



NEWSLETTER

OCT 19, 2024

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Market Sense
 Sectoral Performance Review
 Concept Spotlight: Swing v/s Positional Trading
 New Listings this week & upcoming: GARUDA, HYUNDAI



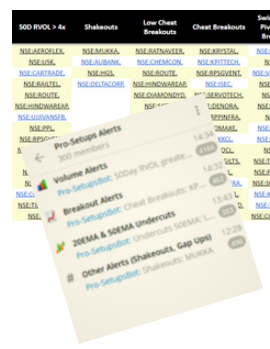
Dashboard



Indicators on TradingView



Realtime Alerts



Discussion Group



Nifty500



In long bull runs, optimism tends to overshadow the memory of past market crashes. After all, who thinks about potholes when they're cruising down a highway at full speed? It's natural to be tempted by the market's impressive returns and join the wave. From March 2020, the Nifty500 surged from the COVID lows of around 6,000 to 16,000 by October 2021, a climb that spanned roughly 80 weeks. What followed was a consolidation phase of almost the same duration, testing the patience of swing traders with its unpredictable swings - like getting stuck in traffic when you thought you'd hit every green light.

Then, from March 2023, we saw another upswing as the Nifty500 moved from its lows of 14,000 to its current levels around 24,000 - again over a period of 80 weeks. While no one hopes for another long consolidation, a shorter phase could actually pave the way for a stronger upswing and better profits.

Given the current high market valuations and mixed earnings results, some consolidation might be inevitable. But the shorter it is, the better for us! Last week, we highlighted 23,800 as a crucial level for the Nifty500. The market's direction remains uncertain, but a move above this level would give us the confidence to take comfortable long positions for swing trades.



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 can be selected from here.

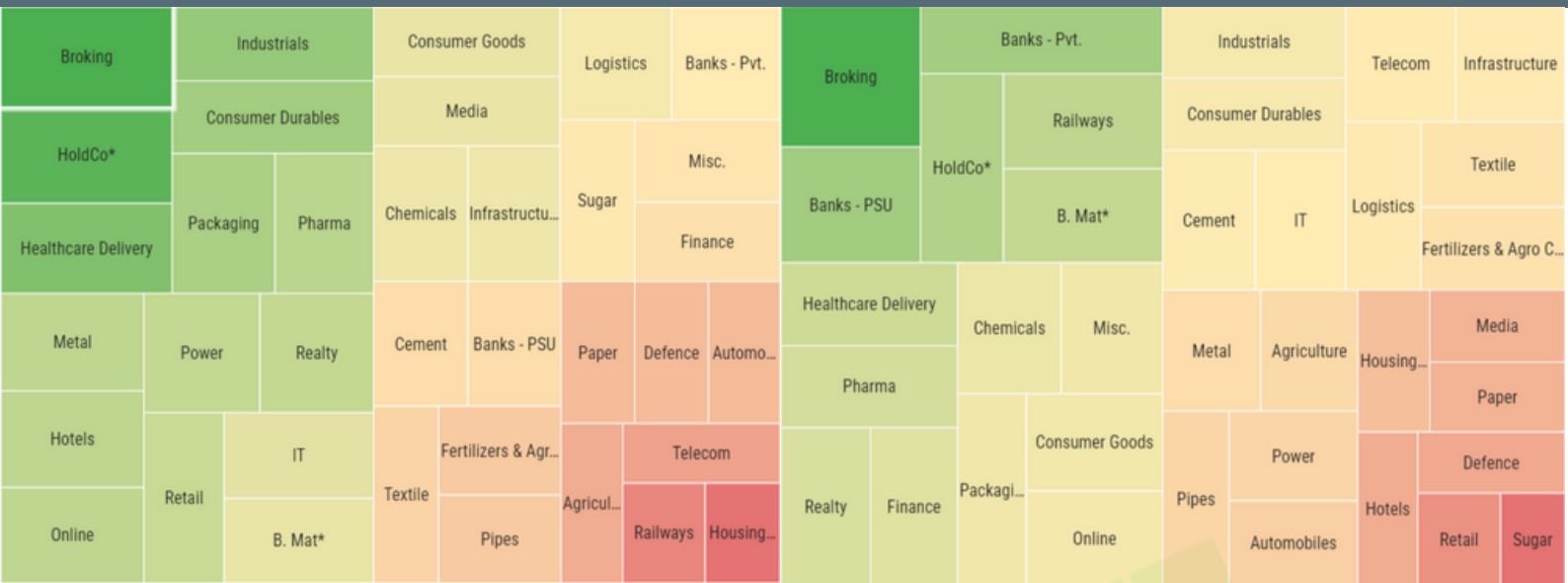
Weekly Sector Performance Review

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. **Broking** is one of those sectors that is standing strong. 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. For fresh sectoral moves coming week, one can study strong setups in **Realty** and **Building Material**. During the week, we noticed strength in Broking companies (refer this tweet).

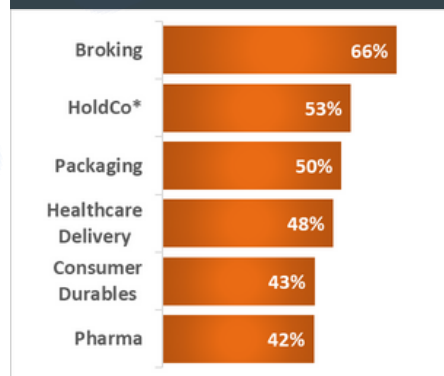
Sectors at the bottom-right (*deep red*) on both timeframes can be avoided, until they start showing signs of strength. **Railways** fall in this category.

Most Pocket Pivot Volumes in a week (by %)



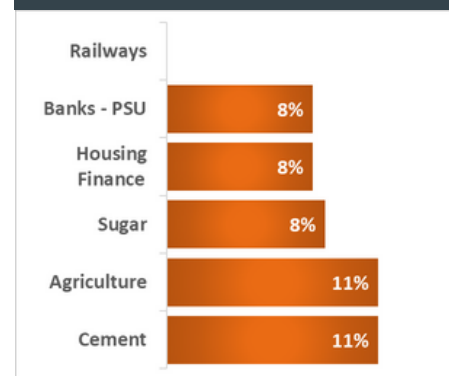
Based on the Weekly Pocket Pivot volumes we can identify that **Holding companies, PSU Banks, Broking, Realty and Building Material** sectors had highest number of pocket pivot volumes suggesting that more active buying is seen in these sectors.

%age of stocks with 10EMA > Rising 20EMA



Broking, Holding companies, and Packaging are the only sectors with over 50% stocks in these sectors having their 10EMA > Rising 20EMA. The situation was worse last week.

%age of stocks with 10EMA > Rising 20EMA



At the bottom are **Railways, Banks-PSU, Housing Finance** and **Sugar** where less than 10% have their 10EMA over Rising 20EMA, signifying strong negative short-term momentum.



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Positional v/s Swing Trading



We are often asked a very simple question - **What should be our Exit criteria?** Our response always begins with a question of our own: **What is the nature of the trade - is it a swing trade or a positional trade?**

The answer to that determines the appropriate exit strategy. Without clarity on whether you're aiming for short-term gains (swing) or long-term trends (positional), it's impossible to define the right exit point. Here, we discuss the nature of positional and swing trading.

Positional Trading

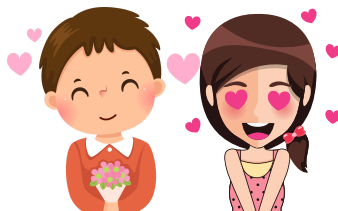
A long-term trading strategy where positions are held for weeks, months, or even years. Here, traders focus on larger trends, often combining fundamental analysis with technical analysis.

Swing Trading

A medium-term strategy where positions are held for several days to weeks. Traders capitalize on shorter-term price swings within a trend. Primarily based on technical analysis to spot entry and exit points.

Aspect	Positional Trading	Swing Trading
Time horizon	Weeks to Years	Days to Weeks
Analysis type	Fundamental (gives best results when combined with Technicals)	Purely Technical (chart patterns)
Trade frequency	Low	Moderate
Risk Management	Long-term focus, more exposure to volatility	Short-term, tighter stop losses
Stop Loss extent	Use of stop-loss orders to prevent catastrophic losses.	Tighter stop-losses to protect against quick price reversals.
Profit intent	To capture large price movements and fundamental changes in markets.	To capture smaller price swings.
Suitable for	Beneficial for those with limited time for constant market monitoring.	Requires more active market monitoring.
Discipline	Requires more patience, as profits accumulate over a longer period.	More emotional discipline needed to handle rapid fluctuations.
Transaction costs	Less frequent trading means lower transaction costs.	Higher transaction costs due to frequent trades.

Swing trading is like speed dating. You get in, get out, and move on quickly. No real commitment!



Positional trading is like being in a long-distance relationship. You have to be patient, and enjoy life while your trades mature

New Listing this Week

GARUDA CONSTRUCTION AND ENGINEERING LIMITED

NSE: GARUDA



Sector: Infrastructure
Industry: Infrastructure
Market Cap: ₹_____ crores
Issue size: ₹264.10 crores, including ₹90 crores Offer for sale
IPO Price: ₹95



Garuda Construction and Engineering is in to civil construction, offering services for residential, commercial, and industrial projects, along with EPC solutions, O&M, MEP services, and finishing works. The business relies on the Indian real estate market, particularly in the Mumbai Metropolitan Region (MMR).



Company has 12 ongoing projects.



The Delhi Police Headquarters -notable projects

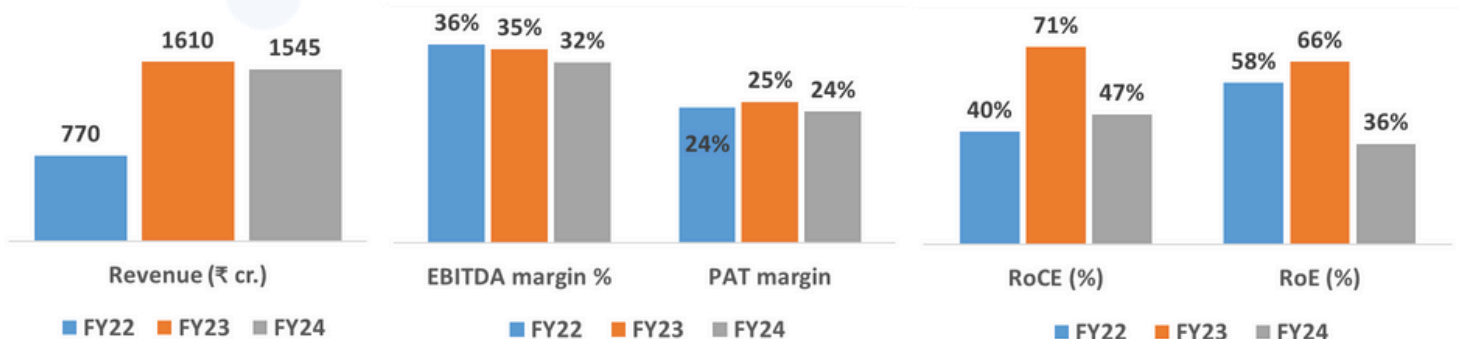


The IPO filed by the promoter group, PKH Venture Limited, did not receive sufficient subscriptions, resulting in its withdrawal.



Order Book as on March 31, 2024: ₹1408.27 crores

Key Financials



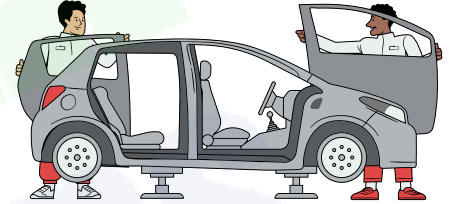
New Listing next week

Hyundai Motor India Limited



NSE:

Sector: Automobile
Industry: Automobile-Passenger Cars
Market Cap: ₹ 1,59,258 Cr.
Issue size: ₹ 27870.16 crores, Offer for sale
IPO Price: ₹1865 - ₹ 1960



Incorporated in May 1996, Hyundai Motor India Limited is part of the Hyundai Motor Group, the third-largest global OEM. The company manufactures reliable, feature-rich passenger vehicles, including sedans, hatchbacks, SUVs, and electric vehicles, along with parts like transmissions and engines.

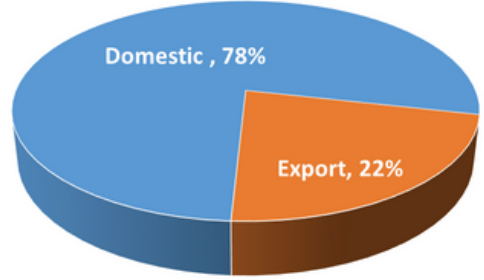


3 manufacturing plants: 2 in Tamil Nadu & 1 in Talegaon

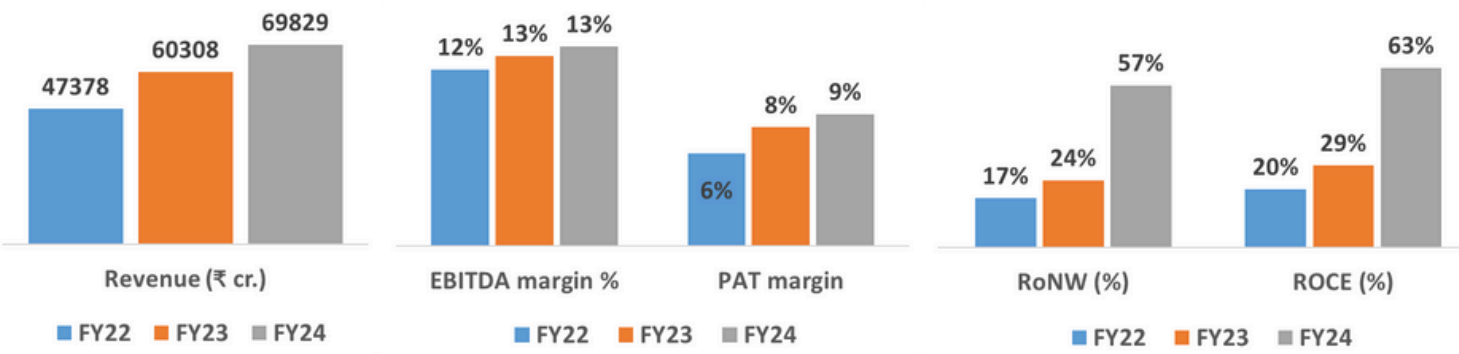
As of June 30, 2024, the Chennai plant's capacity is 824,000 units. With the acquisition of the Talegaon plant, Hyundai expects total capacity across both plants to reach 994,000 units.

- Currently offers 13 models across sedans, hatchbacks, SUVs, and EVs.
- Second largest in the OEM market in India, after Maruti, holding a 15% market share.
- Second largest exporter of passenger vehicles since 2021

Revenue Breakdown



Key Financials



Hyundai pays royalties of 3.5% of total sales revenue to its parent company.

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