



NEOWIRE

Cutting Edge Stock Market Analysis

February 2024

Volume 25

Founder's Message



Hello, Even before you realised it, the first month of the new year is gone! The market has been in such great form that time is just flying past and we don't seem to notice it. This kind of scenario happens every once in a while.

One should really be enjoying such times in the market but in contrast most people are worried! They worry that the rise has been too fast or too much or that stocks are over valued or whether the BJP will win this election or not, etc. etc. In other words, rather than being in the present and enjoying the ride, people are living in some imagined future where there could be some problem and as a result of this they are unable to take advantage of the present! Everything has an end as will this market move too but who knows how much higher or how much longer will that be before the eventual end? What if it doubles from here and then ends- have you thought about that? Imagine the loss of not participating???

To mitigate problems of that nature is the sole existential reason for a product like Neotrader. It takes the worry, the emotion, the disbelief etc. out of the equation of market analysis. That is the sole reason I created it. For sure, it is not going to be correct every time- we all know that to be an impossibility. But, if it can put me on the right side of the market more often than not, then my job to succeed in the market is done.

For Neotrader to help you succeed, you also need to drop your disbelief about advisory products being a necessity in your journey in the markets. Bringing yourself to believe in the power of analysis requires a surrender of your ego to a software- which is very difficult for many of us. Because, we all think we are smarter than we really are!

In this 2024, I exhort all readers of this note to change over to adopting new practices, new tools and technics to achieve our objective of succeeding in the market. Neotrader is certainly one such tool. Believe in it. And then see the results. At the end of 2024, you will be much happier person. Not to mention, richer!

Until next time.

Blogs

NEW YEAR RESOLUTIONS



Every New Year brings with it an opportunity to make some resolutions. Most of us do. But, by approximately the 10th of Jan, most of those resolutions are forgotten. This happens to all of us.

So, this year, I decided to make New Year resolutions on the 10th of Jan! Hoping that I would beat the nix!

A point to think is, do we need a Jan 1st to make resolutions? Not really, right? So, it is just one of those calendar things. Doesn't matter. In this context, I am reminded of Scarlet, the heroine from the famous book, *Gone with the wind*. Whenever pressed, she would exclaim, 'Never mind, I will do it tomorrow'- meaning, when a new 'something' starts- could be a day or a week or a month or even a year! New beginnings are perceived by the mind as a good point to start something fresh.

Resolutions are always about some changes that we are going to make in ourselves- like losing weight, create some new healthy habits, save money, spend less etc. etc. So, most of the time, it is about creating some new habits.

That is not a difficult decision. Because most of us have so many things that could do with some improvement in our life!

[Click here](#)

Blogs

THE CONSTANT NEED TO IMPROVE



Everyone in this world wants to improve. I am certain of that. If you are a thinking person then you automatically know that there are so many areas in your life that needs improvements. And, to an extent, you do go about doing something about it. Only those who are brain dead (but living) are the ones who don't think about improvements.

One of the prime requirements for improvement is to bring attention to the more important things. When you pay attention to whatever it is that needs to be improved, you start seeing more of it and then you find quickly where your deficiencies are and then can set about to correct them.

This is actually a multipart activity. Not only do you need to understand what needs more attention but you also need to keep other distractions away. There are so many things that come by way of distractions, chief among which is Social media these days. The ability to not access your Whatsapp account or check the mail or watch some stray Youtube content etc. all require powerful efforts themselves! We need to do this first so that we can find the time to focus on what really matters, what moves the needle for us. There is a big skill to be developed in finding the highest and best use for your time and to truly understand what is important to you. More than anything else, controlling your attention is about being able to figure out what you should be working on.

[Click here](#)

Events and Seminars

A Special "Thank you" to all the Organizers for visiting our Stall and rewarding us for our hard work & participation.

Above all STOCKTECH 2024 created a successful, wonderful & extraordinary experience to all Traders who are still following up on "NeoTrader"





Birthday Celebration NeoWay!!



SPECIAL SUPPORT SESSIONS

NeoTrader Team now conducts regular handholding support sessions!

The objective of these sessions is to ensure that you are able to use the NeoTrader pages well. We understand that many of our NeoTrader family members want to fine-tune their trading skills and usage of NeoTrader.

We're here to offer personalized, step-by-step assistance to help you navigate through them successfully.

Key Features of our Q & A and Strategy Sessions:

Personalized Guidance: In handholding sessions, we provide one-on-one assistance tailored to your specific needs. Our goal is to guide you through the process, ensuring a clear and thorough understanding of each step.

Interactive Learning: These sessions are designed to be interactive. Feel free to ask questions, seek clarification, or request additional information at any point. We want to make sure you feel confident and comfortable throughout the process.

Step-by-Step Instructions: We'll break down the task or process into manageable steps, offering detailed instructions along the way. This approach allows for a smoother learning experience and helps build your confidence as you progress.

Patience and Encouragement: Learning something new can take time, and we understand that. We're here to patiently guide you through each step, providing encouragement and support to help you overcome any challenges you may encounter.

Feedback and Reflection: Your feedback is crucial to us. We encourage you to share your thoughts, ask questions, and let us know how we can improve our support. Additionally, taking a moment to reflect on what you've learned can enhance the overall learning experience.

Thank you for participating in our handholding support services. Let's work together to ensure you successfully achieve your trading goals.

New Workshop Dates Are Out Now

Your gateway to consistent profits



NeoTrader Strategy Workshop is a unique workshop designed to help every aspiring or professional trader to excel in their trading endeavours.

The last workshop was an immersive experience which was attended by more than 500 members making it a resounding success. The workshop exceeded all our expectations and left a lasting impression on all the participants. The dedication, passion, and expertise in the subject matter were evident throughout the sessions, making it an incredibly enriching experience for all of us.

What does this workshop focus on ?

- Master Advanced Trading Strategies
- Hands-On Practical Exercises
- Risk Mitigation Techniques
- Trading Psychology Insights
- Post-Workshop Support

We continue to strive to make each version better than the previous one. We are excited to announce the upcoming NeoTrader Strategy Workshop, an immersive and transformative event designed to take your trading skills to new heights!

17TH, 18TH & 19TH FEB 2024 AT 10AM

CUSTOMER REVIEWS AND FEEDBACK

“

Amazing session, today we got a quality learning, we all know the things which are in the market but how to be used is important and today we got that. thanks Neo family.

Glenevok



”



“

A very good learning today. Nicely understood the ADX session. Understood 1st time the power of ADX & NT both. Thank you Neo Trader & team for the same.

Nigam Vyas



”



CUSTOMER REVIEWS AND FEEDBACK

“
What a remarkable session! Today, we gained valuable insights into practical applications. While we're familiar with market trends, understanding how to effectively utilize this knowledge is crucial, and today, we achieved just that. Grateful to the Neo family for this enlightening experience.

Sima Bubu



“
I proud to be a Neotrader, because we can predict the market movement without seeing charts and become a pro and profitable trader and I recovered my paid fees in a first day itself, Thank you for this much effort includes in this software and mind blowing, Thank you so much lovee it

Manju KS



INSIGHTS FROM A TRAILBLAZER: A THOUGHT-PROVOKING ARTICLE BY RAJA VENKATRAMAN



WHY A TRADING FRAMEWORK IS NECESSARY?

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All of us trade in varying frequency but we are unable to achieve success as we do not have a pattern or process.

With markets continuing to be volatile one needs to be ready as the trends keep shifting regime from the bullish zones to the bearish zones. As a trader, one has to keep track of the fast-paced nature of financial markets. Keeping up with the constant stream of market updates and trying to make sense of a vast amount of data can be a daunting task. It's easy to feel overwhelmed by the sheer volume and complexity of information, which is where a trading framework comes in.

What is a Trading Framework?

A trading framework is a set of rules, processes, and guidelines that help traders make more informed and consistent decisions. It serves as a roadmap for finding and evaluating trade opportunities, as well as for managing risk and tracking performance.

A trading analysis framework helps traders make informed decisions about buying or selling financial instruments. It involves a combination of technical analysis, fundamental analysis, and risk management. Here's a basic outline of a trading analysis framework that could be useful while trading:

Define Your Trading Objectives:

A trader has to be very clear at the time of trading about the end result that one wants to achieve through his or her market participation. While the end objective is common i.e to make money the means to achieving it is different. Some of the traders prefer to trade on a daily basis while some like to carry forward positions across multiple days. Every market participant should clearly articulate what they intend to achieve through trading. This will help them choose a trading strategy that aligns with their goals (e.g., day trading, swing trading, and position trading).

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WHY A TRADING FRAMEWORK IS NECESSARY?

Criteria for Entry and Exit:

One should always define what the criteria for entering a trade is. Also, a trader should also establish the conditions that he will follow for exiting a trade, either to take profits or cut losses. While trading one should ensure they are able to use limit orders, market orders, or advanced order depending on the market situation.

Risk Management:

Surviving in volatile markets is a challenge that many traders are not able to achieved. The most common reason is that their risk management is poor. Hence, it is imperative that one should determine the amount of capital one is willing to risk on a single trade. To protect ones capital I always place stop-loss orders while a trade is being executed to limit potential losses. One of the key to take advantage of the trends is to size your position according to your available capital. This ensures that you do not take risk beyond your capacity.

Backtesting:

There are many trading strategies but we need to test them in varying market conditions and also find out if we can implement them efficiently. Hence we need to test our trading strategy on historical data to assess its viability. This will also help us identify potential weaknesses that exists in implementation and also we will be able to find out areas for improvement.

Monitoring and Adjustments:

Traders need to regularly monitor the open positions to ensure that they are in control of their overall portfolio. With dynamic market conditions a trader needs to ensure that he is able to account for the gyrations. I always keep a tab on the newsflow to check if there are significant changes in the market or new information emerges that can impact my plan.

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Technical Analysis:

Before taking decision its always helpful if one takes an overview of the price charts and studies the patterns and technical indicators to support their decision. A trader needs to be always aware of the key support and resistance levels that can help him plan his trade.

Fundamental Analysis:

Along with reading the price action, a trader should also review the market environment and factors impacting the overall macro-economic to decide on what course of action they will undertake while trading. One can also get some perspective analysing economic indicators, company financials, and news. Additional factors like macroeconomic factors, industry trends, and geopolitical events helps a trader formulate a robust trading plan.

Trade Log:

With so much of changes that a trader incorporates while trading it will be useful if he maintains a trading journal to track ones trades, including entry and exit points, reasons for the trade, and outcomes. A continuous analysis of your trading performance should be done regularly to identify strengths and weaknesses.

Nonstop Learning:

We should stay updated on market trends, economic indicators, and news by reading the current trends and newsflow. The learning should never stops as one needs to continuously improve our trading skills through education and staying informed about new trading strategies and tools.

Psychological Factors:

Trading requires us to manage emotions such as fear and greed, as they can impact decision-making. Hence we should ensure that sticking to a trading plan so that one can avoid impulsive decisions.

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Adaptability:

Markets are dynamic, so be prepared to adapt your strategy based on changing conditions. Remember that trading involves risk, and no framework can guarantee profits. It's essential to thoroughly understand the instruments you're trading and to continuously refine your approach based on your experience and market conditions.

SUMMARY:

In summary, a trading framework is a set of rules, processes, and guidelines that help traders make more informed and consistent decisions. It includes various components, such as finding and filtering potential trade opportunities, staying up-to-date on market data, and having a defined trading strategy. By following a structured and disciplined approach, traders can better manage their emotions and avoid impulsive decisions, which can lead to costly mistakes. The process flow of a trading framework typically involves finding a market to trade in, creating a watchlist of stocks to monitor, filtering the watchlist to create a shortlist of potential trades, and executing the trade once all conditions are met. This is where NeoTrader is able to play a vital role in helping you do a systematic due diligence of your trade ideas. Through its various modules one can assess the exact situation of the stock to get a more pointed picture. By regularly adopting NeoTrader into one's analysis one also gets a grip of how the stock is positioned in one's respective trading timeframe. Following a well-defined trading framework can increase your chances of success in achieving financial goals. Whether you're a seasoned trader or just starting, a trading framework can provide a roadmap for navigating the complex and dynamic world of financial markets.

Summary

ADITYA IYER: NAVIGATING THE FINANCIAL MARKETS WITH EXPERTISE AND INNOVATION



NAVIGATING PROFITABLE AVENUES IN NIFTY AND BANK NIFTY OPTIONS TRADING: IN-DEPTH INSIGHTS BY ADITYA IYER, CMT

Trading with NIFTY and BANK NIFTY options

We recently launched nifty and bank nifty option trades. These are available in the existing options trade pages.

What you can see below is a snapshot of the trade and the page.

STRATEGY	SYMBOL
INDEX-OPTIONS	NIFTY2420821750CE

In the above image you can see the exact symbol - let's break it down

NIFTY2420821750CE

- NIFTY is the instrument
- 24208 - The next part stands for the expiry date which is 8th Feb 2024 - point to note is that in index options we are considering weekly expiries unlike monthly expiry in stock options
- 21750CE - This pertains to the strike price and the since its CE its means call option.

These trades will be open for 5 days. Automatically on the 5th day the EXIT sign will appear. In case any target or Stop loss levels get hit before the time limit of the trade it will be updated as per the target and SL levels accordingly (like T1,T2,T3 or SL MET). The same nomenclature exists for BANKNIFTY as well.

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Index Trades Performance

Now let's analyse how these trades have performed over the past few months.

TOTAL TRADES	108
WINNING TRADES	70
LOSING TRADES	38
AVERAGE WINNER	4,402
AVERAGE LOSER	3,857

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We will use some statistics given in the below table.

You will notice that overall hit ratio is 64% which means that we have more winning trades (70) vs losing trades (38)

Another statistic shared here is the average per lot profit at each target and SL level.

STATUS	AVERAGE PROFIT PER TRADE IF EXITED AT GIVEN LEVEL	CUMULATIVE P&L OF ALL TRADES IF EXITED AT GIVEN LEVEL
<i>SL MET</i>	-3857	-146572
<i>T1 MET</i>	2057	12340
<i>T2 MET</i>	4459	26752
<i>T3 MET</i>	4639	269036

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Key point to note is that you will find most trades hit the 3rd target directly or the SL level. This is because index options have higher movement and the level of activity in these trades are much more.

Also the Profit at T3 level is much higher than that of the loss on a losing trade - so overall we not only have a positive win ratio but also a positive Risk to reward ratio.

Cumulative loss at SL = Rs1,46,572

Cumulative Profit at T3- Rs2,69,036

Profit Ratio is 1.8 times!

To analyse this further lets calculate the Profit factor for the overall strategy (not just for T3 but all targets combined)

The profit factor is nothing but (Winning probability x Average profit from a profit-making trade) / (Loss probability x Average loss from a loss-making trade). So in our case it will

WINNING RATIO	64.8%
AVERAGE WINNER	4,402
LOSING RATIO	35.2%
AVERAGE LOSER	3,857
PROFIT FACTOR	2.1

A ratio more than one indicates a positive skew - In our case its 2.1 which is attractive. So even if we have a high number of SL met trades we need not worry too much about them as the profitable trades are providing enough cover to keep the strategy profitable. So I urge all our users to explore this feature In detail and experience this first hand.

TOP PERFORMING TRADE FROM NEOTRADER

Short Trades: Short refers to selling a security first and buying it back later, with the anticipation that the price will drop and a profit can be made

Long Trades: Long refers to buying a security first and selling it later, with the anticipation that the price will increase and a profit can be made

TOP 5 OPTIONS TRADES

Our **OPTIONS** suggestion is best for catching the quick volatile moves of the stock through our ready made trade suggestion which will give you which strike price to enter whether it be CALL or PUT.

The following shows short and long trades profit.

Scrip	Date & Time	Profit in <u>Rs</u>
AMBUJACEM24FEB 540 CE	25-01-2024 14:17	50,130
ADANIPTS24JAN 1060 CE	02-01-2024 14:18	39,920
BHEL24FEB 215 PE	23-01-2024 10:17	37,013
IOC24FEB 146 PE	23-01-2024 10:17	34,369
POWERGRID24FEB 247.5 CE	29-01-2024 09:47	33,840

TOP 5 INTRADAY TRADES + BTST

Our **INTRADAY** suggestion fulfills the appetite of day traders by catching the short term trend of the stocks and providing high probability trades.

Scrip	Date & Time	Signal Type	Profit in Rs
IOC	23-01-2024 10:16	SHORT	29,738
IRCTC	19-01-2024 09:46	LONG	19,723
AUBANK	23-01-2024 10:46	SHORT	16,320
IOC	19-01-2024 11:17	LONG	43,290
OFSS	18-01-2024 15:00	LONG	32,460

TOP 5 MULTIDAY TRADES

Our **MULTIDAY** trade suggestion are active for a period of 5 trading sessions suitable for those who want to capture price swings.

Scrip	Date & Time	Signal Type	Profit in Rs
HINDCOPPER	19-01-2024 15:04	LONG	1,30,592
LICHSGFIN	24-01-2024 15:04	LONG	66,400
HINDCOPPER	24-01-2024 15:04	LONG	65,084
PNB	12-01-2024 15:04	LONG	64,320
GODREJPROP	25-01-2024 15:04	LONG	62,073

ANATOMY OF A TRADE

PSU BANKS - CANARA BANK

Day Trades solely are based on momentum, which refers to the speed at which the price changes with respect to its previous price levels. News based action is one of the biggest driver of momentum. For example in today's instance, the interim budget was announced and around after it ended at 12 noon, PSU banks started to spike. With the major reason being of the government control over its fiscal responsibility. The GoI has maintained its fiscal deficit at 5.1% FY25, reducing to 5.8% FY24. Enabling PSU banks to lend more due to excess cash.

Secondly, PSU Stocks need to have a further selection criteria within. For example, Canara Bank has been present on NeoTrader's RSI Watch list on the Daily, Weekly & Monthly Timeframe. Thus making it ripe for a momentum trade.

SYMBOL	Recent Value	30MIN RSI	60MIN RSI	DAY RSI	WEEK RSI	MONTH RSI
CANBK	503.7	73.3	73.34	72.24	71.15	74.88

This solves the issue about how to select the stock. Now, the next vital point is the entry. At around 12 noon, there is sharp rise witnessed and the price breaking out the camarilla pivot (H4). This is also called a mid-session breakout. Subsequently, we witness scores getting developed. At score 2, it starts appearing in the rolling ticker.

CANBK	CAMARILLA BULLISH SCORE 6	502.65	2024-02-01 13:15:08	505..	479.35..
CANBK	CAMARILLA BULLISH SCORE 5	502.55	2024-02-01 13:10:08	504..	479.35..
CANBK	CAMARILLA BULLISH SCORE 4	499.95	2024-02-01 12:55:10	500.85..	479.35..
CANBK	CAMARILLA BULLISH SCORE 3	495.65	2024-02-01 12:50:37	497.05..	479.35..
CANBK	CAMARILLA BULLISH SCORE 2	493.6	2024-02-01 12:45:31	494L..	479.35..

These are valuable entry levels. As each score develops it is a trade-off between reward & confirmation.

Taking an entry at score 2 with a stop below Camarilla H4. Target setting can be atleast 1.5x (risk) .





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