High Tight Flags (HTF) (also known as Powerplays)

HIGH TIGHT FLAG *begins with an explosive price move (>=100%) in a short period of time (~4-8 weeks). It then corrects sideways (10-25%) for a short duration (~3-6 weeks).*

The situation could even be the beginning of an even larger advance

- *Occurs rarely*
- *Strongest of other patterns*
- *Very Risky, but Highly Profitable*
- *Most Misinterpreted*

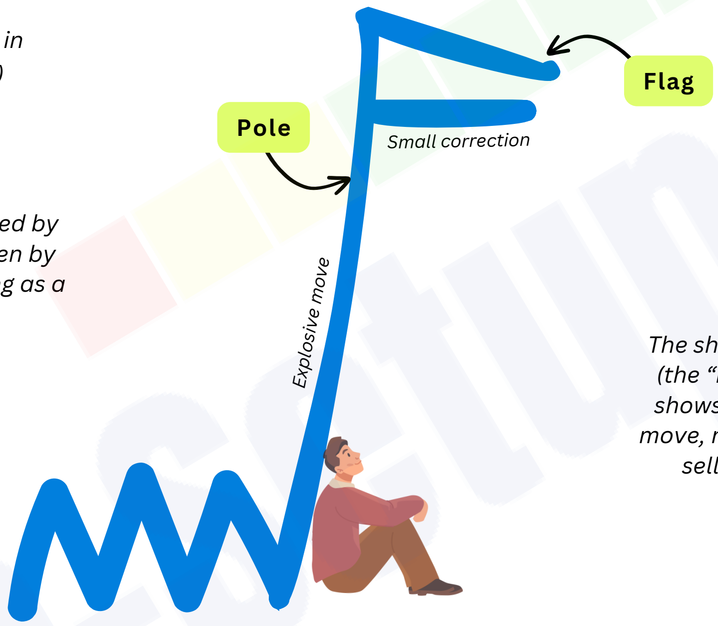
This article is written by Mr. Basker Ramachandran. He is a full time investor cum trader focused on Momentum trading in Growth Stocks. Prior to this, he worked in variying roles in IBM, Standard Chartered and ANZ Bank.

Stock makes a massive move >= 100% in a short period of time (~4 to 8 weeks)

*The massive run-up (the "**Pole**") is caused by huge demand (high volume), often driven by some "**N**" factor **("N" of CANSLIM)** acting as a catalyst for the upside rally.*

NEW!

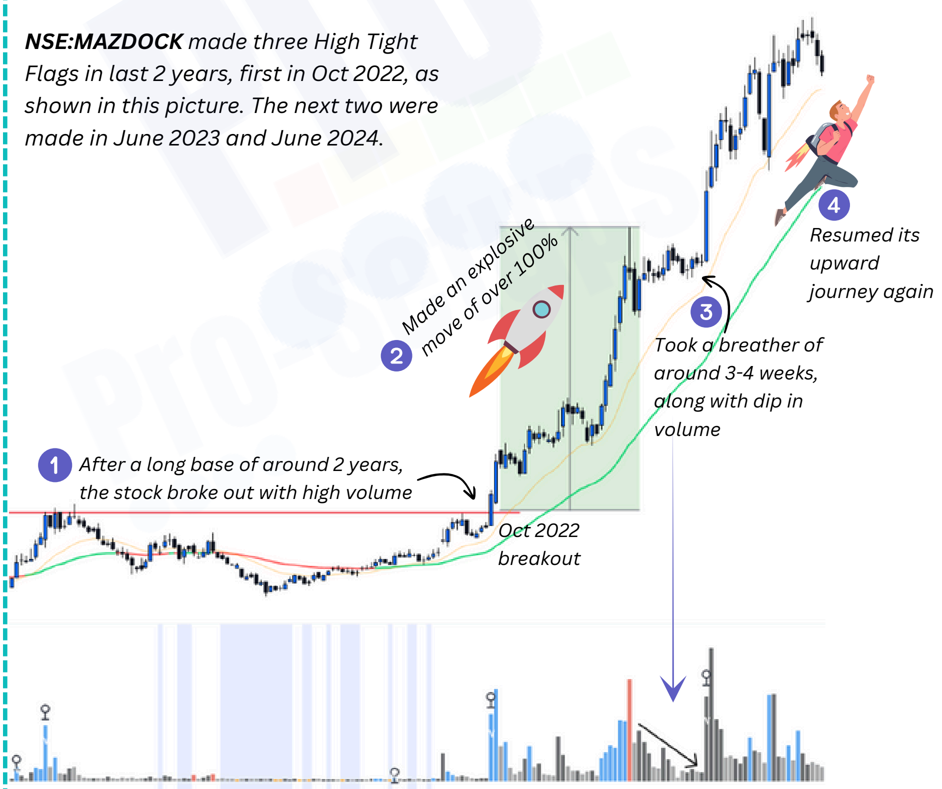
***N** in **CANSLIM** refers to **NEW** product, service, order, management or anything else new that can alter the path of the company for better!*



Corrects sideways, no more than 10-25%, usually in 3-6 weeks

*The shallow base formation (the "**Flag**") on low volume shows despite the massive move, nobody is interested in selling their holdings.*

***NSE:MAZDOCK** made three High Tight Flags in last 2 years, first in Oct 2022, as shown in this picture. The next two were made in June 2023 and June 2024.*

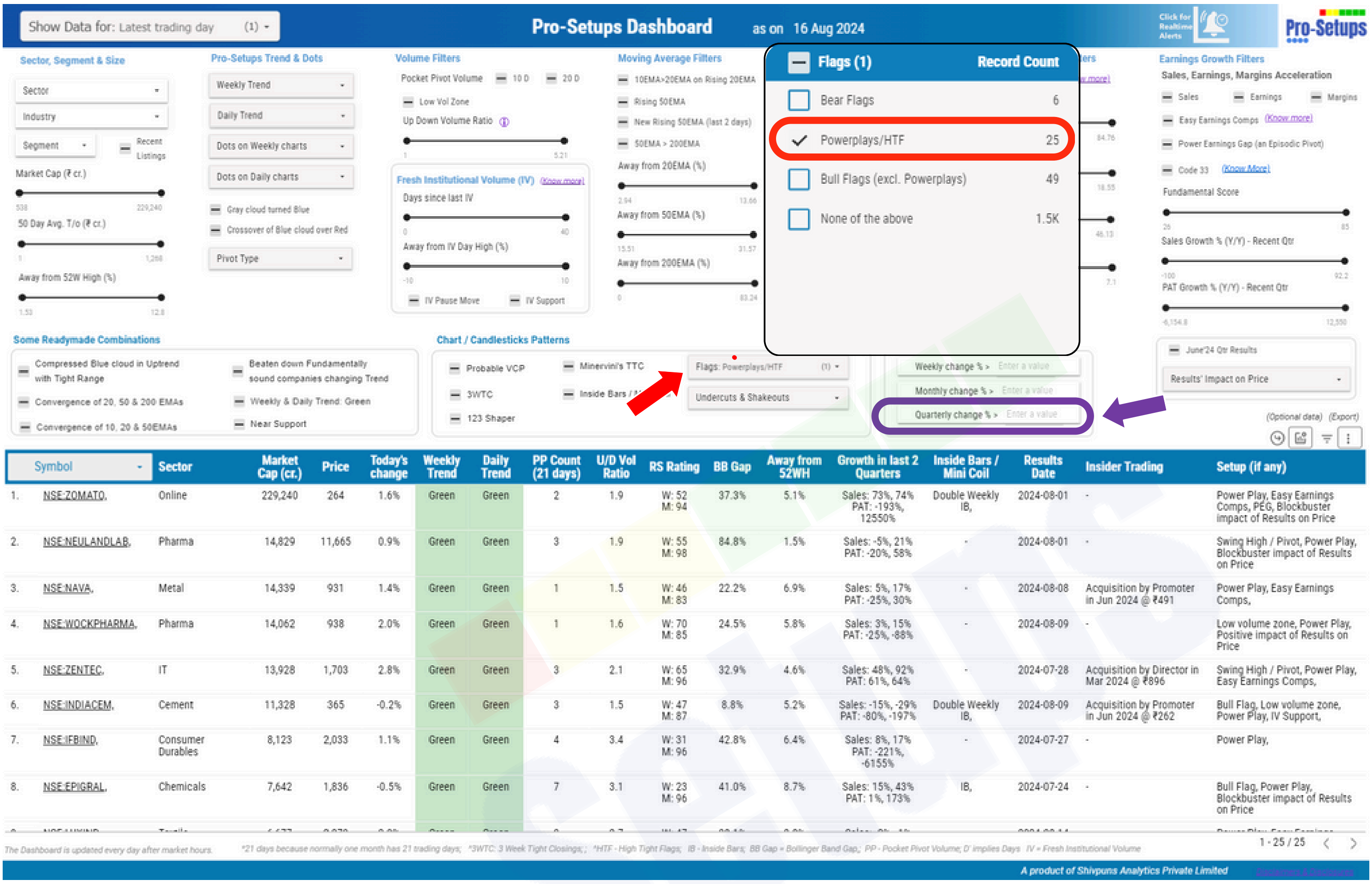


WHEN IS IT MOST EFFECTIVE?

5.0 RATING ★★★★★

- Stocks coming out of a **Stage 1 Base**. A rally at the end of an advance that developed over many months is better to avoid.
- A **Shakeout** in the Flag makes it a high probability one.
- The **length of the Flag** generally depends on the urgency of the stock to rally higher and the market condition, though it is preferable to be between 3-6 weeks long.
- Flag should largely be contained above and respecting 10EMA & 20EMA.
- Though not necessary but if the pole is formed on the weekly with each bar being an extended range bar forming Higher High, Higher Low, it makes it a "clean pole" and is highly desirable.
- Small & midcap segment are more likely to give explosive returns, compared to Large caps.

How to scan for High Tight Flags in the Dashboard



There are two ways you can find out High Tight Flags in Pro-Setups Dashboard:

First *(highlighted in red)* - Using our **readymade Powerplays/HTF filter** under Chart/Candlestick Patterns. If the gap between the highest high & lowest low of last 60 days >=80%, and certain other conditions are met for the flag, the stock comes under this scan.

Second (highlighted in purple) - Enter a percentage change (say 100%) that you want to see that has happened in last 3 months in the input option. This will give you stocks that have risen over the % number that you entered in last 3 months. This method will give you those names also that have had slightly deeper pullbacks than the previous method.

HTF setups for your watchlist

Please note that the following charts is not an exhaustive list. There can be better setups out there. Please use them only as samples. Click on the chart to open the image.

Sportking India
NSE: SPORTKING

Pondy Oxides
NSE: POCL

Neuland Lab
NSE:NEULANDLAB

Lux Industries
NSE: LUXIND

Nava
NSE:NAVA

The India Cements
NSE: INDIACEM