

# NEWSLETTER

**AUG 24, 2024**

**Market Sense**

**Sectoral Performance Review**

**Concept Spotlight: GMMA**

**New Listing this week: SSDL**



**Dashboard**



**Indicators on TradingView**



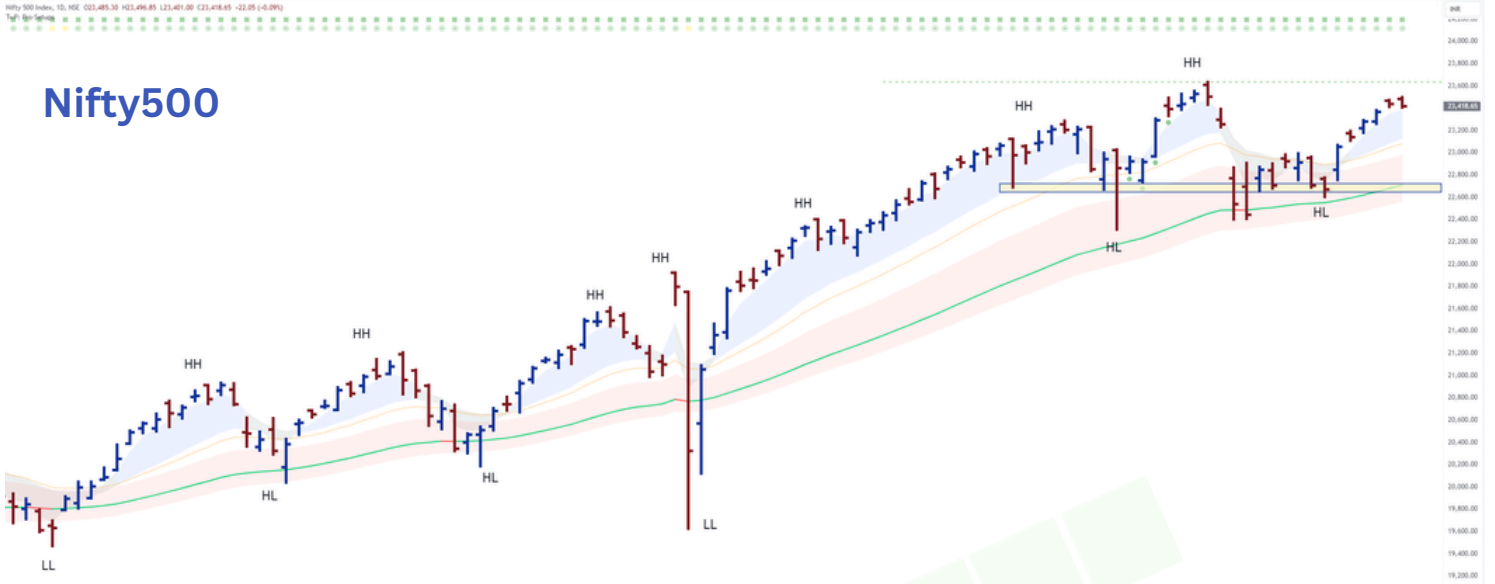
**Realtime Alerts**



**Discussion Group**



Nifty500

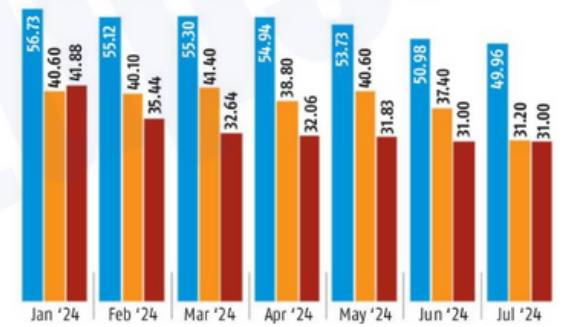


The positive momentum continued this week. Analysts are buzzing about a potential rate cut by US Fed in September, and there's speculation that the RBI might follow by the end of the year, despite the RBI Governor's statements to the contrary. A rate cut could be just what the market needs—like adding a little extra spice to a dish that's almost perfect.

Valuation concerns are visible in our market. According to a recent article in Business Standard, several Balanced Advantage Funds (BAFs) have reduced their equity exposure due to concerns over valuations. For instance, HDFC BAF, the largest in this segment, reduced its equity exposure from 57% in January to less than 50% in July, while ICICI Prudential and SBI BAF also made significant reductions. (BAFs employ a counter cyclical strategy, where they use valuation to decide equity exposure, while remaining goes to fixed income.) It's like they're dieting before a big party—cutting back now so they can indulge later! For stocks to justify their high valuations, companies need to show strong earnings growth. While India's GDP growth is the fastest in the world, the question remains whether it's enough to support these high valuations.

Balanced advantage fund

Net equity exposure ■ HDFC ■ ICICI Prudential ■ SBI (%)



### Market Breadth

1 Jan 2023 - 23 Aug 2024

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

23 Aug 2024 73% (10EMA)

23 Aug 2024 67% (30EMA)

23 Aug 2024 68% (50EMA)

**% of Companies with DCR**

22 Aug 2024: 43 (red), 19 (yellow), 17 (green)

23 Aug 2024: 45 (red), 17 (yellow), 17 (green)

**No. of Companies with Pocket Pivot Volumes**

20 Aug 2024: 116

21 Aug 2024: 149

22 Aug 2024: 116

23 Aug 2024: 130

**Nifty 500: 10EMA over 20EMA?** ● Stay

**Recent Crossover Dates:**

19 Aug 2024	Crossover
8 Aug 2024	Crossunder
14 May 2024	Crossover
13 May 2024	Crossunder
1 Apr 2024	Crossover
14 Mar 2024	Crossunder

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%
23 Aug 2024	1,604	158	62	10%	4%
22 Aug 2024	1,603	206	48	13%	3%
21 Aug 2024	1,599	275	40	17%	3%
20 Aug 2024	1,598	235	44	15%	3%
19 Aug 2024	1,593	360	36	22%	2%

Only companies with Market capitalization > Rs. 300 cr. are considered. If no. of companies with change over +3% is greater than no. of companies with change over -3%, a score of 1 is given to that day. Similarly, a score of -1 is given when +3% change < -3% companies.

Market breadth is showing healthy up move since last six days wherein %age of stocks above 10EMA is reaching overbought levels, while %age of stocks above 30EMA and 50EMA are inching closer to overbought levels. Markets moved out of choppy nature and the bullish run resumed without even touching the oversold levels showing the strength of this uptrend.

We had a brief period of 10 and 20 EMA undercut on Nifty500 but it got resolved very quickly with healthy up move. The Pocket Pivot volumes being consistently above 100 stocks per day also reiterates the underlying strength of the current markets. It would be interesting to see whether the profit bookings come in next few sessions or this uptrend sustains further.

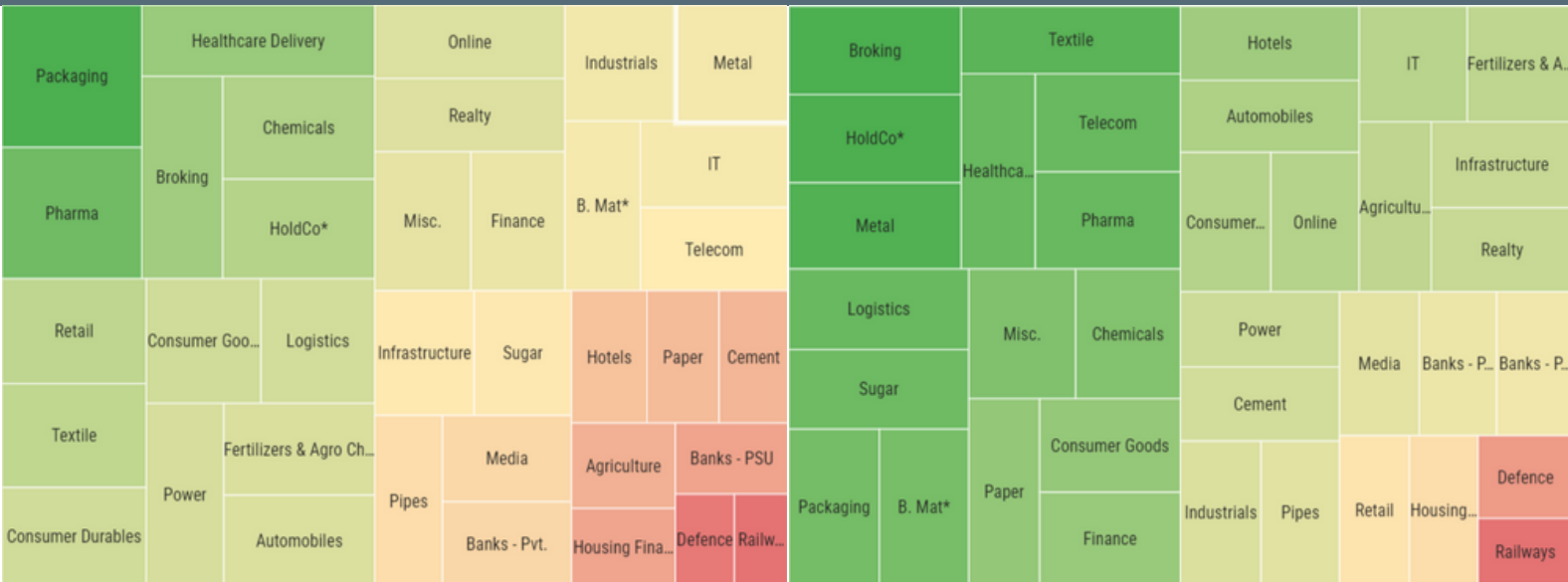
Weekly Sector Performance Review

Sectoral Heatmap

(based on **Monthly** Relative Strength)

Sectoral Heatmap

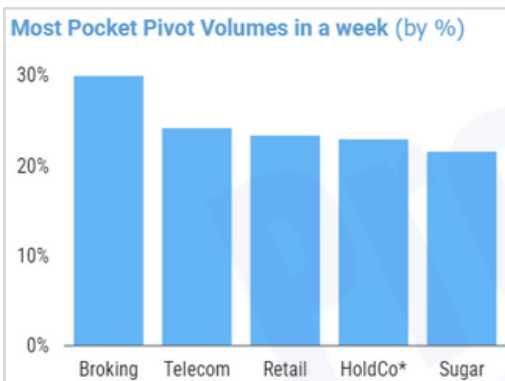
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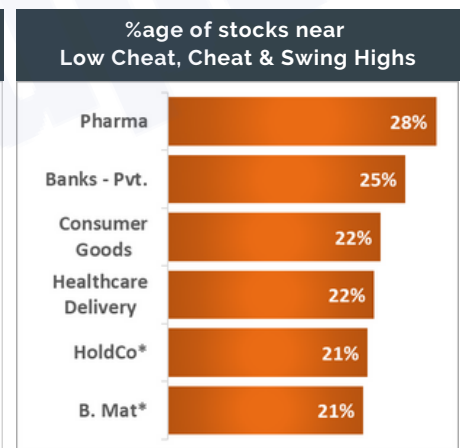
Sectors that are dark green on both heatmaps (*top-left corner*) are the strongest sectors that have performed on both timeframes. **Pharma** continues to be among the top names this week also. **Packaging** started showing signs of move in the first week of August itself, and was mentioned in the Aug 3, 2024 Newsletter also. Sectors that are on the left hand side of Monthly RS heatmap should be the ones to look for pullbacks as well as fresh breakouts.

When we try to identify which sector can give us maximum move as a whole, we have to anticipate the movement from light green/yellow to darker green zone on Monthly RS Heatmap. In other words, we try to determine the sector that is not the strongest currently, but can become so in coming weeks. We do it by noticing the sectors that are strong on Weekly RS Heatmap. And there are quite a lot of sector names that are worth mentioning here. For fresh sectoral moves, one can study strong setups in **Sugar, Finance, Logistics, Broking, Building Material** and **Textile** coming week.

Sectors at the bottom-right (*deep red*) on both timeframes can be avoided, until they start showing signs of strength.



Based on the Weekly Pocket Pivot volumes we can identify that Broking, Sugar, Retail and Telecom sectors had highest number of PP volumes suggesting that more active buying is seen in these sectors.



More than 80% of the companies in **Pharma & Packaging** sectors have their 10EMA over Rising 20EMA. **Pharma** also has around 28% companies near their resistance areas.

(These two charts are currently not part of Sectoral Performance page, but can be made with data from the Screener page.)

# Guppy Multiple Moving Average (GMMA) Basics



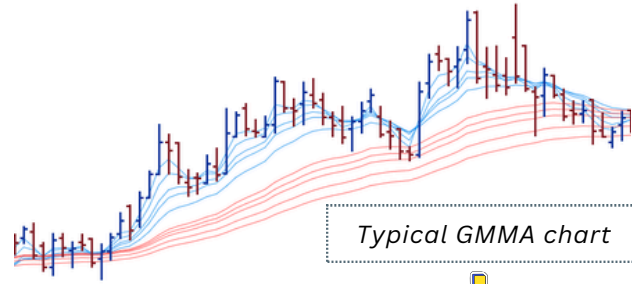
Daryl Guppy

The **Blue and Red clouds** that you see in Pro-Setups indicator are based on **Daryl Guppy's Multiple Moving Averages (GMMA)**

Guppy took use of multiple EMAs and divided them into two sets of shorter & longer duration EMAs. To declutter the chart, we showed these two sets as clouds with Pro-Setups indicator.

**Blue cloud** is combination of 3, 5, 8, 10 & 15 EMAs

**Red cloud** is combination of 30, 35, 40, 50 & 60 EMAs



Typical GMMA chart

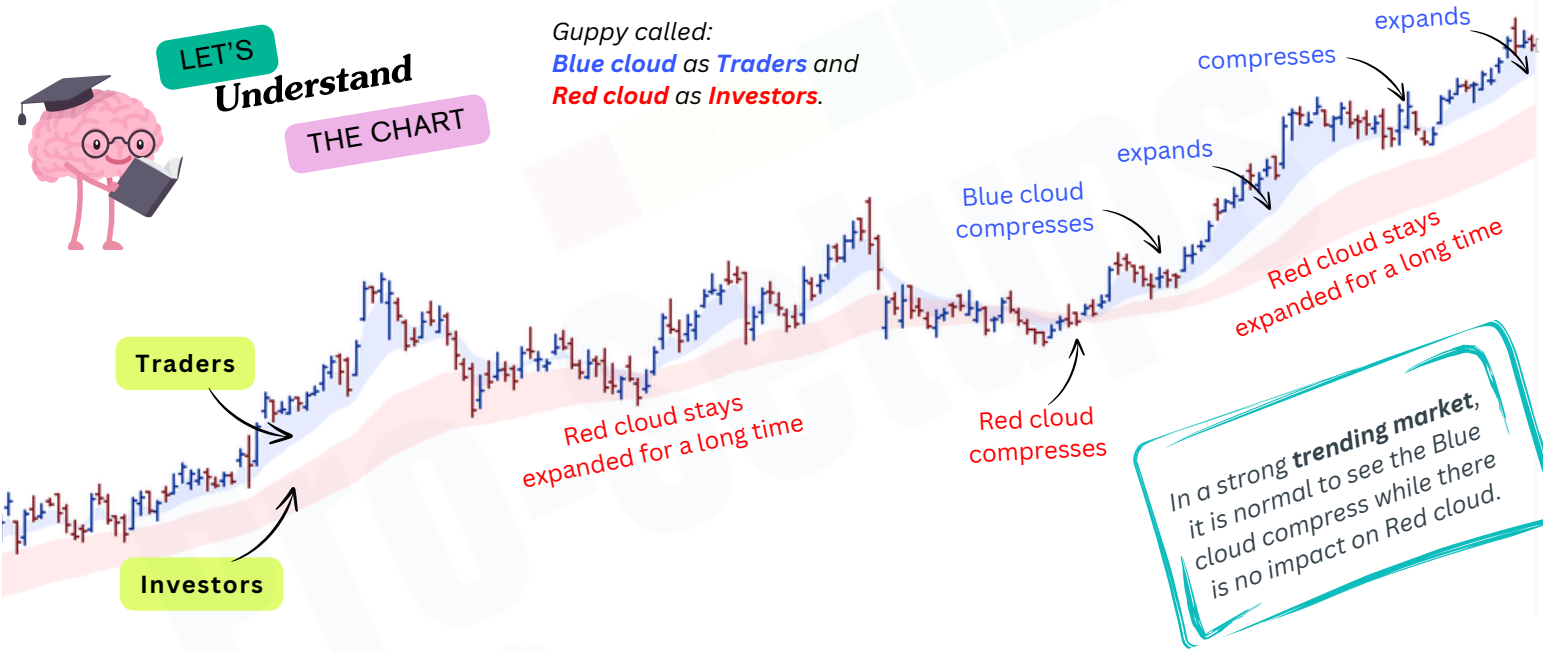


Pro-Setups Indicator

LET'S Understand THE CHART



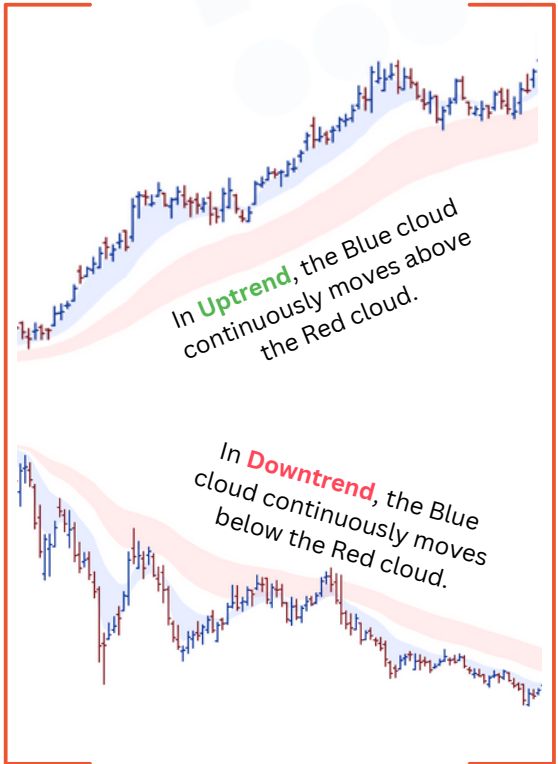
Guppy called: **Blue cloud** as **Traders** and **Red cloud** as **Investors**.



In a strong **trending market**, it is normal to see the **Blue cloud** compress while there is no impact on **Red cloud**.

## POINTS FOR ATTENTION

- ▶ Blue cloud is faster to react to change in prices. Red cloud is slower.
- ▶ Blue cloud is the first to compress and expand as well.
- ▶ Red cloud stays expanded for longer duration than Blue cloud.
- ▶ Width of Red cloud determines the color of trend bars.
- ▶ Blue cloud's compression signals traders to act.
- ▶ On compression of Blue cloud, we get blue dots on chart.



In **Uptrend**, the Blue cloud continuously moves above the Red cloud.

In **Downtrend**, the Blue cloud continuously moves below the Red cloud.

Find stocks with compressed Blue cloud with **Pro-Setups Dashboard**

Pro-Setups Trend & Dots

Weekly Trend ▾

Daily Trend ▾

Dots on Weekly charts ▾

Dots on Daily charts ▾

New Listing this Week

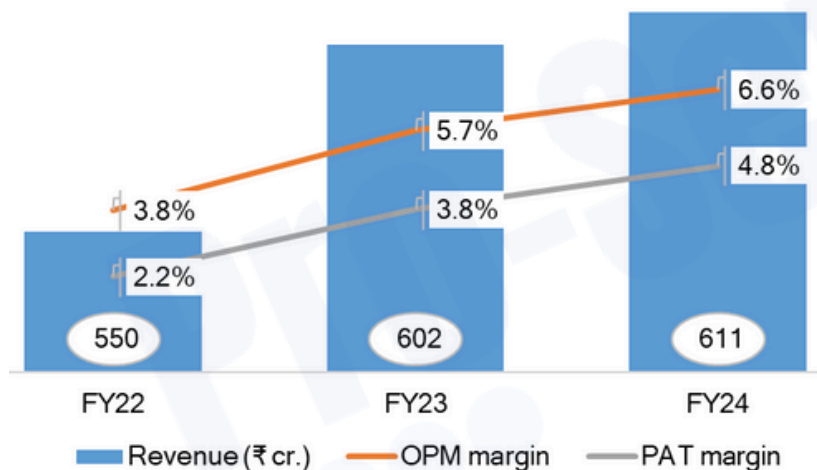
# Saraswati Saree Depot Limited

**NSE: SSDL**

**Industry:** Textile  
**Sector:** Textile - Apparel & Products  
**Market Cap:** ₹713 crores  
**Issue size:** ₹160 crores

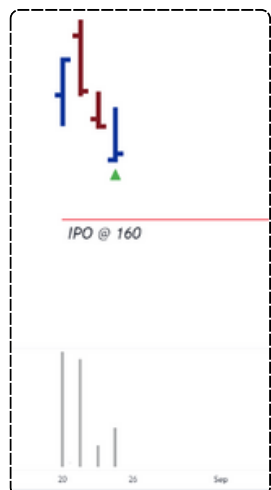


**SSDL** is a women apparel retail company, with primary focus on selling sarees since 1966. The business is currently run by third generation Dulhani family. The company sources sarees from different manufacturers from hubs like Surat, Varanasi, Mau, Madurai, Dharmavaram, Kolkata, and Bengaluru. It doesn't have any manufacturing facility of its own. Products are sold at its 2 retail outlets in Maharashtra and through wholesale channel.



Sarees generate ~90% of its business, while remaining 10% comes from other women apparel. It wants to enter into men's ethnic wear segment too.

Company had a Revenue of ₹611 crores in FY24, almost same as that of previous financial year. Since it does not have its own manufacturing, margins are thin, akin to a trading company.



On listing day, SSDL closed more than 25% above its IPO price of ₹160. It is currently trading at ₹178.



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