Market Views for the Week 12 Feb– 16 Feb 2024-Venkat's Blog

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

NIFTY

(Chart image source: TradingView.com)

The Index remained in a comparatively a narrow range and made an inside candle. It appears to be a consolidation phase before taking further direction. The sentiments reflect the cautious approach/lack of direction. Last week the Index attempted almost the same ATH of 22124 from where the selling started. The perception is that the ATH is a strong supply zone and bears make all attempts to initiate fresh shorts with known ATH level as stop. With the kind of selling seen on the weekly expiry day, it is evident that the Bulls are losing the grip. The ensuing week is crucial for the direction and the target.

- A few observations from the weekly charts are:
  - The index moved in a range of 424 points viz. between 22053 and 21629
  - The oscillators of different time frames are showing mixed signals
  - Option open interest to drive the direction of the market
- Expected scenarios for the ensuing week
  - Unlike the earlier bull run, we find sellers emerge after every spike
  - Volatility and choppy moves likely to continue for a couple of more weeks

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- Additional interesting observations
    - Last week candle is an inside candle which can be treated as uncertainty of the direction
    - Index may find supports at 21640, 20520, 21460 and the index could face resistances at 21940, 22070, 22130, 22310
    - *There were multiple gaps created during this dream run. The levels were repeatedly mentioned in the previous blogs. Since they are far away for now, they will be inserted back when relevant*
- US Markets
    - DJI is appears to be in a consolidation phase. The profit booking sell-off closer to the ATH around 38750 is countered by emerging buying interest which helped the Index Close around the mid of the range
    - The oscillators in different time frames are showing mixed signals. Though there is no indication of reversal, market could be waiting for a major trigger
    - The Index is trading in the unchartered territory and may even attempt 39K if the barrier at 38750 is broken convincingly on a closing basis. The ensuing week is crucial to decide the direction for the coming weeks
    - Expect the declines to be supported by buying interest and we may see another ATH before the market reverses its direction
- Final Note
    - The Index has stayed well above 55 DMA at 21300 and the 200 DMA at 19767
        - The market is expected to remain volatile and witness choppy moves. This requires cautious approach
        - There is a striking similarity between the formation in the weekly chart and that of the Monthly charts a few weeks ago. This is more of Bullish in nature where we saw a break above the triangle formation lead to a big up move. Only a close below 20850 will negate this. From the daily charts it is observed that the Index is on a minor trend which is still within the ascending channel.
        - The fault lines lies at 21540 at the lower end and 2196 on the higher end.
        - Most likely scenario would be a consolidation between 21540 & 21960. Breach on either side can lead to 200-300 points move
        - Index still has an unfinished agenda of attempting 22220 and possibly 22450
        - The ensuing week is crucial to decide further direction and target

#Stay Safe

Bank Nifty:

(Chart image source: TradingView.com)

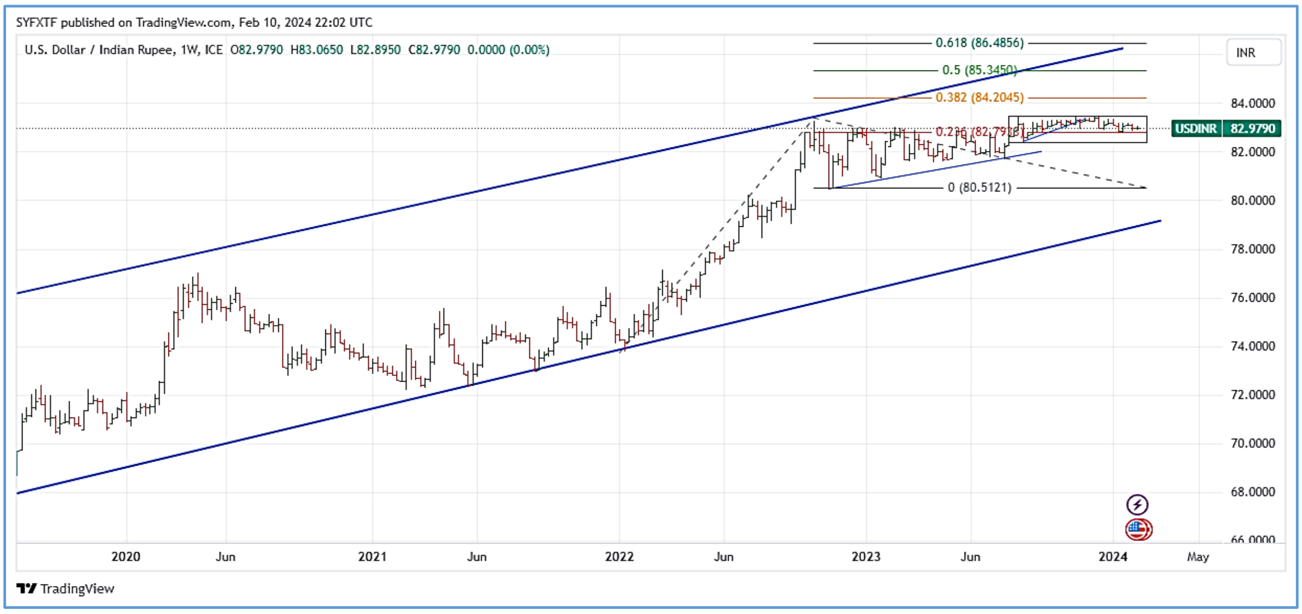
The Bank Nifty moved in range of 1322 points Viz. between 46181 & 44859. The Bank Nifty posted a bearish candle with lower highs and lower lows. The Bank Nifty has been underperforming compared to the main Index. Though the Index is under continued pressure the recovery on the final session of the week gives hope for a decent pull back. For now the Index is expected to consolidate between 44850 and 46850. The oscillators are showing mixed signal. A daily close above 46800 required for further upside. Next few weeks are crucial for the Bank Nifty to recover with sharp move or meltdown towards 43K. The expected range for Bank Nifty is 44850-46800. 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 posted a positive Hammer type candle after 5 bearish candles. The pair is moving in descending channel with base at 88.80 and top at 89.90. A close above 89.90 is required for attempt of higher levels. The currency pair managed to consolidate in a narrow range of 89.06-89.58, which implies that the selling pressure is reducing and we can expect a bounce back towards 92 levels provided we see a daily close above 91.00. A break below 88.90 would add to the selling pressure and the pair would drift towards 87.70. Expect the currency pair to undergo a consolidation between 88.80 & 90.40. Any breach of the range would lead to 100 pips move.

USDINR



(Chart image source: TradingView.com)

The currency pair is back to the narrow range The pair traded between 82.97 and 83.06. With both sides being protected, there is least or no action and it appears that the pair is behaving like CNY. At best we can assume that the band is marginally lowered to 82.85 83.15.

A few observations

a. Ultra-low Vols may be a huge risk and there could be sharp move happening when no one expects
b. There is divergence seen in the charts

Expect the range of 82.80 - 83.15 would hold for the week and there could be choppy moves within this range. A close outside this range requires reassessment of risk/direction and target.

A few more observations:

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 3rd July Blog:*
    - A deeper correction is long overdue. The market is expecting 82.70-83.35 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 third quarter as well
    - 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

- The next couple of weeks are crucial. We will get to know if we are heading towards 82.50 or 83.50

Gold

The precious metal seems to face strong selling pressure at higher levels. The resistance/supply zone seems to have shifted to 2040. We can expect the precious metal to drift lower below 2K after close to a quarter. Expect declines to be supported by buying interest closer to 1980. We can expect a consolidation between 1980 & 2030. Any breach on either side would see a sharp move of $30. The underlying positive trend seems to be intact as long as we see the precious metal holds 2K levels.

Crypto

The Crypto assets have come back with a strong move after 7 weeks of consolidation. Once the objective of achieving April 22 highs the asset went on to scale Jan 22 peak. With the present momentum it is more likely to attempt the Dec 21 peak. There could be some profit booking and related reactive selling. The volatility induced choppy moves would continue for a couple of weeks.

Crude

Crude prices spiked again to 77 levels. The risk of a spike towards 84 comes back to make everyone worry.. The likely scenario could be a consolidation between 74 & 82. And any level below 75 would be an added advantage which would give the required momentum for recovery of economic activities. The current range is helping the inflation cool off considerably. There is always uncertainties in the geo-political scenario and the policies of the producing countries which could derail the expectations. Expect a range of 74-82 for the week.

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