

NEWSLETTER

NOV 15, 2024

Market Sense

Weekly Concept Spotlight: Low Cheats, Cheats and Swing
Highs as Resistances

Primary Market Offerings: NIVABUPA, ACMESOLAR



Dashboard



Indicators on
TradingView



Realtime Alerts



Discussion Group



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Nifty500

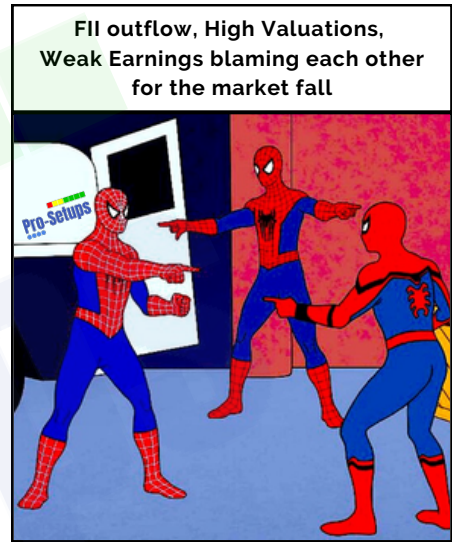


This week, NIFTY500 slipped by 3%, now down nearly 10% from its September high. The reasons? A combination of factors: FII selling, high valuations, and a weak earnings season. This decline has now brought NIFTY500 to its 200EMA - a key support level. How it behaves around this level will be crucial as it acts as a significant zone in assessing trend strength.

For swing traders, this market is still "sell on rise". However, retail investors seem to be confident than never before and taking advantage of this market dip. Monthly net inflows to equity mutual fund schemes reached an all-time high in October, hitting ₹41,887 crore.

Markets are cyclical; tough periods often lead to opportunity. The recent weaker earnings results will make lower base which in turn will actually set the stage for a better outlook in coming quarters. In a quarter or two, valuations may appear more reasonable. Amidst the current volatility, this is a time to prioritize strong stocks with solid relative strength, keeping an eye on opportunities for the next upturn.

As stated previously, now isn't the time to go heavy or make large new positions. Value investors may find opportunities here, but as swing and positional traders, we'll focus on staying ready to ride the next uptrend when it emerges.



As mentioned in last week's newsletter, the chart on Market Breadth page is best read when all three lines are either at overbought or oversold levels. Percentage of stocks above their 10, 30 and 50EMAs fell sharply to oversold zone this week. This called for a [bounce](#), although it can be short-lived.

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.

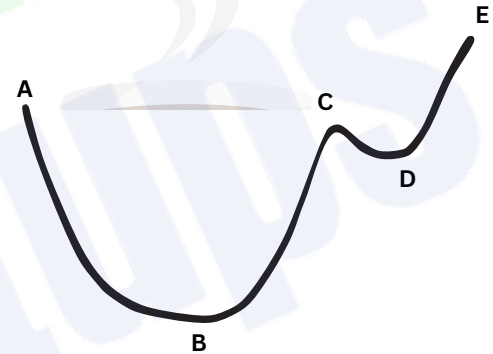
Low Cheats, Cheats and Swing Highs as Resistances

We all know about resistance lines and the basics of breakouts, but taking it a step further is where the real edge comes in. Understanding **Low cheats**, **Cheat areas**, and **Swing High resistances** can give you that extra boost to make your trades more effective.



Combining low cheats, cheat areas, and swing high resistances with traditional resistance lines can give you an edge. Let's find out what these mean.

In a typical **cup-n-handle** pattern, a stock falls from Point A to B, then reverses from Point B to C, takes a small pullback to Point D, and finally breaks the resistance created by Point A to move to Point E, as shown in the picture to your left. The breakout of Point C is typically considered to be an ideal buy point in such a pattern.



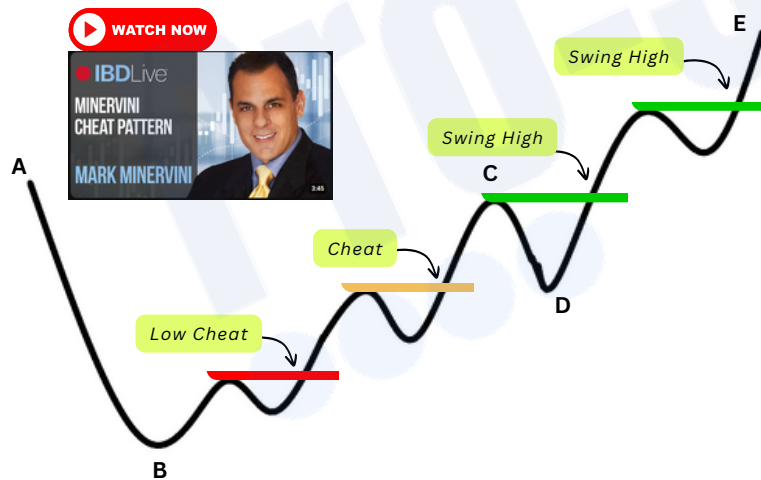
However, while its journey from Point B to C, there can be multiple pivot points where one can plan an entry. That's where Low Cheat and Cheat areas form.

As mentioned above, from Point B to C, there can be multiple pivot points, which can be defined as Low Cheat and Cheat areas. The terms 'Low Cheat' and 'Cheat' are coined by none other than **Mark Minervini**, and he calls them to be his favorite points.

Low cheat is a point formed at the **bottom one-third** or slightly below the middle of the cup.

Cheat area is a point formed below the handle or somewhere **middle** of the cup formation.

Swing Highs are the pivot points formed at the **top** of the cup formation as its handle, which are usually near the main resistance line. They are also formed as **next resistances** as the stock moves upwards.



WATCH NOW



Low Cheat

- Allows positional traders to catch up a stock **early as trend changes**, and thus **greater profit potential**.
- Entry is less confirmed, making it **riskier if the breakout fails**. The trend might not change and it could just be a bummer.

Cheat

- Allows swing & positional traders to catch up a stock once **uptrend is established**. Has increased likelihood of a breakout.
- **Pay higher price** than entries made at Low Cheat levels.

Swing Highs

- Allows traders to take an uptrending stock positioned at the **final consolidation** before breakout.
- **Pay higher price**, and thus **Lower profit potential** than other two.
- Since it's close to ultimate breakout, entry may be missed if breakout happens quickly.

Identifying Low Cheats, Cheats and Swing Highs



Pro-Setups

Dashboard to scan before breakouts happen.

Indicator to see the resistance lines on charts.

Realtime Alerts to know when breakouts happen.



Pro-Setups

Dashboard has a readymade filter for you to scan Low Cheats, Cheats and Swing Highs setups.

Pro-Setups

Indicator on TradingView plots color coded lines on your charts for Low Cheats, Cheats and Swing Highs setups.

Pro-Setups Trend & Dots

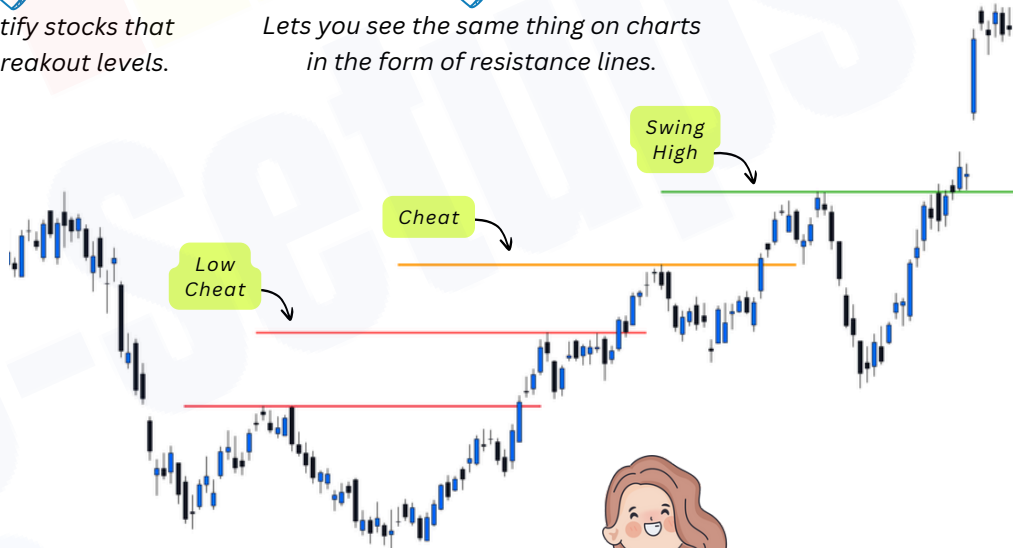
- Gray cloud turned Blue
- Crossover of Blue cloud over Red

Pivot Type

✓ Pivot Type	Record Count
✓ nan	1.6K
✓ Low Cheat	40
✓ Swing High / Pivot	39
✓ Cheat	2

Lets you identify stocks that are near to breakout levels.

Lets you see the same thing on charts in the form of resistance lines.



Pro-Setups

Alerts give you real-time alerts on stocks breaking out from Low Cheats, Cheats and Swing Highs setups.

Pro-Setups Alerts
426 members

- Volume Alerts
Pro-SetupsBot: Pocket Pivot Volume: AMRUTANJAN
- Breakout Alerts**
Pro-SetupsBot: Swing High or Pivot Point Breakouts: ...
- Other Alerts (Shakeouts, Gap Ups)
Pro-SetupsBot: Shakeouts: ADANIPOWER
- 20EMA & 50EMA Undercuts
Pro-SetupsBot: Undercuts 20EMA: PPLPHARMA
- GMMA Cloud Alerts
Pro-SetupsBot: Blue dots in Uptrend yesterday plus Mov...

Limitation: This is a qualitative filter, and our goal with this filter is to achieve around **90% accuracy**. To identify Low Cheat, Cheat, and Swing High areas, we apply precise criteria, which can sometimes mean a stock is left out due to a small variance, like a 0.01% difference in price. This means that, occasionally, you may see stocks that have recently broke out when they appear in the scan, or low cheats are identified as cheats or vice versa. These errors are mostly found in stocks with limited trading history such as recent IPOs.

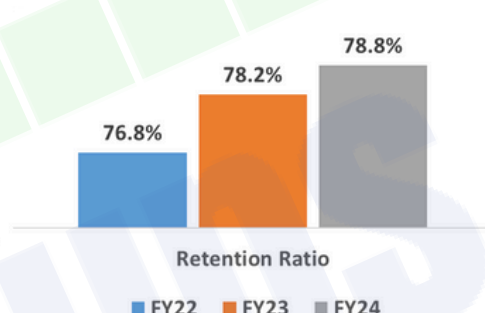
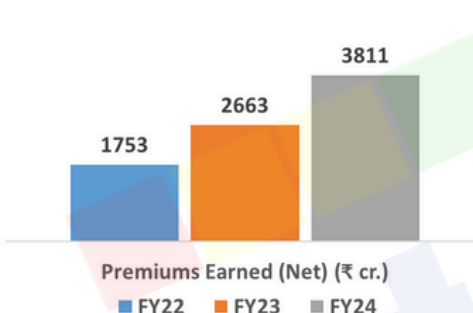
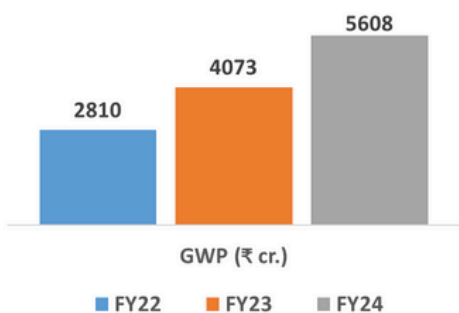
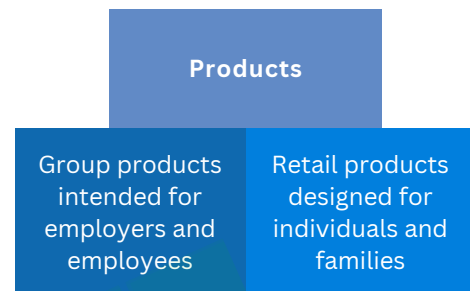
Niva Bupa Health Insurance Company Limited



Sector: Finance **Issue size:** ₹2,200 crores, including Offer for sale of ₹1,400 crores
Industry: Insurance **IPO price:** ₹70-₹74

Founded in 2008, Niva Bupa Health Insurance is a joint venture between the Bupa Singapore Holdings Pte Ltd and Fettle Tone LLP, offering comprehensive health insurance which includes personal accident, critical illness and travel health insurance. It obtained regulatory approval to undertake health insurance business in 2010 from IRDAI.

- Niva Bupa is **India's 3rd largest** and **2nd fastest growing health insurer**.
- **4th largest in retail health insurance** with **9% market share**.
- Gross Written Premium (GWP) of ₹5607 cr. in Fiscal 2024, grew at a CAGR of ~41% from FY22 to FY24.
- Claims settlement ratio of 91.9%



Acme Solar Holdings Limited (NSE: ACMESOLAR)

Sector: Power **Issue size:** ₹2,900 crores, including Offer for sale of ₹505 crores
Industry: Power Generation **IPO price:** ₹289

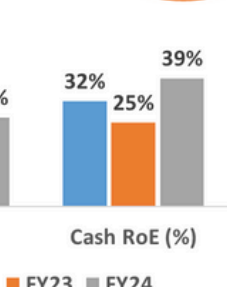
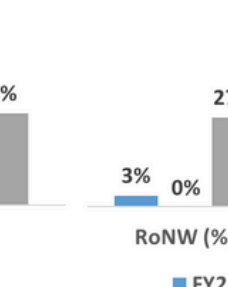
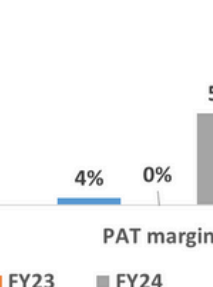
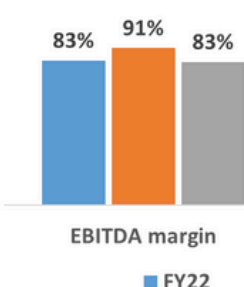
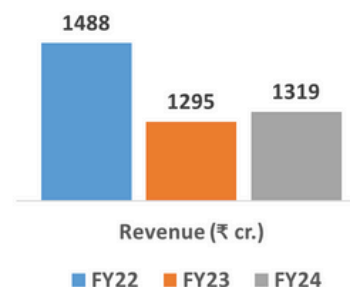
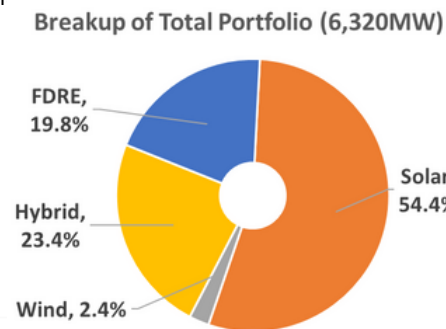


ACMESOLAR is a renewable energy company in India with a portfolio of solar, wind, hybrid and firm and dispatchable renewable energy (“FDRE”) projects. It develops, builds, owns, operates and maintains utility scale renewable energy projects, and generate revenue through the sale of electricity primarily to central and state government-backed entities.



- One of the largest renewable energy independent power producers (“IPP”) in India
- Top 10 renewable energy players in India in terms of operational capacity.

	Solar	Wind	Hybrid	FDRE	Total
Operational capacity (MW)	1,340				1,340
Under construction contracted (MW)	1,500	150	1,030	570	3,250
Under construction awarded (MW)	600		450	680	1,730
Total	3,440	150	1,480	1,250	6,320



FY24 includes an exceptional income of ₹748 cr.

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