

Volume #7

May 2022



NeoTrader

NeoTrader Ezine



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Founder's Message



To the NeoTrader Family,

Another month has passed by, admittedly a difficult one from the point of detecting and trading market trends. Although we began the month well and recorded the high of the recent rally, the sharp decline and subsequent narrow range consolidation made matters difficult for most players. Choppy markets are difficult to trade as moves don't last long enough to turn profitable. But market is never going to announce the end of such moves and therefore as active market participants-whether in trading or investing- we have to take up positions when our technical signals indicate to us to do so.

Many of these attempts end up in small losses. But successful trading is really about creating

some big winners from time to time and while waiting for them, we end up getting a series of small losses. This is part of the game and shall ever remain so.

In order to increase our understanding of the markets and sharpen our awareness of what is going on, we make constant efforts at improving the features of our NeoTrader. Being in charge of the R&D part of NeoTrader, it is my endeavor to make usage of NeoTrader easier and also to provide new features or modify existing ones so that they are more effective. The new version of NeoTrader for this month will have some interesting features that I am certain, will be quite interesting for uses.

Markets are changing steadily owing to deeper impact of technology. The pace of

the changes is speedy and demand that the individual retail trader moves equally speedily. But for many retail traders this becomes difficult as they are engaged in their normal profession or business etc. To ensure that our customers do not lose out on this race, we are introducing the concept of a market Club. This is called the NeoTrader Money Multiplier Club (NTMM Club) and is now open for membership. I request our readers and members of our family to check this out. I truly believe this is an innovation for the future.

In short, what a retail trader needs today are Inputs, valuable inputs. These are in the form of Stock ideas (trading and investing), quality support to solve doubts and queries, a community to exchange ideas and share information with, educational material to increase one's knowledge, continuing education programs to keep that knowledge base refreshed and sharp and tools for implementing ideas learnt. Etc.

All these are going to be available in the NTMM Club and retail traders will find this an excellent way of being in good control of their trading and investing. Trading is a lonely endeavor and this needs now to change because the changes in the market place and price action is rapidly rendering earlier concepts and paradigms redundant or obsolete. A 360-degree coverage is what is being offered in the NTMM Club. With a membership to the Club, you shall no longer be playing a lone game. You will be amidst a whole eco-system that is supportive and enabling your success! Come, check out the details from our office today!

We had a wonderful event during the month with members of our NeoTrader Pro visiting our office and interacting with my team and

myself for over five hours! We plan on holding such events regularly and those that are members of the Club get an automatic invitation for such events (depending on space availability). This is going to be a huge value add service for members. We enjoyed the event and I am sure our Pro members did too.

Every month, I am certain, will bring new features, new events and new involvements between us. Do stay tuned for all such updates.

Until next month, cheers!

Dr. C.K.Narayan

Co-Founder NeoTrader

Strategy Spotlight

Trader's Psychology

The Swinging Pendulum Syndrome

A whole lot of new players have come into the market. The evidence that there are now some huge additions to the Demat accounts is enough proof of that. Many have joined this game since 2020 because they were forced out of their existing line of work and did not have any other alternatives. Markets have zero entry barriers and seemingly, do not demand any kind of skill sets from those wishing to participate in it. So, it seemed like an easy enough shift.

To their good fortune- particularly the ones that came in early, during 2020, fared very well as the markets got into one strong bull phase that kept up for about 18 months! This would have certainly made enough money for the new entrants, perhaps to a level that many had never dreamt about. Traders and investors flourished in the strong bullish environment and it seemed like an unending gravy train.

Until the correction hit in October 2021. At first, it seemed like yet another of those corrections that one had seen for the 18 months earlier. But problems surfaced when the recoveries to new highs did not happen. Most people had got into the habit of buying during dips. Large chunks of new money came into the markets as trends were strong. This was good enough to overpower the big selling by the FIIs- to the extent that even the FM commented (indeed, commended) the retail investors for carrying the day!

During the bull market, everyone became an investor and an ace stock picker. Newly learnt habits, especially when they prove successful, are tough to shake off. So, the stock picking continued over the last six months (since Oct 2021) but people found that only few of their picks were really responding like they used to.

Progressively, everyone got loaded with stocks that were not performing. But many were sanguine in the fact that there wasn't much of an erosion of their portfolios so there hasn't been any rush to sell out. Thus, the ability to keep the buying pressure has reduced and now we find that even as the buying by domestic funds is still continuing, the retail flow is not able to quite absorb the flow of goods from the FIIs. In addition, IPOs- earlier which were big winners for retail- now started bombing and sharp pullbacks were witnessed in many. These stocks are now at levels where the retail money is certainly stuck in a big way. Many have responded by averaging on the way down, adding to the pile of money stuck in non-performing stocks.

The overall positive feed from the US and other markets also slipped and suddenly US inflation and bond yields and rate hikes etc. became a matter of concern for the Indian investors! Inflation has been inching up a bit in India as well although people have not yet taken too much notice of that yet as the RBI has not been making too much of the matter. Right now, our markets seem to be reacting with shivers every time the Dow sneezes.

This has led to volatility levels increasing. The Vix, which was lying idle at around 16-17% spiked suddenly to 32 levels and that put the scare into the traders of all hues. This had particular impact on the new entrants because they had never experienced a down move and most likely never had the need to deal with it. When you don't know how to deal with something but have to deal with it anyway, chances are that you will make a mess of it.

Many of the new entrants (particularly those that came in in 2021) were pulled in by the bull market success of others. They came with limited capital (as low as 20k) and started dabbling in the options markets. They thought they could afford to play that market, since there were instruments (option strikes) that were available at (seemingly) single digit prices. This was thought of as 'cheap and affordable'. As ever, there are always sharks ready to gobble up such ignorant easy kills and YouTube was flooded with videos by fly-by-night operators who showed how "easy" it is to sell options and make money every day. That the truth is quite something else is a lesson that is painfully learnt.

Then there were the others who had some capital (few to several lacs) who were playing the short-term investing game. With the bull market carousel stopping, they had to find a different way. So, they moved to trading and here, most started with positional plays. Unfortunately, by then some volatility had sent in and holding a position for longer lengths became difficult as frequent market activity unnerved the players. Thus, they went on a journey of shortening trade cycle. From multi weeks, it dropped to multi day but the steadily increasing volatility and the lack of new funds (or unwillingness to commit fresh) shrank the trading cycles even further.

Unfortunately for them volatility only increased as steady losses continued to erode the capital that they were playing with. Alongside, the margin systems were tightened steadily by the exchanges and that too made matters further difficult. It steadily got to a point where most were now playing for the day rather than beyond it.

Here, the global scenario is playing its part by creating wide opening gaps almost every second day. Now that was making mincemeat of Btst trades- usually a good play for most active traders.

Now that even day trading is proving to be a problem, players are slowly moving the other way again. They now want to take up multi day plays- so that they can avoid getting whipsawed by intraday volatility or not get caught by opening gaps.

Next, they will go back to positional plays. If they continue to take hits, they will decide that investing is the best route! But soon they will tire of that too- because most of them cut their teeth with short term plays!

This is the swinging pendulum syndrome that every newbie gets caught in. Almost everyone goes thru this. Those that don't learn from this experience are the ones that remain stuck in it- almost like the birth and rebirth cycle of the Hindu philosophy!

What is to be learnt, one may well ask?

The first is that one cannot always be carried, like flotsam, in the market trend. Then one is never in control and is ever trying to find a solution while floating. Instead, one has to study this phenomenon and realise that a certain plan to harness the trend has to be created. This is like sailors who set sail only when conditions are favourable.

A study of trends can be done through technical analysis learning. Tools of Technical can help design an appropriate entry-manage-exit while in a trade so that one can (largely) remain in control of matters.

The second is a learning that volatility is feature induced by many factors. Price moves and indicators like Vix etc. are ways to know or measure volatility. Price moves are a result of fluctuating emotions and hence the whole game of the market is about estimating the Sentiment of the market. This is governed by news and events (most of which are available in public domain) and by order flows (in the short term).

When people simply every day or every week or month as being the same as every other day/week/month then it is not possible to understand the role of sentiments on price action at all. Sentiments is like the weather.

There are seasons (primary trends), climatic conditions (intermediate trends) and the weather for the day (short term trends). Everything is correlated. A good understanding of technical analysis will enable one to recognise these shifts in weather patterns. Throughout history, mankind has modified almost all their activity based on the weather patterns of a place. Market plays are similar. They need to be moulded as per the season, climate and weather that is exhibited currently.

When one can learn to discern these aspects, playing the markets can become relatively less stressful and through practice, one can even be able to take advantage of changes as they happen. Once done, one will become released from the swinging pendulum syndrome! Sort of like achieving Jeevan Mukta status as per Hindu philosophy!

New Upcoming Features!

At NeoTrader, we have been constantly at work in developing new technologies.

Technical analysis is a huge ocean right, and within this ocean our endeavor has always been to handpick those most powerful set of indicators, convert them into an actionable signal and deliver it to you guys. So, our agenda is very clear, we ask ourselves everyday what new can we do to simplify technical analysis, and what can we offer to the market that is not already out there. That is what we have been trying to do with NeoTrader, because this is what will give you an edge in the market.

So, the first thing that is planned is a really popular indicator called **CPR – Central Pivot Range**.

Now Pivots is an excellent tool to trade across all time frames, and it really helps make life easy for most people. The Pivots pages are our very popular as well, and with This CPR page we have actually created an Ultimate pivots page. – So now in one Page you can use all the pivots (CPR, Fibonacci, and Camarilla all in one)

There are a ton of features in this page with listing for wide/narrow cpr, ways to profit from gaps and whipsaws and also some interesting features that can help you with option trading.

We will be launching this soon, and because its such a powerful page you can expect that we will be doing a lot of webinars, videos, workshops etc. on this particular page – and it is something that can supercharge you trading performance and take you to the next level. It's super easy as well.

Next up is Heiken Ashi based candlesticks page

Heiken Ashi Is different form of candlestick-based chart analysis.

What you will get is effective modules that can help you find stocks showing new trends, it will list down those stocks where the trend is confirmed or trend is continuing etc. and you can also find reversals in this. It's going to be greatly simplified and everyone right from a complete beginner to a total expert can use this page to find stocks to trade.

Next is the **ADX page** – we are adding some really powerful trend elements and going to make ADX a complete game changer – I can promise you that the way you will see ADX now will completely change.

Last but not the least is **Rolling ticker** –

This is one mega feature that is going to be notifying you on all signals that are being generated by NeoTrader in one page.

This was added after we got a lot of feedback saying that you guys wanted to know all the moving parts, and get notified when an action is happening on another page.

It's another game changer of a feature. And the way it's designed you just keep it on in one screen – and its constantly going to keep showing you stocks that you want to be trading in, Also NIFTY and BNF signals will be coming in this so it's going to be super useful.

And let me tell you this is only the beginning; we are constantly at work trying to develop new things.

Performance Report

April 2022

The following shows short and long trades profit.

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

Multiday

Symbol	Entry	Target	Profits	Alert
Angel One	1660	1905	14%	Long
Mind Corp	223	254.7	14%	Long
BDL	584	663	13.5%	Long
Adani Green	2136.7	2426	13.5%	Long
Metropolis	2238	2536	13%	Long
IIFL	320	361	12.8%	Long

Positional

Symbol	Entry	Target	Profits	Alert
RVNL	34	41.7	22%	Long
TECHM	1306.7	1017	22%	Long
Poonawalla Fincorp	304.5	364	20%	Long
Mind Corp	229	270.9	18%	Long
Schaeffler India Ltd	2020	2338.6	15.7%	Long
HAL	1484.9	1698	14.3%	Long

Investment

Symbol	Entry	Target	Profits	Alert
Mind Corp	229	270.9	18%	Long
RCF	94.1	110.25	17%	Long
Adani Ports	783.5	901	15%	Long

Neo Traders Feedbacks & Reviews

← LTI 28APR22 FUT

5,228.00 -251.90 (-4.60%) ▲

NSE

NORMAL

≡+

AVG.PRICE

NET LOT

Net P&L

0.00

0

+14,497.50

Details

Market Depth

Charts

Unrealized P&L

0.00

Realized P&L

14,497.50

Trade type

CARRY FORWARD

Buy Trade Qty

150.00

Buy Avg rate

5,263.95

Buy trade value

7,89,592.50

Sell Trade Qty

150.00

Sell Avg rate

5,360.60

Sell trade value

8,04,090.00

Utilization

0.00

REPEAT

← POLYCAB 28APR22 FUT

2,790.00 37.60 (+1.37%)

NSE

NORMAL

SPAN

≡+

AVG.PRICE

NET LOT

Net P&L

0.00

0

+19,215

Details

Market Depth

Charts

Unrealized P&L

0.00

Realized P&L

19,215.00

Trade type

CARRY FORWARD

Cost value

0.00

Market value

0.00

Leverage

4.00

Current Exposure

0.00

Utilization

0.00

Carry forward position

-

Carry forward position Value

-

REPEAT

← RELIANCE 28APR22 FUT

2,701.05 61.25 (+2.32%) ▼

NSE

NORMAL

≡+

AVG.PRICE

NET LOT

Net P&L

0.00

0

+11,037.50

Details

Market Depth

Charts

Unrealized P&L

0.00

Realized P&L

11,037.50

Trade type

CARRY FORWARD

Buy Trade Qty

500.00

Buy Avg rate

2,695.72

Buy trade value

13,47,862.50

Sell Trade Qty

500.00

Sell Avg rate

2,717.80

Sell trade value

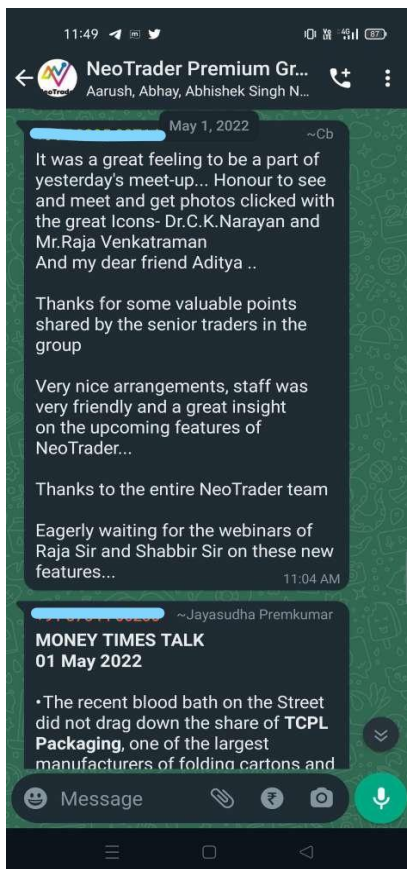
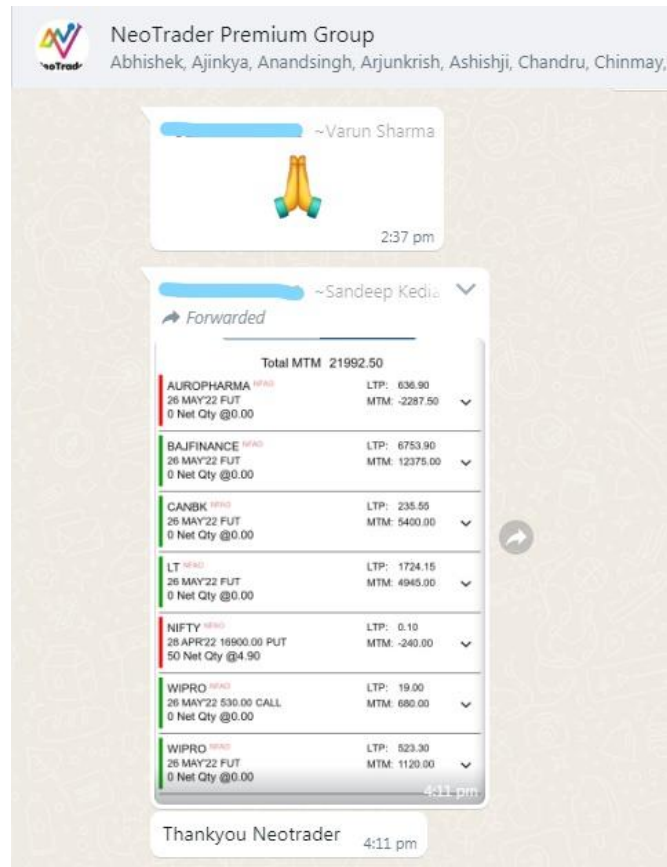
13,58,900.00

Utilization

0.00

REPEAT

<p>~Jaikumar menon</p> <p>Thanks for the live Session of Mr, Raja ADX usage and also additional input on identifying sector and further identification of the correct stock for better trade opportunities.</p> <p>3:01 pm</p>	<p>~Som ranjan</p> <p>Great session by Raja sir as always</p> <p>3:41 pm</p>
<p>Picky Singh</p> <p>Thankyou Raja Sir. Great session as always</p> <p>3:38 pm</p>	<p>~Ch Srinivas</p> <p>Every interactive session by Raja sir leads me minimizing losses and maintaining Consistency.Thank you Raja sir</p> <p>3:49 pm</p>



NeoTrader Exclusive Meet - Up

