



# NEOWIRE

CUTTING EDGE STOCK MARKET ANALYSIS

June 2024  
Volume 29



Hello Neotraders!

Market just went through some tumult with the election results. There was some hesitations leading up to the end of May but the exit polls turned everyone around to the bullish side, only to be clobbered the next day with the results. While the NDA has huffed and puffed its way to the finishing line, stability is yet to return.

The immediate future has become cloudy as, suddenly, uncertainty has been introduced into the sentiment. Portfolio values have been hit and many have suffered trading losses. Now, the markets will be largely focused on whether there shall be continuity of policies in Modi 3.0. Macro data (GDP nos, GST collections, Credit ratings etc.) are still quite positive but there is a political shadow that has fallen on these now. The new govt budget shall be the first of indications that shall emerge about govt intent on policies etc. and this ought to be around second to fourth week of July. So, from here till end July, the market may remain more in range than trend.

Long term trends remain undisturbed according to our yearly cycle for 2024 that we had shared with all clients earlier. June to consolidate and uptrend is expected to resume from later part of July. Do keep track of our daily update on markets in the Insight columns on [www.cknarayan.com](http://www.cknarayan.com) so as to develop additional perspective from what Neotrader already gives you.

Until next time.



# UNLEASHING THE POWER OF MOMENTUM

## A DEEP DIVE INTO NEOTRADER'S MOMENTUM-1 STRATEGY

In the dynamic world of intraday trading, capturing the market's momentum can significantly enhance trading outcomes. NeoTrader's Momentum-1 strategy, meticulously designed and rigorously tested, offers traders an effective tool to capitalize on market trends. Whether you're a beginner or an expert, this strategy provides the potential for substantial returns, without guaranteeing profits. This article explores the impressive performance of the Momentum-1 strategy from January 2023 to date, focusing on a detailed simulation with a ₹2,00,000 capital base.

### The Benefits of Momentum Trading with NeoTrader

Momentum trading helps traders identify the strength of a trend, enabling timely entries and exits that maximize potential gains and minimize losses. By focusing on momentum, traders can avoid false signals and reduce the risk of countertrend trades. NeoTrader's AI-driven platform leverages over 40 years of market experience from Dr. C.K. Narayan, offering users a robust strategy tailored for intraday trading.

All points covered further in this article will be governed by our - <https://neotrader.in/disclaimer/>

### Overall Statistics of the Strategy - Intraday Timeframe

Accuracy	ROI	Risk Reward Ratio
<b>63%</b>	<b>246%</b>	<b>1 : 3.5X</b>

### In-Depth Analysis: Momentum-1 Strategy with ₹2,00,000 Capital

Let's delve into the performance of the Momentum-1 strategy over the past year, focusing on the results of a ₹2,00,000 capital investment.

## Profitability and Returns:

- **Total Profit:** The strategy generated a profit of ₹4,91,480, yielding a 246% return on capital. This remarkable return showcases the strategy's ability to leverage momentum effectively.
- **Monthly Average Profit:** Traders could expect an average monthly profit of ₹28,911, reflecting consistent performance across various market conditions.

## Trade Metrics:

- **Accuracy:** The strategy maintained a hit ratio of 63%, indicating that nearly two-thirds of the trades were profitable.
- **Average Profit and Loss per Trade:** The average profit per trade was ₹2,814, while the average loss per trade was ₹2,577. This balance between profits and losses underlines the strategy's robustness.
- **Max Profit and Loss per Trade:** The maximum profit in a single trade was ₹13,055, while the maximum loss was ₹6,033.

## Risk-Reward Analysis:

- **Risk to Reward Ratio:** The strategy maintained a favorable risk to reward ratio of 1:3.5. This means that the potential reward significantly outweighed the risk, making the strategy highly attractive for risk-conscious traders.
- **Stop Loss vs. Target:** The stop loss levels are set carefully to minimize losses, while the targets are structured to maximize gains. This balanced approach helps in achieving a healthy risk to reward ratio.

**Stop Loss vs. Target Breakdown:** NeoTrader's Momentum-1 strategy sets multiple targets to cater to different risk appetites. Here's how each target level contributes to the overall strategy robustness:

Target Level	No. of Trades	Total P&L o all trades(₹)	Average P&L Per trade (₹)	Comment
Target 1	200	3,61,408	1,807	Conservative, locks in profits early.
Target 2	130	5,55,071	4,270	Balanced, suitable for longer holds and higher gains.
Target 3	67	7,15,724	10,682	Aggressive, aims for maximum profit.
Stop Loss	153	-5,51,648	-3,606	Minimizes potential losses, crucial for capital protection.
Exit at Profit	8	7,886	986	Partial profit exits, adds to overall gains.
Exit at Loss	42	-82,612	-1,967	Partial loss exits, reduces overall impact of loss trades.

**Monthly Performance Breakdown:** The monthly performance of the Momentum-1 strategy highlights its consistency and potential for steady returns and how it adapts to different market conditions, consistently delivering positive returns. The only months with relatively lower profits still maintained positive outcomes, highlighting the strategy's resilience.

Month	No. of Trades	P&L For the Month (₹)	Cumulative Profit (₹)
January 2023	36	43,894	43,894
February 2023	54	18,449	62,343
March 2023	34	38,333	1,00,676
April 2023	8	6,231	1,06,907
May 2023	20	24,812	1,31,719
June 2023	14	24,764	1,56,483
July 2023	24	48,965	2,05,448
August 2023	26	21,468	2,26,916

September 2023	25	21,179	2,48,095
October 2023	37	44,820	2,92,915
November 2023	14	33,334	3,26,249
December 2023	19	20,784	3,47,033
January 2024	67	47,486	3,94,519
February 2024	56	12,770	4,07,289
March 2024	59	38,375	4,45,664
April 2024	41	24,962	4,70,626
May 2024	66	20,854	4,91,480

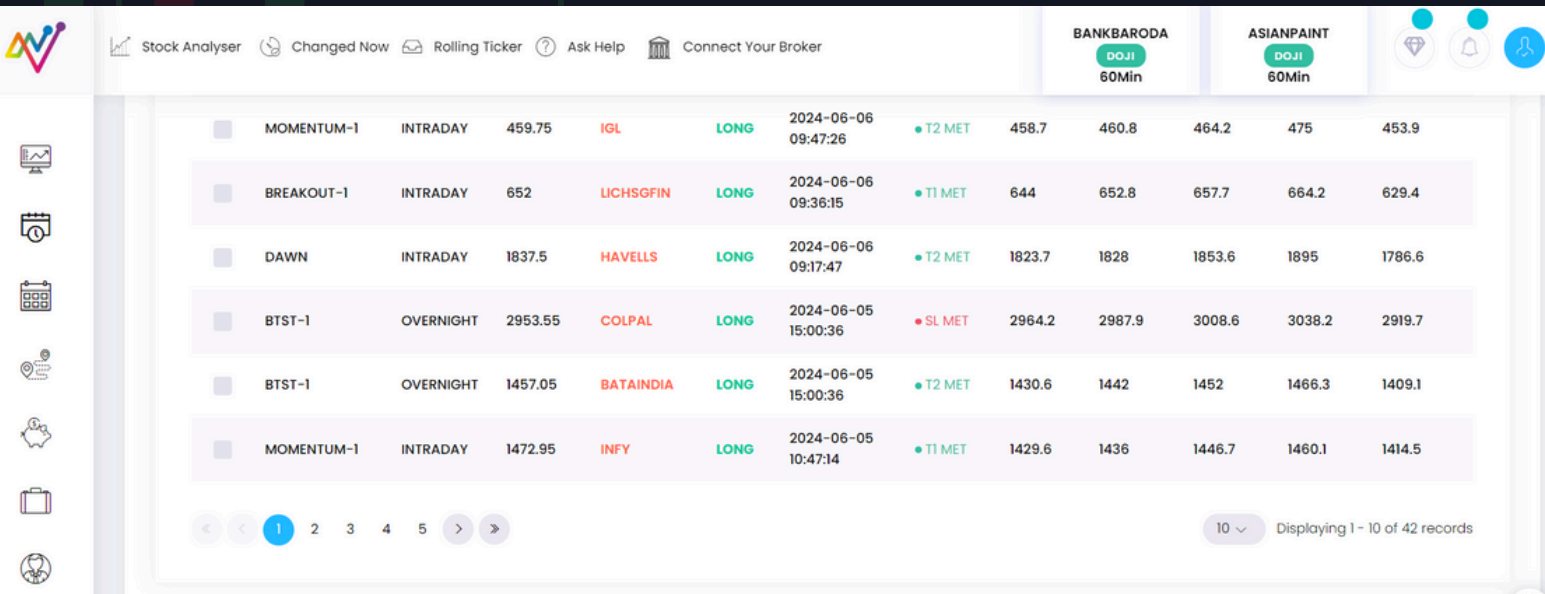
## Robustness of the Strategy

The Momentum-1 strategy's robustness is maintained through its careful structuring of stop loss and target levels. By setting multiple target levels, the strategy caters to different trading styles and risk appetites. The consistent application of stop loss limits ensures that potential losses are minimized, preserving capital for future trades. This balanced approach allows traders to benefit from market movements while protecting their investments from significant downturns.

## Final Takeaways

The momentum strategy is a great for traders who want intraday trades on the equity segment. It has been consistently performing well and is perfect for people who want just 1-3 trades in a day.

It can be accessed in the intraday trade's page of NeoTrader available here - [https://neotrader.in/index/intraday\\_trade/](https://neotrader.in/index/intraday_trade/)



Trade Name	Strategy	Price	Symbol	Direction	Date/Time	Target	BankBaroda	AsianPaint	Current Price	Stop Loss	
MOMENTUM-1	INTRADAY	459.75	IGL	LONG	2024-06-06 09:47:26	T2 MET	458.7	460.8	464.2	475	453.9
BREAKOUT-1	INTRADAY	652	LICHSGFIN	LONG	2024-06-06 09:36:15	T1 MET	644	652.8	657.7	664.2	629.4
DAWN	INTRADAY	1837.5	HAVELLS	LONG	2024-06-06 09:17:47	T2 MET	1823.7	1828	1853.6	1895	1786.6
BTST-1	OVERNIGHT	2953.55	COLPAL	LONG	2024-06-05 15:00:36	SL MET	2964.2	2987.9	3008.6	3038.2	2919.7
BTST-1	OVERNIGHT	1457.05	BATAINDIA	LONG	2024-06-05 15:00:36	T2 MET	1430.6	1442	1452	1466.3	1409.1
MOMENTUM-1	INTRADAY	1472.95	INFY	LONG	2024-06-05 10:47:14	T1 MET	1429.6	1436	1446.7	1460.1	1414.5



## Recommendation for Traders

For traders looking to optimize their intraday trading performance, NeoTrader's Momentum-1 strategy offers a well-balanced approach with substantial potential returns. By leveraging AI-driven insights and time-tested techniques, traders can enhance their decision-making processes and improve their profitability. We recommend traders to:

- **Start with a Clear Plan:** Understand your risk tolerance and set realistic goals.
- **Follow the Strategy Rigorously:** Adhere to the defined stop loss and target levels.
- **Monitor Performance:** Regularly review your trades and adjust your approach based on performance metrics.
- **Take fixed Number of trades:** it would be best if you could take all the trades, if not fix a given number of trades that you can take each day and stick to that every day at least for 3 months.

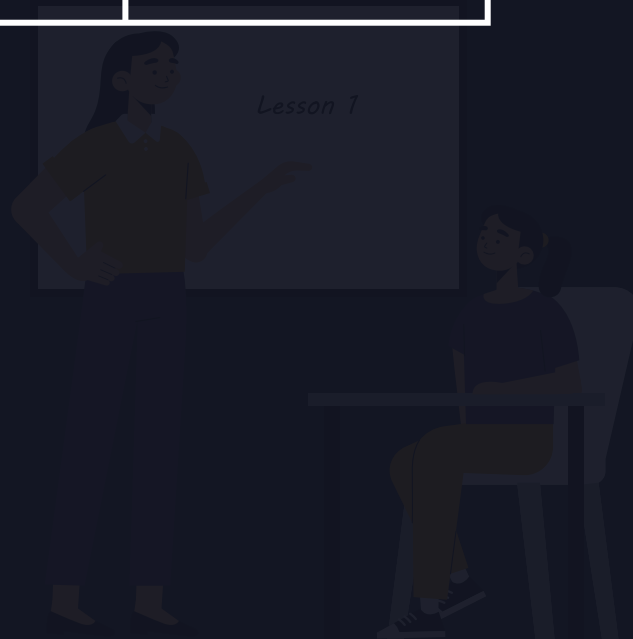
NeoTrader continues to innovate and provide robust tools to help traders succeed in the market. Stay tuned for more insights and strategies in our next newsletter. Happy trading!



# SPECIAL SUPPORT SESSIONS

## OUR SPECIAL SUPPORT SESSIONS FOR JUNE

DATE	TOPIC	TIME
11TH JUN 2024	Q & A ON OPTIONS TRADE	4:30 PM
13TH JUN 2024	Q & A SESSION ON INTRADAY	7.00 PM
25TH JUN 2024	TRADING BREAKOUTS WITH FIBONACCI PIVOTS	4:30 PM
27TH JUN 2024	TRADING REVERSALS WITH FIBONACCI PIVOTS	7.00 PM

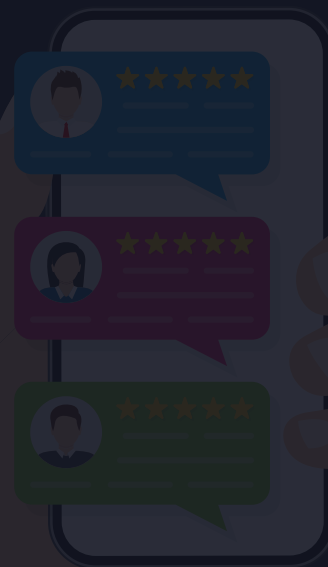


# CUSTOMER REVIEWS AND FEEDBACK



The 3 days workshop was very impressive. The explanation on various topics was covered to the very minute details. It was an amazing experience to get such deep knowledge. I appreciate the good work done to impart knowledge

**Carlisle Pereira**



Neotraders Software is a professional approach to take trade smartly, which saves Time as well as Losses.

**Jaydeep Parmar**

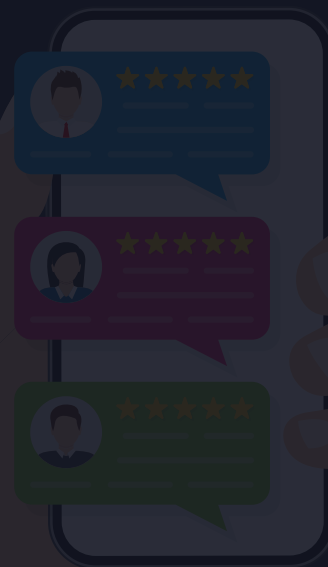


# CUSTOMER REVIEWS AND FEEDBACK



Kudos to the effort done by NeoTraders team, Software is really good if you got the right sessions and if you do the practice on daily basis. My request to do these sessions on weekly basis so the new comers will get to know it. Great Job Team!

**Abhijit Ravindra Chavan**



Excellent Workshop. Very fine knowledge sharing. Very Hard Work done by Shri Rajabhai. Taken all the trouble to explain various aspects of the trading, indicators and Neotrader software. Very much helpful in identifying and selecting stock, deciding trade and execution (Entry, Stop Loss and Target)

**JHS**





# WHY EVERY TRADER SHOULD FOCUS ON CAPITAL ALLOCATION?

Effective capital allocation is a cornerstone of successful trading. It involves strategically distributing financial resources across various assets, positions, and strategies to optimize returns while managing risk. This article outlines key principles, methodologies, and practical steps for traders to allocate capital efficiently.

## 1. Diversification

By diversification one can reduce the risk by spreading the trades across different sectors. The best way is to track the sectors One should diversify the stocks across different industries.

## 2. Risk Management

One of the main reasons why a trader should allocate capital across different asset classes so that he is protected against potential losses. A trader needs to set aside a portion of the capital as a risk buffer, use stop-loss orders, and employ position sizing rules based on his risk tolerance.

## 3. Tools for allocation

A trader can make informed decisions about where to allocate capital using fundamental and technical analysis to identify promising trading or investment opportunities and avoid over-concentration in underperforming assets.

## 4. Dynamic Allocation

A trader needs to adapt to changing market conditions. He can only do it if he regularly reviews and adjust the capital allocation based on market trends, economic indicators, and performance of the current portfolio.

## 5. Risk-Reward Assessment

A trader should however allocate capital by evaluating potential returns with acceptable levels of risk. By checking the risk-reward ratio of each trading or investment opportunity he can allocate capital to those with the most favorable ratios.

## 6. Sector and Asset Rotation

Trader has to stay alert and ensure that he capitalizes on cyclical trends and market opportunities. The best way would be to periodically shift capital among different sectors and asset classes to take advantage of growth phases and avoid downturns. Implementing a well-thought-out capital allocation strategy can help traders achieve their financial goals while managing risk effectively.

## Conclusion

Allocating capital effectively is crucial to successful trading. Traders can optimize their capital use and increase their chances of long-term success by knowing their risk tolerance, defining clear financial goals, diversifying their investments, managing risk, and routinely reviewing and adjusting the trading portfolio.



# 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	Profit in Rs	Date & Time
CANBK 24MAY 600 PE	1,61,663	06-05-2024 09:47
PFC 24MAY 435 CE	75,563	15-05-2024 09:48
PFC 24MAY 470 CE	51,731	23-05-2024 10:18
BHEL 24MAY 280 CE	42,394	13-05-2024 14:17
PFC 24MAY 440 PE	40,494	06-05-2024 09:47

## 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
CROMPTON	17-05-2024 09:34	LONG	38,160
BRITANNIA	06-05-2024 10:41	LONG	30,034
DIXON	27-05-2024 14:18	LONG	27,608
POLYCAB	17-05-2024 13:18	LONG	25,638
M&M	22-05-2024 13:17	LONG	25,456



## 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
CANBK	08-05-2024	SHORT	2,69,325
PFC	17-05-2024	LONG	1,49,575
RECLTD	01-05-2024	LONG	1,03,000
MOTHERSON	22-05-2024	LONG	79,165
HAL	14-05-2024	LONG	75,864

# ANATOMY OF A TRADE

Every month, under this section, we highlight one of the impressive features within Neotrader to help our users understand the tool and its usage. We take live examples from the market and take the reader through a journey from trade spotting to its completion.

In this issue we are highlighting the use of Camarilla Pivots page and how it can be used effectively to spot and track trades to make profits.

## BACKGROUND OF CAM PIVOTS.

Camarilla Pivot Points is a type of a classic pivot point introduced by Nick Scott and later popularized in Franklin O Ochoa's Secrets of a Pivot Boss. The standard camarilla pivots were originally made up of four resistance & support levels, with underlying belief that the price tends to either revert to the pivot & fluctuate within its resistances & supports.

These levels are obtained mathematically by applying levels to the range. Here, range is high minus low of the previous session.

$$H4 = \text{CLOSE} + \text{RANGE} \times 1.1/2$$

$$H3 = \text{CLOSE} + \text{RANGE} \times 1.1/4$$

$$H2 = \text{CLOSE} + \text{RANGE} \times 1.1/6$$

$$H1 = \text{CLOSE} + \text{RANGE} \times 1.1/12$$

$$L1 = \text{CLOSE} - \text{RANGE} \times 1.1/12$$

$$L2 = \text{CLOSE} - \text{RANGE} \times 1.1/6$$

$$L3 = \text{CLOSE} - \text{RANGE} \times 1.1/4$$

$$L4 = \text{CLOSE} - \text{RANGE} \times 1.1/2$$

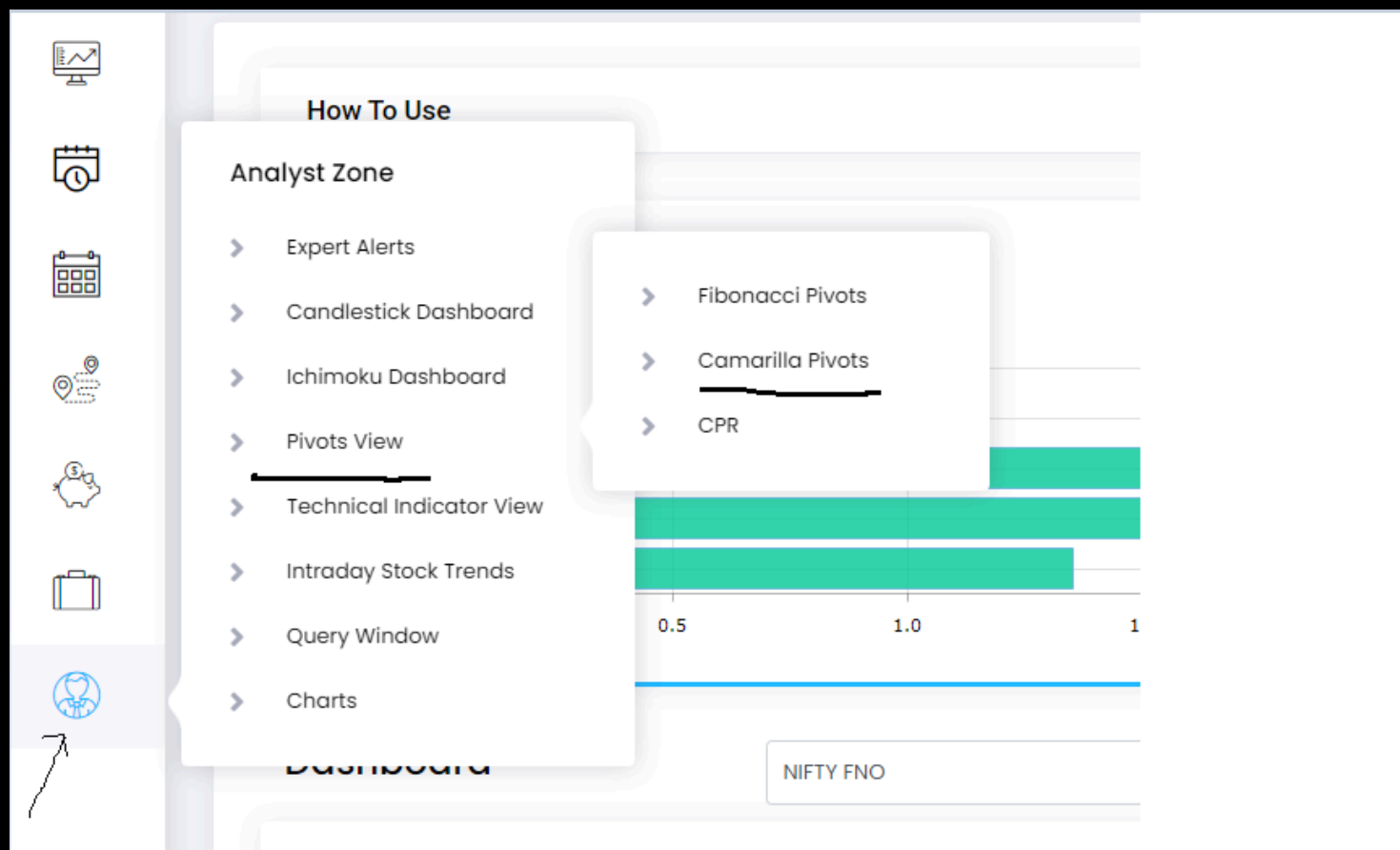


In the Camarilla Equation, the spotlight falls heavily on the H3/L3 levels. These levels often mark crucial turning points in the market, with H3 signalling potential resistance and L3 indicating possible support. Traders typically seize opportunities to sell near H3 resistance and buy near L3 support, anticipating a reversal towards the mean. This strategy is fuelled by the actions of responsive market participants seeking to realign prices with perceived value. As for the fourth layer (L4 and H4), it holds significant significance as the ultimate barrier for support or resistance. Traders keenly observe this layer for signs of breakout movements. H4 resistance is symbolized in green, suggesting a bullish breakout, while L4 is portrayed in red, signalling a bearish breakout. While the third layer identifies zones of responsive market activity, the fourth layer pinpoints areas where proactive market players are likely to make their move.

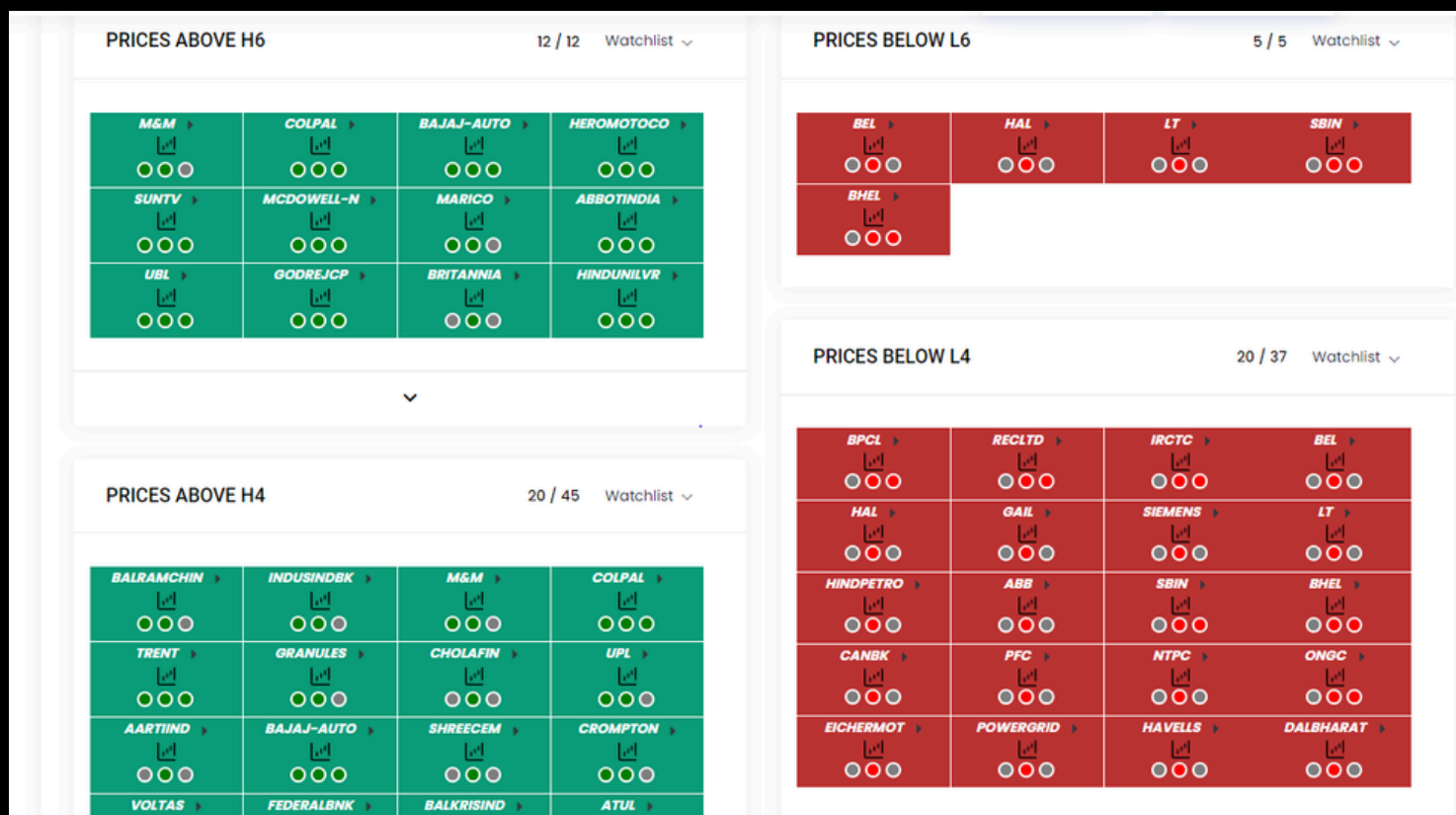
Further additional layers, labelled H5/H6 and L5/L6, are also used but as targets for the breakout trades taken at H4/L4.

## **Cam Pivots in Neotrader**

In Neotrader, there has been an extensive research on camarilla pivots. There is a separate page dedicated on Camarilla pivots. To access the page, click Analyst zone, select Pivot view and within that choose Camarilla pivots.



It will open up the Cam pivot page that looks like follows where prices are divided into bullish and bearish lists and grouped by Pivot levels.



































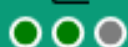






Camarilla pivots are something that can be analysed across several timeframes be it daily, weekly or monthly. There is a selector for time period selection at the top of the page.

Now, let's delve into an intraday trade via the camarilla page & **the camarilla scoring system** in the rolling ticker. The Scoring system is unique to Neotrader and makes trade selection very easy. The camarilla page in the daily time frame for stocks above H4 are as follows-

PRICES ABOVE H4

20 / 60

Watchlist 

<b>BALKRISIND : 16</b>  	<b>PAGEIND : 14</b>  	<b>COLPAL : 13</b>  	<b>MPHASIS : 13</b>  
<b>ABBOTINDIA : 13</b>  	<b>HEROMOTOCO : 12</b>  	<b>ICICIGI : 10</b>  	<b>M&amp;M : 10</b>  
<b>AUBANK : 10</b>  	<b>MCDOWELL-N : 10</b>  	<b>METROPOLIS : 10</b>  	<b>ABFRL : 9</b>  
<b>HINDUNILVR : 9</b>  	<b>INDUSINDBK : 8</b>  	<b>BATAINDIA : 8</b>  	<b>BSOFT : 8</b>  
<b>MUTHOOTFIN : 8</b>  	<b>M&amp;MFIN : 8</b>  	<b>LUPIN : 8</b>  	<b>TATACONSUM : 8</b>  

Here, we see several stocks that have crossed H4 levels for the day. When the stock starts displaying a score of minimum two, it starts to reflect. For example, in Hero MotoCorp Ltd, we see a score of 12. Such stocks have been reflecting on the camarilla page since the scores have 2. The software checks for a score change every 5 minutes.

One may enter any of the stock at its score 2 with a suitable stop loss, say below H3 (in order to have a tight stop) and keep a check of its progress in the Rolling Ticker window present in Neotrader (on the opening page). The next picture shows Hero Motor showing a score of 3 at 10.00 am at 5606.35. One can see at the top of the page that the stock had reached a score of 9 by 10.50am and prices had progressed to 5743 by then! Entering on the score 2 signal would have led to a very profitable trade.

So long as the score keeps advancing, we can hold on to the stock. In this case, we can note that the score progressed to 12 at the time of screen capture! When you are satisfied with the profits, you can choose to exit!

SYMBOL	MESSAGE	RECENT VALUE	TIMESTAMP	DAY_HIGH	DAY_LOW
HEROMOTOCO	CAMARILLA BULLISH SCORE 9	5743.25	2024-06-05 10:50:44	5749.45..	5315..
HEROMOTOCO	CAMARILLA BULLISH SCORE 8	5698.95	2024-06-05 10:35:41	5711.65..	5315..
HEROMOTOCO	CAMARILLA BULLISH SCORE 7	5677.9	2024-06-05 10:25:53	5677.9..	5315..
HEROMOTOCO	CAMARILLA BULLISH SCORE 6	5644.95	2024-06-05 10:15:48	5649..	5315..
HEROMOTOCO	CAMARILLA BULLISH SCORE 5	5636	2024-06-05 10:10:29	5636..	5315..
HEROMOTOCO	CAMARILLA BULLISH SCORE 4	5620	2024-06-05 10:05:48	5630..	5315..
HEROMOTOCO	CAMARILLA BULLISH SCORE 3	5606.35	2024-06-05 10:00:41	5608.1..	5315..

Alternately, we can use the levels of Cam pivots from the Camarilla page (choose Levels to see all the levels). On days when a strong trend ensues where daily high levels (H5 or H6) are also being crossed, one can switch to weekly levels to find higher targets. Try these out on your software!

Heatmap **Levels**

Camarilla Pivot Levels

Search...

SYMBOL	Recent Value	TIMEFRAME	H6	H5	H4
ADANIENT	3184.25	DAY	3840.8	3568.49	3335.35
APOLLOHOSP	5928.4	DAY	6200.82	6107.19	6027.02
ASIANPAINT	2890	DAY	3222.1	3130.08	3051.29
BAJFINANCE	6902	DAY	7367.29	7178.14	7016.2
HDFCLIFE	552.7	DAY	580.88	570.69	561.96
BPCL	584.4	DAY	697.53	654.91	618.42
BRITANNIA	5413	DAY	6123.22	5898.79	5706.65
CIPLA	1468.85	DAY	1570.98	1545.07	1522.88

On the chart of the stock for the same day, it can be noted that the prices went all the way up to 5773 (the 5th level of resistance) before prices met with profit taking, creating a large profit trade for the day!



Therefore, it can be seen how easy to find and set up trades using Neotrader signal pages and also track them using the details given in the pages and often times, these come out quite accurate.

Observe these for a few days to convince yourself about its efficacy before taking trades. You will find yourself astonished as to how easy Neotrader makes it to be successful in trading!





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