - The Index has stayed well above the long-term trend line and the 200 DMA at 18612 and moved sharply away from the 55 DMA at 19582
        - *The Ascending channel support is broken and 19460 could be a strong resistance going forward*
        - *With sentiments deeply negative, every spike is expected to be sold-off*
        - The distinct fault lines lie at 18840 on the lower end and 19250 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 closing candle
        - There seem fair chances of moving towards Index moving towards 200DMA at 18600 zone, if the present support at 18840(Fib retracement on line chart) is breached on a closing basis
        - *The good results posted by top companies have not helped much*
        - We might see a longer and painfull period if we do not see a monthly close above 19400

#Stay Safe

Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty moved in range of 1726 points Viz. between 43831 & 42105. The Bank Nifty posted an unusually a bigger bearish candle. In spite of Major banks reporting good Q2 numbers, the current sentiments are negative and every support which was expected to hold ultimately failed. The Index is moving in a descending channel with lower end at 41900 and the top of the channel at 43300. The oscillators are showing negative signals. Expected range for Bank Nifty is 41900-43300. If the support at 41900 gives way we may see another steady decline towards 40900. A daily close outside the broader range indicated above would trigger a sharp move and would require re-evaluation of risk and target.

EURINR

(Chart image source: TradingView.com)

The Currency pair consolidates above the support at 87.50 and attempted to break the top of the descending channel at 88.20. The Pair continues to face tuff resistance at 88.90-89.20 zone. Till such time the support at 87.50 holds we may see gradual shift towards higher levels. For the ensuing week, the pair may find support at 87.50 and may face resistance around 89.10. 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.

USDINR

(Chart image source: TradingView.com)

The currency pair spent another week in the familiar narrow range of 82.97-83.31. As the base gradually shifting higher closer to 83, the market is no mood to believe decline towards even 82.75 and that the Central Bank would hold 83.30 for long. That is a risk. The sharp moves happen when no one expects. 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

The precious metal continues to gain for the third consecutive week and closed above 2K mark. There is no sign of a reversal. 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 to 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 1965-2045. Daily close above 2025 would trigger a spike towards 2045.

Crypto

The Crypto assets is attempting to stabilize through consolidation after the sharp gains in the previous two weeks. The trade set-up as per the weekly chart appears to have turned bullish after the June 22 peaks have been recaptured. The next attempt waiting to be achieved is May 22 levels. Only a strong recovery past May 23 high could help regain the confidence. Deep sell-off stands arrested for now.

Crude

After a reactive spike due to the developments in the geo-political scenario, crude settled closer to the mid-levels of the range of 81-91. 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