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Market Views for the Week 27 Nov–01 Dec 2023-Venkat's Blog

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

NIFTY

(Chart image source: TradingView.com)

The Index seem to take a breather after scaling back the Oct peak. However, the crucial 19870 continues to resist for the past couple of weeks. The weekly candle still shows bullish nature of the move. Comparing the past this appears to be a new intermediary trend emerging. For now, we can safely assume that the base has shifted higher to 19430.

- A few observations from the weekly charts are:
  - The index moved in a range of 205 points viz. between 19670 and 19875
  - The oscillators of different time frames are turning positive
  - Monthly candle closing and 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 appear to be at stage one of a new Intermediary trend. However, there are multiple hurdles ahead of the path
  - Re-attempt of 20K- What appeared as a herculean task a few weeks back, seems possible with the past three successive weekly gains. However, the past week is an inside candle with a twzeer top at 19875.
- Additional interesting observations
  - Bulls making a tuff fight in holding the Index above 19700
  - Index may find supports at 19720, 19610, 19520 and the index could face resistances at multiple levels 19870, 19980 & 20050
  - *Though the earlier gaps got covered during the down move, and new gaps have been created around the same levels.*
    - *18818-18908 (28th Jun 23) Covered*
    - *18972-19079 (29th July 23) Covered ** Created again as 18990-19129*
    - *19189-19246 (3rd July 23) Covered ** Created again as 19144-19247*
    - *19443-19651 (15th Nov 23) At Risk*
- US Markets
  - As expected the Index could scale 35K to test the high of Sep 23. The November month has been great so far for DJI, as it scaled back Sept high and closer to reaching the Aug 23 peak.
  - This move helps in changing the direction of the oscillators and help in change of sentiments
  - We may see the familiar range of 34500-35700
  - The pullbacks are likely to be bought, even if there are profit booking. Index may need to see stronger momentum to cross 35400 resistance zone
- Final Note
  - The Index has stayed well above the long-term trend line and the 200 DMA at 18761 and stays above 55 DMA at 19605
    - Having achieved the intermediary target, the Inde seem to consolidate for wait for the net move
    - The Index has breached the descending channel at 19570 and moved swiftly after this breach. The potential target for this would be about 900 points which is around 20470. It would be negated if the Inde falls back below 19430 and re-entres the channel
    - Even if there is a reactive decline after 4 weekly gains, a few occasions in the past shows clear signs of a new trend emerging after such sharp gains (Refer june 22 & Mar 23)
    - The Index has to clear the hurdle at 19870 quickly else there could be fresh shorts emerging with stop above 19900. Next 2-3 sessions would throw better picture
    - The Index is likely to consolidate between 19500 and 20K
    - We need to see daily close above 19870 to see further gains
    - Truncated week, Monthly candle close and new Dec series beginning are expected to keep the market volatile
    - This time the fault line on either side is getting narrower at 19600 at the lower end and 19870 at the top end

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Bank Nifty:

(Chart image source: TradingView.com)

The Bank Nifty moved in range of 576 points Viz. between 43240 & 43806. The Bank Nifty making its second attempt to breach the descending channel and ended closer to the trend resistance. Bank Nifty is fighting back to overcome the setback created by the regulatory changes on capital charge for a few risk assets and closed near the top of the range forming a bullish candle. The Index is still in the descending channel with lower end at 41450 and the top of the channel at 43850. There are fair chances that the Bank Nifty makes one more attempt to break the descending channel and moves higher. towards 44700 (the Oct high). The oscillators are showing mixed signal. Expected range for Bank Nifty is 43200-44700. If the support at 43200 gives way, we may see another steady decline towards 42700. 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)

After crossing the crucial resistance at 90.40 the currency pair gathered the required momentum to achieve its Aug 23 peak. The support gets shifted to 89.50. For the ensuing week, the pair may find support at 89.50 and may face resistance around 91.55. Breach above 91.55 would see the pair moving swiftly towards July peak of 92.46. Expected to undergo consolidation phase between 89.50 & 91.55. Any breach of the range would lead to 100 pips move.

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USDINR

(Chart image source: TradingView.com)

After past week's technical glitches which temporarily saw the currency pair breach the Golden rectangle, we are back again to the glued range of 83.10-83.30. At best we can see marginal shifting of the range by 0.10 on either side.

A few observations

a. 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
b. The rates remaining in a small range is not anything new for the currency pair as we could see from the quarterly charts, It has been in small ranges for almost 3-4 quarters in the past once in every three years. However, this general behavior altered after 2008.
c. Lower crude prices keep the demand for USD. However, the trade deficit numbers suggest that the lower volatility is in fact helping higher non-oil imports.

The risky and sharp moves happen when no one expects. Expect the range of 83.00-83.45 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 though it is repeated for the past 6 months.

- *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*
- *As noted in our 3rd July Blog:*
    - A deeper correction is long overdue. Market is expecting 81.70-83.10 will be protected. If appears that the same kind of yo-yo moves may continue till one more quarter if we do not see a close below 81.70.
    - The result is that it has extended to second quarter as well with a minor difference of the range as 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
- 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 its come back journey form the fall previous week. It held the support at 1980 and re-attempted the barrier close to 2010. The technical outlook appears that the precious metal is all set to break the barrier and attempt the earlier ATH. A weekly close above 1980 gives hope for one attempt to the ATH before it gets sold-off again. We may see buying interest emerge around the crucial supports at 1975. A daily close below this would trigger more stops. We can expect a consolidation between 1975-2025. Daily close above 2010 required for further gains.

Crypto

The trade set-up as per the weekly chart appears to have turned positive. However, there is a risk of profit booking anytime. However, there may not be a big sell-off immediately. The Crypto assets is continuing to charge higher and is at the verge of a potential break-out which will help regain May 22 levels which is another 10% away. If not immediate the Crypto assets have higher probability of reaching May 2 levels sooner. 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.

Crude

It is good to see crude prices remaining in the range of 73-78. Charts in different time frames are showing mixed signals. The likely scenario could be a consolidation between 70 & 80 for some time, which would give the required momentum for recovery of economic activities. The current range would help the inflation cooling off considerably. However, any change in the geo-political scenario or the production cuts by oil exporting countries could derail the expectations. If the higher price scenario continues, we may have a tuff time during the winter. Expect a range of 70-78 for the week.

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