

NEWSLETTER

JULY 28, 2024

Market Sense

Sectoral Performance Review

Concept Spotlight: Up/Down Volume Ratio



Dashboard



Indicators on TradingView

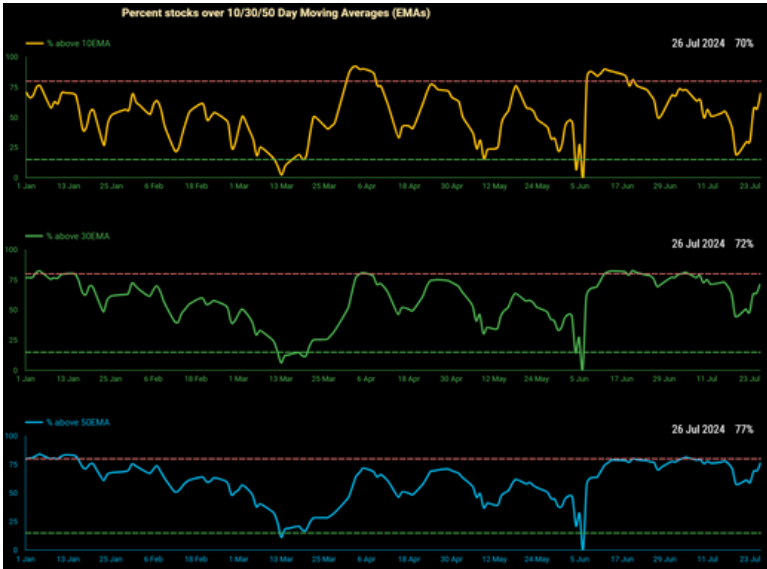


Realtime Alerts



Discussion Group





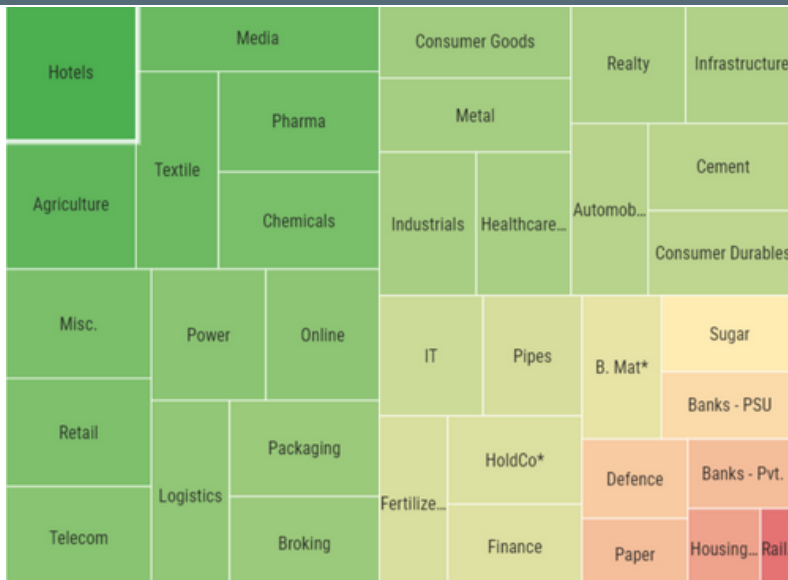
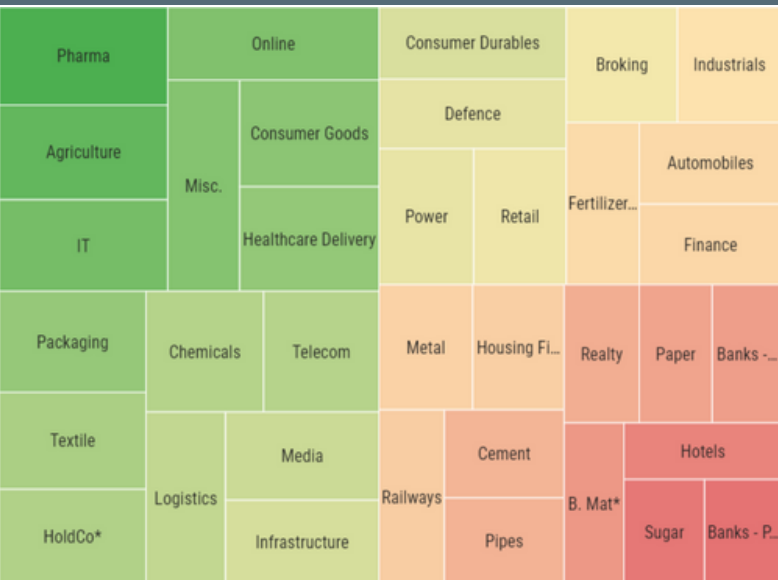
Nifty50 & Nifty500 made new ATH after giving us a shakeout. Stock above key short-term EMAs are again moving closer to overbought areas, which is their home in strong bull markets.

The shakeout this week was not as brutal as we witnessed last month. **Nifty500** closed 1.9% positive this week, making new Highs and respecting its 20EMA. Market remains positive for long trades until 20EMA is broken.

Weekly Sector Performance Review

Sectoral Heatmap (based on Monthly Relative Strength)

Sectoral Heatmap (based on Weekly Relative Strength)



Sectors that are dark green on both heatmaps (*top-left corner*) are the strongest sectors that have performed on both timeframes. **Pharma** and **Agri** continue to lead the pack and any pullbacks here in strong names can be considered as buying opportunity.

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. 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 movement from lighter green/yellow pasture to darker green pasture. Consider **Textile, Chemicals, Retail, Power, Broking** - that are not the strongest on monthly, but getting stronger on weekly heatmaps.

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

Up/Down Volume Ratio

The Up/Down Volume ratio (U/D volume ratio) compares the interest of buyers vs sellers over a period of time.

It considers the volume on Up days and Down days over a specified period.

To calculate the U/D volume ratio, we divide the sum of the volume on Up days by the sum of the volume on Down days.

$$\text{U/D volume ratio} = \frac{\text{Sum of volume on Up days}}{\text{Sum of volume on Down days}}$$

Up Day → Closing Price Today > Closing Price Yesterday

Down Day → Closing Price Today < Closing Price Yesterday

It is assumed that if the stock has an Up day, the volume was due to the buying pressure and if the stock has a Down day, the volume was due to the selling pressure.

- U/D = 1**
Equal number of buying & selling had occurred.
- U/D > 1**
More buyers than sellers and the ratio is bullish. In other words, more volume on the upside than on the downside
- U/D < 1**
More sellers than buyers and the ratio is bearish. In other words, more volume on the downside than on the upside

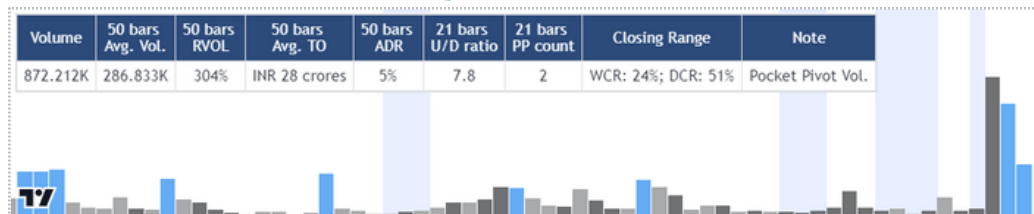
How to Use?

Swing & Positional traders, especially those who follow the CANSLIM technique, like to see a **U/D volume ratio of a minimum of 1.25-1.50** in their setups for long trades. Higher the better.

A higher U/D volume ratio is considered when a stock is **within a valid setup**. When the breakout has already happened, the U/D volume ratio is bound to be very high.

Our **Pro-Setups Volume indicator** tells you the value of 21-Day U/D Volume Ratio.

In the **Pro-Setups Dashboard**, you can select the minimum & maximum values of the U/D Volume Ratio.



Volume Filters

Pocket Pivot Volume 10 D 20 D

Low Vol Zone

Up Down Volume Ratio ⓘ

0 ————— 24.81

Fresh Institutional Volume (IV) ([Know more](#))

Days since last IV

0 ————— 40

Away from IV Day High (%)

-10 ————— 10

IV Pause Move IV Support