

NEWSLETTER

DEC 14, 2024

Market Sense

Weekly Concept Spotlight: Power Earnings Gap (PEG)

Primary Market Offerings: Vishal Mega Mart, Sai Life Sciences



Dashboard



Indicators on TradingView



Realtime Alerts



Discussion Group



Watch Pro-Setups Intro Video

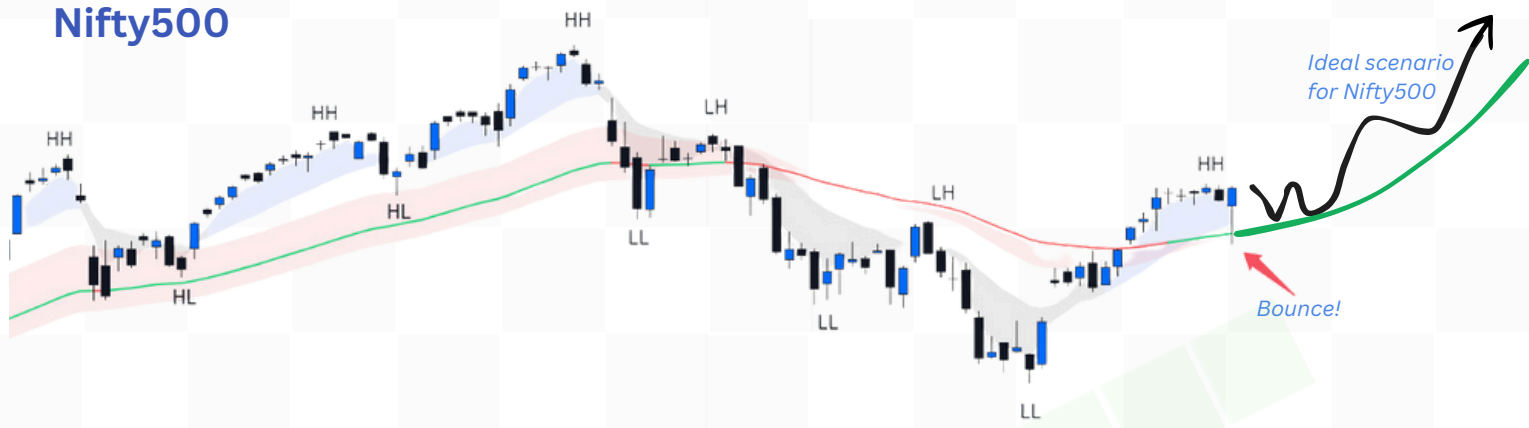


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Nifty500



The week remained relatively uneventful until Friday, when the stock market added some drama. The Nifty500 dropped over 1.5% on Friday but found support at the rising 50EMA and managed to close positive. This recovery turned what could have been a weak finish into a promising close for the week. The market seems to be moving the way we were expecting it to!

Despite the volatility, there's no cautionary signal on the radar. In fact, Friday's strong rebound hints at potential positive momentum in the coming week. As we head into the next week, all eyes remain on how the market builds on Friday's shakeout.

The reason why we talk of Nifty500 instead of Nifty50 is because the former represents over 90% of the listed market capitalization, while the later represents just 50%.

Market Breadth

1 Jan 2023 - 14 Dec 2024

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

— % above 10EMA 13 Dec 2024 50%

— % above 30EMA 13 Dec 2024 62%

— % above 50EMA 13 Dec 2024 59%

[Click here to know more about Market Breadth](#)

% of Companies with DCR

Legend: < 30% (red), 30% - 70% (yellow), > 70% (green)

12 Dec 2024	63	20	9
13 Dec 2024	17	45	38

No. of Companies with Pocket Pivot Volumes

Dec 10	197
Dec 11	161
Dec 12	78
Dec 13	120

Nifty 500: 10EMA over 20EMA? ● Stay

Recent Crossback Dates:

3 Dec 2024	Crossover
7 Oct 2024	Crossunder
19 Aug 2024	Crossover
8 Aug 2024	Crossunder
14 May 2024	Crossover
13 May 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%
13 Dec 2024	1,655	104	56	6%	3%
12 Dec 2024	1,656	80	176	5%	11%
11 Dec 2024	1,656	166	48	10%	3%
10 Dec 2024	1,652	194	87	12%	5%
9 Dec 2024	1,649	226	57	14%	3%
6 Dec 2024	1,647	212	30	13%	2%
5 Dec 2024	1,644	124	39	8%	2%
4 Dec 2024	1,644	104	19	6%	1%

The % of stocks above key EMAs have cooled off after reaching the overbought zone. This one seems to be more of a time correction than price, and is actually helpful for a more constructive rally ahead.

Power Earnings Gap (PEG)

Power Earnings Gap (PEG) is a trading strategy that focuses on stocks that experience a significant price increase due to strong reaction to earnings reports. Developed by **Trader Stewie**, this strategy aims to capitalize on the momentum generated by positive earnings surprises.



@traderstewie

WHAT IS A POWER EARNINGS GAP?

- A stock **gaps up** after reporting strong earnings.
- Closes the gap up day with a strong candle, ideally near its daily highs (**high DCR**).
- There is **high trading volume**, indicating strong institutional interest and accumulation.

On your right is the example of **Tilaknagar Industries (\$TI)**.

- It reported earnings on 4th Nov. evening.
- Stock gaps up next day on 5th Nov.
- Closes near to the High made with DCR of 73%
- Reported Highest Volume in the Decade (HVD).

Thus, you can say that the stock made a PEG on 5th Nov.



HOW TO TRADE PEG, THE STEWIE WAY?

1. identification of PEG

The basic premise behind this "PEG" strategy is that stocks that make **strong powerful earnings** and **gap up** on **strong candles** tend to keep running for multiple days if not multiple weeks/months after these big earnings gaps... so now (my) job is to create a watchlist of these awesome, bad ass stocks and pinpoint entries in these stocks using (my) technical analysis skills.



2. wait for the setup

While some traders attempt buying on the day of PEG itself, **Stewie waits for a consolidation pattern (like flags or wedges)** to form in the days after the gap. This allows him to enter trades at more favorable risk-reward levels rather than chasing the initial spike.

3. take action

After PEG, watch for technical patterns such as **bull flags, bullish pennants, mini wedges, coiling patterns, inside day candlestick patterns etc.** that can provide better entry points. These patterns often develop in the days following the PEG.

4. an example

After making PEG, \$TI made an IV-Pause-Move setup, retraced back to 10EMA, made a Bull Flag and also had an Inside day, thereby giving us a low-risk entry later on.



Dashboard makes your job easier by giving you a one-click solution to identify PEG.

Earnings Growth Filters
Sales, Earnings, Margins Acceleration

- Sales Earnings Margins
- Easy Earnings Comps [\(Know more\)](#)
- Power Earnings Gap (an Episodic Pivot)
- Code 33 [\(Know More\)](#)

» LEARN MORE

on **Trader Stewie website:**
www.artoftrading.net



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VISHAL MEGA MART LIMITED



Sector: Retail **Issue size:** ₹8,000 crores, 100% Offer for sale
Industry: Retail **IPO price:** ₹74-₹78
Market Cap: ₹ 35,168 crores

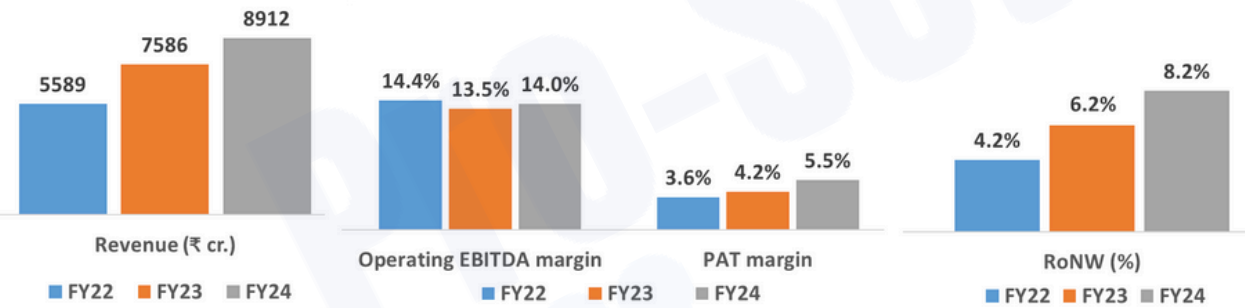
Vishal Mega Mart is a retail company with 645 stores in India and an aggregate store area of 11.49 mn sq. ft. It offer products across three major product categories, i.e., apparel, general merchandise and fast-moving consumer goods, primarily to middle and lower-middle-income consumers in India. Its stores are located across India in Tier 1 cities (194 stores), Tier 2 cities (451 stores) and beyond. It is one of the top-3 leading offline-first diversified retailers in India based on retail space.



Sales Mix FY 24



It doesn't have any manufacturing of its own, but relies on third-part manufacturers for its own brands as well.



SAI LIFE SCIENCES LIMITED

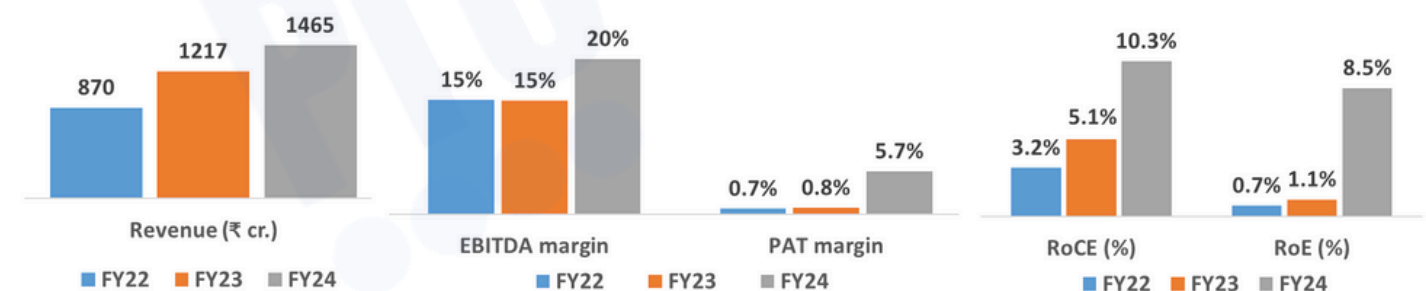


Sector: Pharma **Issue size:** ₹3042.62 crores, including Offer for sale for ₹2092 crores
Industry: Pharma **IPO price:** ₹522-₹549
Market Cap: ₹ 11,419 crores

Sai Life Sciences Limited is a contract research, development, and manufacturing organization (CRDMO) that supports pharmaceutical and biotechnology companies. It specializes in the entire lifecycle across the drug discovery, development, and manufacturing value chain, for small molecule New Chemical Entities (NCEs). It has research hubs in US and UK, supported by cost-efficient facilities in India. For FY24, contract research contributed ~33% to revenue, while remaining came from contract development and manufacturing.

The company plans to raise Rs. 950 cr. out of which Rs. 720 cr. will be used in repayment of borrowings.

In FY 2024, the company partnered with over 280 pharmaceutical innovators, including 18 of the top 25 global firms, providing CRO services for 60+ drug discovery programs and CDMO support for 150+ products.



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