

# NEWSLETTER

09 Apr 2018

Intelligent Analysis to point  
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right direction

## SWING TRADING



Newsletter contains index,  
stocks and sector  
recommendations along  
with market outlook. It also  
discusses strategies for  
swing trading.



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## ABSTRACT

We will discuss TRADE SUMMARY where all the trades which are discussed in this letter will be summarizing at one place.

BANK NIFTY continued trading narrow. The index closed above 25000.

We will share SECTOR PERFORMANCE for TRADING VIEW.

We will discuss HEXAWARE and RELINFRA. For each of these stocks, we analyze their technical picture; identify trades with stop loss and target.

**NIFTY RALLY CONTINUES WITH INDEX COMING CLOSE TO 10450 TARGET; MAINTAIN LONG POSITIONS; BANKS MAY CONTINUE TO OUTPERFORM IN SHORT TERM; DIPS REMAIN BUYING OPPORTUNITIES;**

## Trades Summary: Ongoing, New Trades and Closed

OPEN POSITIONS (ONGOING TRADES) have trades that were earlier posted in setups and have since triggered an entry. NEW TRADE SETUPS mean trades that are suggested for the following day. All trades discussed here for NEAR MONTH FUTURE Instrument only.

### OPEN POSITIONS (ONGOING TRADES)

INSTRUMENT	ENTRY PRICE	ENTRY DATE	ACTION REQUIRED
DISHTV	LONG @ 73	APR 09	Move stop to 72 (from 71.5). Target 76
BIOCON	LONG @ 610	APR 09	Move stop to 612 (from 600). Target 630
NIFTY 10200 CALL OPTION	LONG @ 220	APR 06	Hold position

### NEW TRADE SETUPS

HEXAWARE LONG @ 402

RELINFRA LONG @ 455

### TRADES CLOSED TODAY

RAYMOND LONG @ 983 on APR 06. Target: 1013, Exited on second day. Trade is closed.

# NiftyWatch

## THE CONTEXT: BIGGER PICTURE

[April 9, 18: Previous 'Bigger Picture' written on April 4]

One underlying theme in this column has been the confidence we have in a new up move.

We continue to believe that the Indian markets are in a long term bull trend and the month of April will be in favour of the bulls. April should see a move towards 10450 and maybe even 10600.

As discussed earlier also it is possible that the correction may not be over. Perhaps, a second (and final) leg of the decline could come about from May to July. But, this is just an assumption.

As of now, traders should be positioned on the long side of the market.

## THE CONTEXT: MICRO PICTURE

As the Nifty approaches its pattern target of 10450, traders should be willing to accept the possibility of choppy markets around 10400, near the target.

We have to understand that there may be sudden market dips, but the up move is likely to continue, therefore, the dips should be used as buying opportunities.

## STOCK MARKET – SPOT PRICE (NIFTY: 10373.35, SENSEX: 33,788.54)





## Short Term

We have a long position in NIFTY OPTION 10200 CALL APRIL EXPIRY from 220. This trade is in our favor. Traders should hold onto this trade. Soon we will discuss an exit strategy also for this trade.

## Intermediate Term

Expected relief rally in the month of April continued. However intermediate trend is on downside.

## Tomorrow

The index continued trading very narrow. A NR7 on Friday and today's narrow movement both indicates the current phase which is contraction. After contraction we should expect an expansion means big move. Traders should look for buy. Use intraday dips and consolidation breakouts to enter.

## Trades

Stay long in NIFTY OPTION 10200 CALL APRIL EXPIRY.

## Position

A relief rally is possible in April Month.

## Intraday Strategy

Look to buy on dips and breakouts.



# NiftyBank



BANK NIFTY opened at 24848.85 near yesterday's closing. The index made its intraday low at 24828 and started moving higher. The upside rally continued for the whole day and prices made its intraday high at 25152.85. The index closed at 25074.10 with gains of 263 points.

On the daily chart, the index is slowly moving higher from 24000 and today prices have made its high just above to its first resistance at 25000.

Prices are trading very narrow from last two trading days. This suggests a large range day should come. Above 25000 the next resistance comes at 25800.

Short term trend is up in Bank Index. Traders should avoid PSU BANKs and look for buying in the index as well in PVT BANKs such as KOTAK BANK, HDFC BANK, INDUSIND BANK, RBL BANK.

# Trading Opportunities

The sector performance reflects the short term view of different sectors in two different ways:

**ONE – Trend:** Sectors in Green are in an uptrend. Sectors in Red are in a downtrend.

**TWO – Sector Strength:** The sectors are compared with the Benchmark Index (the benchmark is enclosed in a rounded rectangle). Sectors to the left of the Benchmark are relatively stronger, while those to the right of the Benchmark are relatively weaker.

The left most sector is the strongest while the right most sector is the weakest. The height of the bars gives an indication of the strength or weakness. If two bars have roughly the same height, it would mean that both are almost on the same strength/weakness level.



## OUR VIEW

Search for buying opportunity in:

IT: HEXAWARE, KPIT

FMCG: BRITANNIA, COLPAL

AUTO: M&M, MARUTI

# Trades

(in Future Segment)



## [Close (Future Price): 399] – BUY

Intermediate and Short term trends are up in HEXAWARE. The stock has seen a sharp upside move and then started trading narrow. We may see a breakout here. Buy this stock above 402. If this trade executes then place a stop at 396 and a target at 414.



## [Close (Future Price): 453.20] – BUY

Intermediate and Short term trends are sideways in RELINFRA. The stock has seen a sharp decline and then started a process of consolidation. Prices are now at the verge of breakout from a trading range. Buy this stock above 455. If this trade executes then place a stop at 445 and a target at 475.



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## FinalWords

NIFTY and BANK NIFTY both the indices have traded very narrow today. Short term trend is up. Look for buying only.





# Notes

We will give short trade using charts of Futures prices. Levels will then correspond to the actual trades taken.

For long trades, many traders use equity (cash) to take the trades since their exposure when investing in cash segment is less than the exposure in futures. For this reason, we will use the cash price as the risk appetite is different for everyone.

So for long trades, if you trade the corresponding futures, please track the levels on the equity and take appropriate positions on futures.

Sometimes, We like to recommend short term trades in liquid and actively traded stock futures. In such cases, we will offer the chart using futures prices and clearly mention that the levels belong to the futures instrument.

## ***Here are some guidelines for trading:***

Trades are valid for that day only. If the trade does not trigger on the same day then it gets cancelled. For entry avoid first 15 min data. Take the trade from 9.30 AM onward.

1. For buying, price should either (a) be higher than our suggested entry price, or, (b) should cross the suggested entry price after 9.30 AM.

If prices are higher than suggested entry price at 9.30 AM, then use the formula:

Potential profit = Target - Price at 9.30 AM

Potential loss = Price at 9.30 AM - stop loss level

If Potential profit is less than the Potential loss, ignore the trade. Enter the trade if prices come down and potential profit becomes greater than potential loss.

The formula is not required if price at 9.30 AM is less than suggested entry price. In this case, buy when price crosses above the entry price.

2. For selling, price should either (a) be lower than our suggested entry price, or, (b) should cross the suggested entry price after 9.30 AM.

If prices are lower than suggested entry price at 9.30 AM, then use the formula:

Potential profit = Price at 9.30 AM - Target

Potential loss = Stop loss level - Price at 9.30 AM

If Potential profit is less than the Potential loss, ignore the trade. Enter the trade if prices come up and potential profit becomes greater than potential loss.

The formula is not required if price at 9.30 AM is greater than suggested entry price. In this case, buy when price crosses below the entry price.

For executed trades place a time stop for 5 trading days.

***Comments by Sudarshan Sukhani, SEBI Registration No INH100000726  
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