

## Market Views for the Week 06 Nov–10 Nov 2023-Venkat's Blog

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

### NIFTY



(Chart image source: TradingView.com)

Risk perceptions keep altering and post FED's rate decision to hold the rates the market sentiments improved and a pullback rally is under progress. Remains to be seen whether this is a fresh trend emerging. This week will provide ample clues for this. For now, we can safely assume that the base at 18840 is intact, though there are multiple hurdles for the Index to overcome. The final 2 sessions of the week opened with a Gap which is indicative of bullish bias or reduction of shorts.

- A few observations from the weekly charts are:
  - The index moved in a range of 336 points viz. between 18940 and 19276
  - 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
  - Index attempting a pullback rally. However, there are multiple hurdles ahead of the path
  - The re-attempt of 20K would be a herculean task, given the change in risk scenarios
- Additional interesting observations
  - Bears might be waiting on the sidelines waiting for signals to re-enter
  - Index may find supports at 19230, 19120, 19030 and the index could face resistances at multiple levels 19340, 19460 & 19510
  - *Though the earlier gaps got covered during the down move, it is observed that 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 (28<sup>th</sup> Jun 23) Covered
    - 18972-19079 (29<sup>th</sup> July 23) Covered \*\* Created again as 18990-19129
    - 19189-19246 (3<sup>rd</sup> July 23) Covered \*\* Created again as 19144-19247
- US Markets
  - The index had a golden week with a V shaped sharp recovery
  - This move helps in changing the direction of the oscillators and help in change of sentiments. The pull backs are likely to be bought
  - Like the earlier occasions this time also the Index bounced back from the 32800-32600. However, there may be cautious approach towards higher levels
- Final Note
  - The Index has stayed well above the long-term trend line and the 200 DMA at 18641 and moved sharply away from the 55 DMA at 19545
    - *The Ascending channel support is broken and 19460 could be a strong resistance going forward*
    - *With sentiments improving, there are possibilities of attempting the 55 DMA*
    - The distinct fault lines lie at 19120 on the lower end and 19510 on the higher end
    - The ensuing week is expected to be well supported due to changes in the risk perception and the flows on account of monthly SIP flows
    - If the Index survives above 19430 during this week on a closing basis, there are fair chances of the Index attempting 19670 during next week, as per Fib projection
    - *The good results posted by top companies have not helped much so far might have impact during the week*
    - We need to see multiple closing above 19500 to see further gains

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## Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty moved in range of 1026 points Viz. between 42390 & 43318. The Bank Nifty posted an inside bullish candle. In spite of Major banks reporting good Q2 numbers, the index could not post good gains. The Index is moving in a descending channel with lower end at 41800 and the top of the channel at 44220. The oscillators are turning positive. Expected range for Bank Nifty is 42500-44300. If the support at 42500 gives way we may see another steady decline towards 41800. 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 87.70 and reclaimed past the crucial 88.40 resistance. The pair is set for a recovery towards 90.40 if it manages to cross the ascending channel top at 89.70. The Pair continues to face tuff resistance at 89.40-89.70 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 90.40. A daily close above 89.70 required for further gains. Expected to undergo consolidation phase between 88.40 & 90.40. Any breach of the range would lead to 100 pips move.

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## USDINR



(Chart image source: TradingView.com)

The currency pair spent another week in the familiar narrow range of 83.10-83.31. 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. The risky and 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 halts after hitting the wall around 2010. There are signs of exhaustion after the unexpected dream run. We need to see a close above 2010 to see the gold to gain higher level. However, there could be buying interest at lower levels. We can expect a consolidation between 1965-2045. Daily close above 2010 would trigger a spike towards 2045 and below 1965 would trigger stops towards 1935..

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## **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 neutral 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. There can be some profit booking to continue during the week as in case of previous week. 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 lower end of the range of 80-90. For now, the 90-91 should act as cap and expect a drift towards 75 levels. Charts in different time frames are showing mixed signals. The likely scenario could be a consolidation between 76 & 86 for some time, which would give the required momentum for recovery of economic activities. Only a weekly close below 80 would bring some relief towards 75-80 range. However, the Oil exporting countries would be looking to cut the production to keep the rates afloat. If the higher price scenario continues for longer, we may have a tuff time during the winter. Expect a range of 75-86 for the week.

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