

Market Views for the Week 04 Dec–08 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 continued its uptrend to scale a new ATH. Multiple factors favoured this move, viz. the conflict one returning to peacemaking efforts, stable oil price and economic data supporting a possible cap on Interest rates. There was no looking back after the strong resistance at 19870-19900 gave way. The weekly candle still shows bullish nature of the move. As observed in the previous blogs, this appears to be a new intermediary trend emerging. For now, we can safely assume that the base has shifted higher to 19600.

- A few observations from the weekly charts are:
 - The index moved in a range of 491 points viz. between 19800 and 20291
 - The oscillators of different time frames are turning positive
 - Option open interest to drive the direction of the market

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- Expected scenarios for the ensuing week
 - Index appear to have moved to the stage 2 of a new Intermediary trend.
 - Since the Index has posted a new ATH, there are no reference points on the upside. Only projected levels based on studies can be taken for references
- Additional interesting observations
 - Bulls regained the full control upon break of 19870
 - Index may find supports at 20110, 20030, 19940 the index could face resistances at 20370, 20480, 20610
 - *Though the earlier gaps got covered during the down move, and new gaps have been created around the same levels.*
 - 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)
 - 19889-19976 (28th Nov 23)
 - 20133-20194 (29th Nov 23)
- US Markets
 - After having been battered for 3 months, the November month has been great for DJI, as it scaled back Sept high and cleared the Aug 23 peak.
 - This move helps in changing the direction of the oscillators and help in change of sentiments
 - Break above 35700 helped the DJI gather momentum to cross 36K quickly
 - Appears that the DJi is likely to cross the Jan 2022 high and post a new ATH
 - Expect the declines to be supported by buying interest and we may see ATH before the market gets in to hibernation mode for yearend festive season
- 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
 - Index has been continuously posting gains for the past 5 consecutive weeks
 - Appears that many are jumping in aggressively which could be due to missed out syndrome.
 - Additional 2 gaps have been created during last 2 sessions
 - 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.
 - Even if there is a reactive decline after 5 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 is likely to consolidate between 20K and 20.5K
 - State Poll results and changes in Geo-political scenarios may have impact on the upward momentum
 - This time the fault lines are at 20370 and 19970. There are possibilities of a full blown break-out if 20370 is breached on closing basis which can trigger more stops and the Index could see 20500+ quickly
 - Fresh flows and regular SIPs to support for a consolidation
 - Though the Index closed near the top of the range and the momentum still favours further gains, it is prudent to be cautious once we reach the target of 20500 zone.

#Stay Safe

Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty moved in range of 1212 points Viz. between 43739 & 44951. The Bank Nifty successfully cleared the resistance at the top of the descending channel and moved swiftly towards 45K. The Bank Nifty is simultaneously creating an ascending channel with top at 45300 at the top and 43800 at the lower end. The break of the larger descending channel target is 46400 and this would be negated if the Bank Nifty slips back below 43700 to reenter the earlier channel. There are fair chances that the Bank Nifty moves swiftly higher to make a new ATH. The oscillators are turning positive. Expected range for Bank Nifty is 43800-45400. 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 November month was good for the currency pair that it moved ahead of Aug 23 peak hitting a high of 91.80 and closed at 90.81. However, the weekly candle is a bearish one which means that there is strong resistance around 91.80 which incidentally is the resistance from a trendline drawn from March 23. There would be struggle to reenter the previous trend and it may require higher momentum. For the ensuing week, the pair may find support at 90.40 and may face resistance around 92.00. Breach below 90.40 would see the pair drift towards the support one of 89.50. 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)

As observed in the previous blog: *At best we can see marginal shifting of the range by 0.10 on either side.* The currency pair continues its narrow range with a marginal shift on the higher side, Viz. 83.24-83.41. It appears like mimicking CNY action/control.

A few observations

- 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.
- Lower crude prices keep the demand for USD. After the big move of 74in Jan 22 to 83 in Oct 22, The Importers seem to Hedge themselves fully and the exporters may be waiting on the sidelines

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 82.70-83.10 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 82.70.
 - The result is that it has extended to second quarter as well with a minor difference of the range as 83.00-83.40
- 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 end of the year. 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

As observed in the previous Blog, that the precious metal is all set to break the barrier and attempt the earlier ATH has been achieved. The precious metal continues upward momentum and made a new ATH. It still has potential upside and attempt 2165 surpassing the previous Aug 20 & Mar 22 when it hit 2070 and reacted quickly. While the Technical outlook is positive the precious metal has a characteristic sharp reactive wave after sharp moves. Expect declines to be supported by buying interest closer to 2K A daily close below 2010 would see the metal drift lower towards 1970. A daily close below this would trigger more stops. We can expect a consolidation between 2040-2140.

Crypto

The crypto assets continue to gain and is close to May 23 highs. 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 and likely to attempt April highs. If not immediate the Crypto assets have higher probability of reaching April 22 levels sooner. A strong recovery past April 22 high could help regain the confidence. There choppy moves due to some profit booking.

Crude

It is good to see crude prices remaining in the range of 73-78. It made a quick brief attempt towards 79 and reversed back to 74. 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. Expect a range of 70-78 for the week.

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