



NEWSLETTER

NOV 2, 2024

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Market Sense

Weekly Concept Spotlight: Relative Strength



Dashboard



Indicators on
TradingView



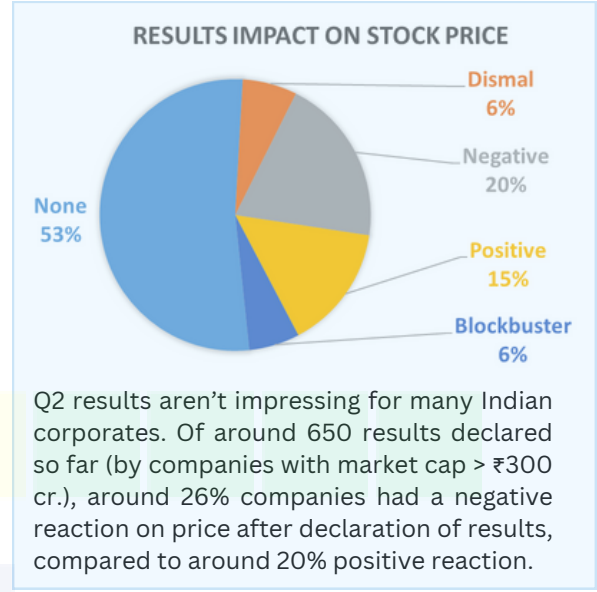
Realtime Alerts



Discussion Group



Nifty500



This week brought some relief for traders as indices bounced back a bit, giving a positive touch to the festive season. Now, we might face some initial resistance around the declining 20-day and 50-day EMAs. For swing traders entering long positions now, keep in mind this could just be a bounce. Positional traders, meanwhile, may want to focus on stocks showing strong **relative strength** in this tougher market phase.

A simple approach to get back into trading is to watch for when the Nifty500's 10EMA crosses above its 20EMA, then increase exposure once the 50EMA starts trending upward. Until we see the 50EMA under control, it's wise to use tight stops, consider tighter trailing stops, and keep profit expectations modest. Take what the market offers without overextending.

While it's not a time to be overly bullish or to start large new positions, these corrections are great opportunities to pick up quality stocks at better prices - something value investors are likely considering. As traders, we can ride the uptrend that often follows. Let them load up; we'll be ready to catch the next wave!

Market Breadth

1 Jan 2023 - 1 Nov 2024

Percent stocks over 10/30/50 Day Moving Averages (EMAs)

1 Nov 2024 76% (10EMA), 44% (30EMA), 39% (50EMA)

% of Companies with DCR

31 Oct 2024: 20% (<30%), 42% (30%-70%), 39% (>70%)
 1 Nov 2024: 13% (<30%), 59% (30%-70%), 28% (>70%)

No. of Companies with Pocket Pivot Volumes

Oct 29: 54, Oct 30: 89, Oct 31: 78, Nov 1: 21

Nifty 500: 10EMA over 20EMA? ● Curtail

Recent Crossback Dates:

- 7 Oct 2024: Crossunder
- 19 Aug 2024: Crossover
- 8 Aug 2024: Crossunder
- 14 May 2024: Crossover
- 13 May 2024: Crossunder
- 1 Apr 2024: Crossover

Crossover of 10EMA over 20EMA is a positive indicator for starting LONG positions again, while crossunder is a cautionary sign to cut LONG positions.

● dot favors staying LONG, while ● dot favors curtailing Long positions.

Number of stocks with percentage change over 3%

Date	No. of Cos.	>3%	<3%	% >3%	% <3%
1 Nov 2024	1,603	230	2	14%	0%
31 Oct 2024	1,628	273	36	17%	2%
30 Oct 2024	1,623	455	30	28%	2%
29 Oct 2024	1,618	211	83	13%	5%
28 Oct 2024	1,619	350	87	22%	5%
25 Oct 2024	1,624	26	708	2%	44%
24 Oct 2024	1,625	80	206	5%	13%

Market Breadth was at extreme oversold level at the end of last week and probability of a bounce was eminent. We got the bounce this week, but market is again expected to face resistance from declining 20EMA and then 50EMA.

It would be ideal to have good RS stocks and stocks pulling back to breakout levels with relatively lower volumes in the watchlist for quick swings with lower exposure (lesser position size) to test the waters.

On October 7th, the Nifty500's 10EMA crossed below its 20EMA, signaling a need to reduce positions. We're still in this phase with the 10EMA trailing below the 20EMA. Given that we are in earnings season, the upmoves are selected from here.



For us, nothing beats the joy of Diwali!
 And that means - our discounts are
 bigger and better than ever!

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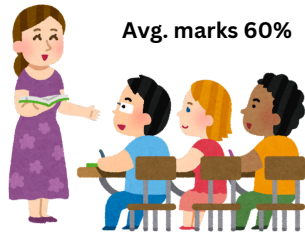


Relative Strength



Avg. marks 85%

Kids are happy with Maths teacher Ms. Kat. They score an average of 85% marks.



Avg. marks 60%

New Maths teacher Ms. Pat sets tough exams. Average score drops to 60%



Marks 90%

WonderKid is an excellent student, and scores 90% even with the new teacher.

You can say that WonderKid has higher Relative Strength in the classroom, compared to other kids. His rank will be 1. The student with rank 2 would have scored less marks than WonderKid, but better marks than others.



In a **Bull run**, when Index is rising, all our portfolio stocks are also rising.



In **Correction**, Index falls, and all our portfolio stocks starts to fall too.



Yet, there is this WonderStock that doesn't fall or even rises despite market correction.

You can say that WonderStock has higher Relative Strength (RS), compared to other stocks.

Stock that rises the most will have highest RS, while stock that falls the most will have the lowest RS.

Calculation of Relative Strength (RS)

Let's assume that the stock market starts falling one-month back, and is still in a downward trajectory. Here is a price performance of some of the stocks during this period:

Stock	Change
Stock A :	+25%
Stock B :	+15%
Stock C :	+2%
Stock D :	-3%
Stock E :	-13%
Stock F :	-30%

The stock that gives best price performance will have a RS of 100, while the stock that falls the most will have a RS of 0.

Stock	RS
Stock A :	100
Stock B :	80
Stock C :	60
Stock D :	40
Stock E :	20
Stock F :	0

Why is Relative Strength important for us?

What doesn't kills you, makes you stronger. Stocks that outperform the market, specially during challenging times, tend to attract buying interest, often indicating the potential for further upward momentum. These stocks are likely to surge even further once market conditions improve.

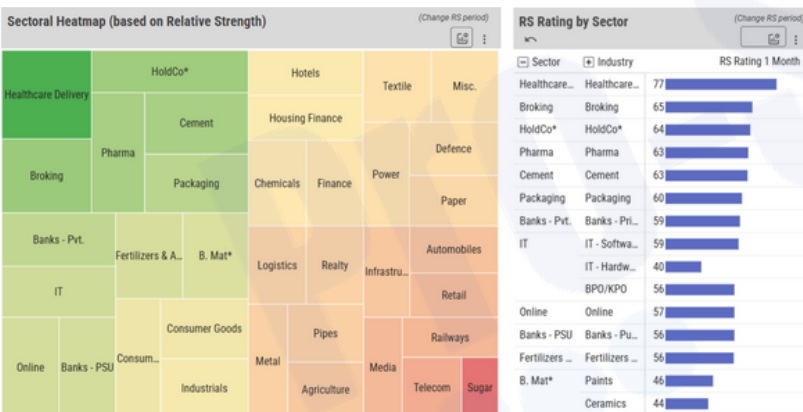
POINTS FOR ATTENTION

RS filter is best used during challenging market.

RS is always for a period. So, 1-month RS will compare price performance of all stocks in last 1 month, whereas 1-week RS will do the same for last 1 week.

There is a subtle difference between RS and RS Line. While RS compares price performance of a stock with other stocks, RS line does the same with a market index.

Sectoral Performance page gives you RS based Heatmaps on multiple timeframes for identifying sectoral rotation.



Dashboard lets you scan for stocks with Weekly and Monthly RS Rating.

Relative Strength

RS Rating 1 Week



RS Rating 1 Month



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