

## Market Views for the Week 18 Dec–23 Dec 2023-Venkat's Blog

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

### NIFTY



(Chart image source: TradingView.com)

True to the characteristic of the animal, nothing can stop the charging Bull. Another Gap up opening on the weekly option expiry day was indicative of the continued strength of the up move. In the process the Index made new ATH. Major factors contributing to the change in sentiments are: stable oil price and economic data supporting a possible beginning of rate cut cycle. The weekly candle still shows bullish nature of the move. As observed in the previous blogs, this appears to be a new trend emerging.

- A few observations from the weekly charts are:
  - The index moved in a range of 723 points viz. between 20769 and 21492
  - The oscillators of different time frames are turning positive
  - Option open interest to drive the direction of the market
- Expected scenarios for the ensuing week
  - Index appear to have moved to the stage 3 of a new trend.
  - Since the Index continues to post new ATHs, there are no reference points on the upside. Only projected levels based on studies can be taken for references

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

- Additional interesting observations
  - Another week of strong bull candle with a closing near the top
  - Index may find supports at 21310, 21170, 21030 the index could face resistances at 21640, 21820, 22020
  - *Though the earlier gaps got covered during the down move, and new gaps have been created around the same levels.*
    - 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
    - 19443-19651 (15<sup>th</sup> Nov 23)
    - 19889-19976 (28<sup>th</sup> Nov 23)
    - 20133-20194 (29<sup>th</sup> Nov 23)
    - 20267-20601 (04<sup>th</sup> Dec 23)
    - 20926-21116 (14<sup>th</sup> Dec 23)
  - Though there is no immediate risk seen, it is scary to see such huge gaps without consolidation. The return journey may also be harsh.*
- US Markets
  - DJI continues to post positive candles for 7<sup>th</sup> consecutive week. DJI broke the Jan 2022 high and posted a new ATH
  - The oscillators in different time frames are turning positive.
  - DJI is at a crucial point. Break above 37400 on a daily closing basis is likely to trigger further stops and the market could witness a spike towards 38K.
  - 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 18962 and stays above 55 DMA at 19824
    - Index has been continuously posting gains for the past 7 consecutive weeks
    - Additional huge gap has been created during the option expiry day
    - Even if there is a reactive decline after 7 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)
    - This study suggests approximately 3150-3300 points from the start to the top shown in boxed region on weekly line chart. By that calculation the primary target level for this move is close to 22220. Does this sound similar to the peak of 18887 seen in Nov 22, 19991 in July 23 and 20222 in Sep 23. Odds favors such a move given the present mood in the market
    - The Index is likely to consolidate between 21,200 and 22870
    - This time the fault lines are at 21140 and 22640.
    - Though the Index closed near the top of the range and the momentum still favours further gains
    - The move has been too fast and too sharp. Many missed even catching the tail of bull and may jump in to follow the herd
    - It would be interesting to watch the scenario as it unfolds
    - Observations favoring further upside
      - Third consecutive stronger bull candle with a closing near the highs marking the arrival of the Third soldier
      - Friday's strong move suggests the risk appetite is still intact
      - No distinct reversal signal seen yet
    - Observations on the flip side
      - U turn of sentiments in very short span
      - Possible sharp moves orchestrated by big players to drive away the small investors or for testing the depth of the market
    - Possibly the last active week before the Festive season and there could be profit booking

#Stay Safe

## Bank Nifty:



(Chart image source: TradingView.com)

The Bank Nifty moved in range of 1333 points Viz. between 46886 & 48219. The Bank Nifty posted a new ATH. The Bank Nifty will now have decent support around 47250-300 zone which it crossed after 3 months of selling pressure. In the past week Bank Nifty did not move in the same pace as that of NIFTY. However, it is on its course to attempt 48600 which is the target of breaking the descending 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 47250-49600. 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 2 weeks of selling the currency pair held the support at 89.40 as observed in the previous blog. The pair attempted towards the 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 89.60 and may face resistance around 91.80. Breach below 89.70 would see the pair may again come under selling pressure. Expected to undergo consolidation phase between 89.60 & 91.50. Any breach of the range would lead to 100 pips move.

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## USDINR



(Chart image source: TradingView.com)

The currency pair is witnessing surprise action as it moved from the high of 84.41 to 82.93. The market is refusing to believe this move as it has wedded to the logic that *the currency pair will not be allowed to trade below 83.00 levels. They had seen that the currency stable irrespective any big move in DXY, Yields or Stock market.* As observed in the previous blog:

### A few observations

- Lower crude prices keep the demand for USD. After having seen the big move of 74 in Jan 22 to 83 in Oct 22, The Importers seem to Hedge themselves fully and the exporters may be waiting and might be repenting for having missed higher levels
- 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
- Ultra-low Vols may be a huge risk and there could be sharp move happening when no one expects

In the earlier occasions the move towards 82.90 reversed quickly. It remains to be seen how far this would go. There is always a slip between the cup and the lip. Expect the range of 82.70-83.15 would continue to hold for the week with a crucial support at 82.70 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 8 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 3<sup>rd</sup> 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 and seeing some movement towards the close of the quarter/year
- We have been witnessing depreciation for the past 12 years starting 2011 with exception of 2017

## Gold

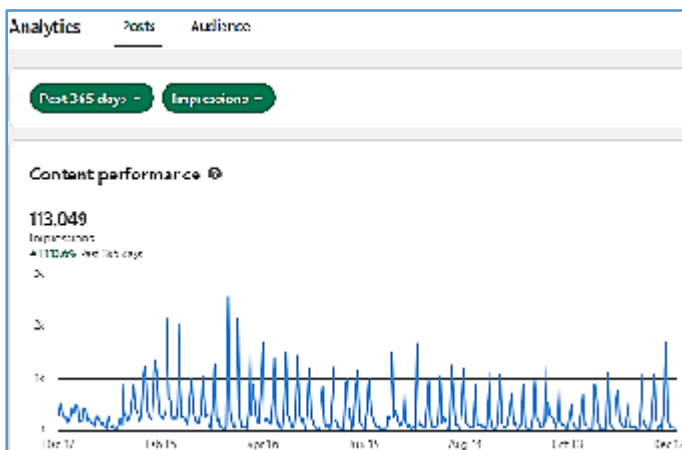
The precious metal is on the back foot as the inflation seems to be cooling and that the equity market is witnessing a strong bull run. The precious metal has a characteristic sharp reactive wave after sharp spikes and that it happened so quickly. Now there would be interest on both sides. Expect declines to be supported by buying interest closer to 1970 and selling interest around 2060. A daily close below 1970 would trigger more stops. We can expect a consolidation between 1970-2060.

## Crypto

The crypto assets seem to consolidate after considerable gains from mid Oct 23. The agenda of attempting to April 22 highs is still a WIP. The flowing 2 weeks are crucial to see if the Crypto assets attempts a break-out are comes under selling pressure. 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 could be some choppy moves due to some profit booking.

## Crude

It is good to see crude prices remaining in the range of 70-76. The likely scenario could be a consolidation between 70 & 80 for some time, and any levels below 70 would added advantage which would give the required momentum for recovery of economic activities. The current range is helping 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 67-77 for the week.



This would be the last update for the current year and see you all in the New year.

Thank you all for the wonderful support extended throughout the year. I express my sincere gratitude and expect the same support in future

**Season's Greetings and best wishes for a Happy, healthy and Peaceful New Year 2024**

Signing off with Pride & Prayers

#Stay safe