

# NEOWIRE

Cutting Edge Stock Market Analysis

**2** STRATEGY  
SPOTLIGHT

**5** NEW UPCOMING  
FEATURES!

SEPTEMBER

**2022**

VOLUME **11**



# Founder's Message

## HITTING THE HIGHS!

It was all about US markets in the month of September as the focus was on what the Fed would do and what it would mean for the rest of the world. The Dollar kept appreciating and all currencies suffered weakness including our Rupee. While everyone realizes that this is an external-to-the-local economy factor, its impact on economies cannot be wished away. Fortunately, our RBI seems to be having a handle on the matter and it is hoped and expected that the Governor will steer the ship to safety.

But with the arrival of second week of October, we will have local news flow to concentrate on by way of quarterly numbers and that ought to make for some relief. Market is refusing to go lower although volatility is at a heightened level for most people's comfort. But the fact is that our macro indicators and factors are looking positive and that should ensure that dips in the market continue to get bought into.

For our portfolio advisory service, I am waiting for the Q2 results to throw up some fresh candidates to do a bit of churn in the present holdings. I do believe that a number fresh opportunities shall emerge. Trading portfolios fared well in earlier months but the sharp cut in September took its toll. A steadier market in October is seeing gains return to the trading portfolios.

Neotrader upgrade process is under way and we soon expect to have a robust new version in a few months. Alongside some changes in a few items are being instituted to improve the efficiency and accuracy of the program. The number of demos have been increased so that new subscribers will find it easy to get acquainted with the software swiftly.

We have also re-launched our training program Stock Market Mastery and this shall now be conducted once every two months. We had a very good turnout for the last



two sessions. It is theory plus a whole lot of practicals (by way of live market sessions). I urge all those who are serious about succeeding in the market, especially with the use of Neotrader, to attend this program. It will increase your success ratio by a huge factor. To enroll for the program do get in touch with our sales team.

Our team celebrated achievements of highest sales in the last month. Congratulations, team. May you go on to greater heights in the coming months! It is all due to the good wishes and customer patronage and your hard work! We shall not compromise any on the quality and consistency of our service to the customer and they can always rely on the sincerity of our team to solve every issue. It is season time and I wish all our dear customers, friends and acquaintances the very best that the season ahead brings to all of us.

**HAPPY DIWALI, IN ADVANCE!**



# Strategy Spotlight



## USING LIQUIDITY IN DERIVATIVES TO TRADE

### INTRODUCTION

Futures and options are a lot more complex than equity investing and you need to understand the nuances better. Hence, they are more like contracts rather than like assets. Let us first understand what F&O trading is in share market.

With an options contract, an investor has the right (but no obligation) to purchase or sell stock at a certain price. This transaction can happen at any time, provided the contract is valid. Contrastingly, in a futures contract, the purchaser has to buy shares (and a seller must sell shares) on a certain date in the

future, unless the shareholder's position closes before the date of expiry.

Buyers pay a premium for contracts in options, and these reflect a hundred shares of whatever the underlying asset is. Premiums are indicative of the asset's "strike price" which is essentially the rate to purchase or sell until the contract expires. This is the date that indicates when the contract has to be used.

In futures and options trading, a futures contract is representative of an obligation to purchase or sell any asset at a future (later) date at a pre-agreed upon price.

## LIQUIDITY IN F&O

Liquidity refers to the ease and speed with which a future or option can be bought or sold (i.e. convert into cash) without affecting its price. In F&O markets, contracts that are liquid are more likely to trade at the fair market price seamlessly.

With an illiquid contract, it may take longer to enter/exit the trade near its current market price. Further, that asset's price may be affected by the trader's transaction and ultimately their entry and/or exit price may be worse due to this.

Liquidity in derivatives trading relates to two factors-delta and absolute price. The delta of a futures contract, which captures the change in the futures price with respect to a change in the underlying, is close to one.

In contrast, the delta of an option could be lower than 0.50, close to 0.50 or greater than 0.50. This means the absolute price of an option will differ significantly across the strikes on an underlying. Also, because options have time decay, traders do not want to pay a large premium to initiate a long position. Therefore, traders prefer ATM and OTM strikes, reducing liquidity other strikes at any point in time. Note that the futures price carries an interest factor to account for the fact you pay only an initial margin and not the entire amount as in the case of spot market transactions.

This interest factor is higher for middle month and farther-month contracts compared to the near month contracts. That explains why the futures price is typically greater, the longer the maturity. Note that at expiry, futures price converges with the spot price. So, higher the amount you pay over the spot price to initiate your long position, lower the profits. Therefore, traders typically prefer near-month futures to farther-month contract

Futures usually have higher liquidity than Options for any given underlying.

### The following two arguments show why futures differ from options with respect to liquidity:

One, all futures contracts have only three maturities - near month, middle-month, and farther-month. If a given number of market participants intend to trade futures on an underlying, they must trade on one of the three contracts. Now, for most part, volumes are concentrated on the near-month contract. Therefore, near-month contracts on all underlying assets have good liquidity. In contrast, options have multiple strikes for each expiration month. With more choices, volumes are divided between these strikes. And two, a futures contract moves one to one with the underlying price. Therefore, traders have little reason to shift their existing futures position to another contract on the same underlying to align the position with their price target. In contrast, options have an upfront cost (premium) that decays with time. To reduce time decay, traders may take profits sooner than later. And to capture further upside price movements, traders continually shift their positions. That means volumes are closely tied to the moneyness of an option.

## BEST F&O TRADES TO INVEST INTO:

The best options to buy are the highly liquid ones so that you get multiple active strike prices. You can purchase options on stocks that are actively traded, highly liquid, volatile, and have a proven track record in the exchange. Some of the best bets are:

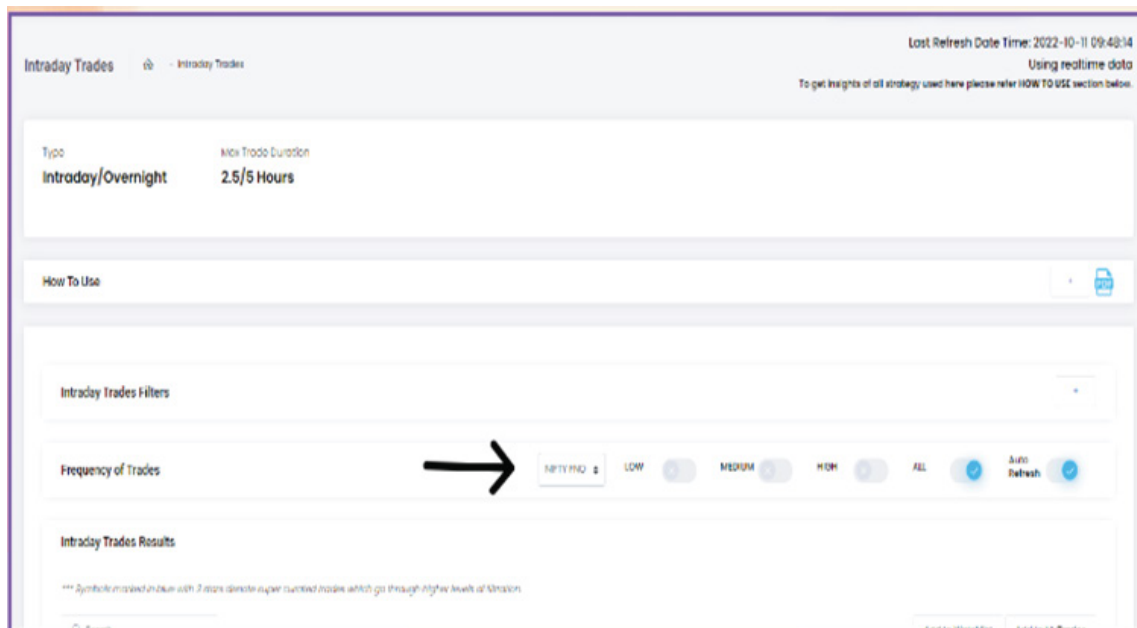
- NIFTY 50 and Bank NIFTY indices; Adaniport; Asian Paints; Axis Bank; HDFC Bank; HDFC Ltd.; Dr.Reddy; Bharti; Airtel; Tata Motors; Reliance; Tata Steel; TCS

Exchange indices like SENSEX and NIFTY include the most traded stocks in the bourses. Bank NIFTY and NIFTY are most liquid.

## THE BEST WAY TO FIND THESE TRADES:

Neotrader works on finding the best of trades at your fingertips which are generated post going through different filtrations which are refreshed in real time to keep them updated.

Our software will help you to find the most liquid Future as well as option trades in a jiffy. All you need to do is set the filter to the NIFTY FNO index and select the trades favourable to you according to your capital and risk appetite.



STRATEGY	SYMBOL	ALERT	SIGNAL DT	STATUS	ENTRY	T1	T2	T3	SL	EXIT	SL TRAIL	UPDATED DT	TRADE
OPT-1	HINDUNILVR OCT2700CE	LONG	2022-09-27 10:19:20	EXIT	91.75	119.28	137.63	183.5	45.88	60	0	2022-09-30 12:18:35	NOW
OPT-1	SUNPHARMA SEP910CE	LONG	2022-09-23 10:48:15	T3 MET	14.55	18.92	21.83	29.1	7.28	29.1	18.92	2022-09-29 10:31:57	NOW
OPT-1	MINDTREE SEP3200CE	LONG	2022-09-23 10:18:21	SL MET	92	119.6	138	184	46	46	0	2022-09-23 15:27:21	NOW
OPT-1	ASHOKLEY SEP160PE	LONG	2022-09-23 09:48:23	T3 MET	3.55	4.62	5.33	7.1	1.78	7.1	4.62	2022-09-26 09:48:44	NOW
OPT-1	LICHSGFIN SEP415PE	LONG	2022-09-23 09:48:23	T3 MET	9	11.7	13.5	18	4.5	18	11.7	2022-09-26 09:31:51	NOW
OPT-1	M&M SEP1280PE	LONG	2022-09-23 09:48:23	T3 MET	27.5	35.75	41.25	55	13.75	55	35.75	2022-09-26 10:02:02	NOW
OPT-1	M&MFIN SEP197.5PE	LONG	2022-09-23 09:48:23	T3 MET	0.2	0.26	0.3	0.4	0.1	0.4	0.26	2022-09-23 10:01:53	NOW
OPT-1	ZEEL SEP270PE	LONG	2022-09-23 09:48:23	T3 MET	9.4	12.22	14.1	18.8	4.7	18.8	12.22	2022-09-26 10:17:03	NOW
OPT-1	BATAINDIA SEP1920CE	LONG	2022-09-22 13:48:21	SL MET	46.7	60.71	70.05	93.4	23.35	23.35	0	2022-09-23 09:31:50	NOW
OPT-1	TITAN SEP2700CE	LONG	2022-09-22 13:48:21	T1 MET	59.25	77.03	88.88	118.5	29.63	77.03	59.25	2022-09-23 09:18:47	NOW

# New Features!

## SUPER CURATED TRADES IN MULTIDAY, POSITIONAL AND INVESTMENT IDEAS

### ANOTHER OPPORTUNITY TO INCREASE EFFICIENCY.

We have recently come up with a new feature in our software to make trading for you more efficient and effective. It is specifically made for traders involved in Multiday, Positional and Investment trades. A filtration process that will help you identify which is the best trade to pick among the list of available trades that are on the ready-made trade palettes.

Trading in Higher time framed trades -

Higher timeframe trades in NEOTRADER include MULTIDAY 5(days); POSITIONAL (5 weeks) and INVESTMENT (12 weeks) trades.

### BENEFITS OF HIGHER TIMED TRADES

#### 1. No need to stay in front of the Trading Screen:

Apart from the biggest advantage of trading in higher time frame, one can also easily analyze the price movement after-market hours and enter into positions based on their analysis.

#### 2. Increased efficiency:

As less time is required and the returns remain the same, hence your efficiency to work is increased.

#### 3. Better Control of Emotions:

The slowest price movements give you enough time to properly analyze and take **calculated risks**. Since you won't spend most of the time in front of the screen, it helps you to avoid overtrading and other psychological mistakes.

#### 4. Better Risk-Reward Opportunities:

Higher time frame trades can help you capture big profits and large price swings, although it will have a wider stop-loss. Wider stop-loss is often compensated by wider targets. This ensures a lesser chance of your stop-loss getting hit and a better Risk-Reward on the trade

Investments Results												
<input type="text" value="Search..."/>				<input type="button" value="Add to Watchlist"/> <input type="button" value="Add to My Trades"/>								
	STRATEGY	TIMEPLAY	SYMBOL	RECENT VALUE	ALERT	SIGNAL DT ↓	STATUS	ENTRY	T1	T2	T3	SL
<input type="checkbox"/>	INVEST-1	INVEST	ADANI PORTS	960.75	LONG	2022-09-09 15:12:36	ACTIVE	981.3	979.6	1048	1089.5	75
<input type="checkbox"/>	INVEST-1	INVEST	BHARTIARTL	784.2	LONG	2022-09-09 15:12:36	ACTIVE	768.2	825.9	883.5	891.6	68
<input type="checkbox"/>	INVEST-1	INVEST	CIPLA	1030.9	LONG	2022-09-09 15:12:36	ACTIVE	1060.4	1139.9	1199.3	1199.3	91
<input type="checkbox"/>	INVEST-1	INVEST	COUPAL	1630.55	LONG	2022-09-02 15:12:52	ACTIVE	1675.2	1800.8	1819.8	1819.8	15
<input type="checkbox"/>	INVEST-1	INVEST	INDHOTEL	327.5	LONG	2022-09-02 15:12:52	T1 MET	297.2	319.5	341.8	349.8	21
<input type="checkbox"/>	INVEST-1	INVEST	SUNTV	522.05	LONG	2022-09-02 15:12:52	ACTIVE	520	559	597.9	632.7	41
<input type="checkbox"/>	INVEST-1	INVEST	ESCORTS	2010.15	LONG	2022-08-26 15:11:59	T3 MET	1832.9	1970.4	2079.3	2079.3	15
<input type="checkbox"/>	INVEST-1	INVEST	ACC	2734	LONG	2022-08-19 15:11:59	T3 MET	2357.8	2534.7	271.5	2714.4	29
<input type="checkbox"/>	INVEST-1	INVEST	ABB	3294.5	LONG	2022-08-19 15:11:59	T3 MET	2888.8	3105.4	3256.8	3256.8	21
<input type="checkbox"/>	INVEST-1	INVEST	ESCORTS	2010.15	LONG	2022-08-19 15:11:59	T3 MET	1781.2	1914.8	2023.2	2023.2	15

As shown above at a particular point of time several trades have active status so it is difficult for traders to select few out of them. We noted this problem and have come up with a new feature to help solve this issue for our fellow users.

The problem of narrowing down the trades and investing will help a lot of multiday and positional traders who don't usually find the time to trade

# Our Solution!

## SUPER-CURATED TRADES

### WHAT ARE SUPER CURATED TRADES?

It's a filtration system that adds extra layers of Technical Analysis based rules.

Multiday Trades Results												
<div><input type="text" value="Search..."/></div> <div><button>Add to Watchlist</button><button>Add to MyTrades</button></div>												
	STRATEGY	TIMEPLAY	SYMBOL	RECENT VALUE	SUMMARY 30M:1H:5D:W	ALERT	SIGNAL DT	STATUS	ENTRY	T1	T2	T3
<input type="checkbox"/>	SWING-1	MULTIDAY	SUNTV ***	548.45	●●●●●	LONG	2022-10-04 15:05:32	● T2 MET	520	527	543.4	552.8
<input type="checkbox"/>	MOMENTUM-1	MULTIDAY	LUPIN ***	679.5	●●●●●	LONG	2022-10-03 15:05:04	● T2 MET	717.8	730.7	743.6	763.4
<input type="checkbox"/>	MOMENTUM-1	MULTIDAY	TORNTPHARM ***	1601.45	●●●●●	LONG	2022-10-03 15:05:04	● T1 MET	1581.8	1610.2	1638.7	1670.3
<input type="checkbox"/>	SWING-1	MULTIDAY	INDIACEM ***	245.55	●●●●●	LONG	2022-09-30 15:05:08	● T2 MET	267.8	271.4	279.8	302.5
<input type="checkbox"/>	MOMENTUM-1	MULTIDAY	ORAHULES ***	345.15	●●●●●	LONG	2022-09-30 15:04:58	● T2 MET	343.6	349.8	356	369.6
<input type="checkbox"/>	SWING-1	MULTIDAY	ESCORTS ***	2085	●●●●●	LONG	2022-09-29 15:05:18	● T1 MET	203.5	2042	2208.6	2285.3
<input type="checkbox"/>	REVERSAL-3	MULTIDAY	CANFINHOME ***	492	●●●●●	LONG	2022-09-28 15:07:22	● T2 MET	463.2	477.8	490.3	526.1

Auto Refresh ☒

NIFTY 500

Trade Now ☐

Non Curated Signal ☐

Curated Signal ☐

Super Curated ☒

+

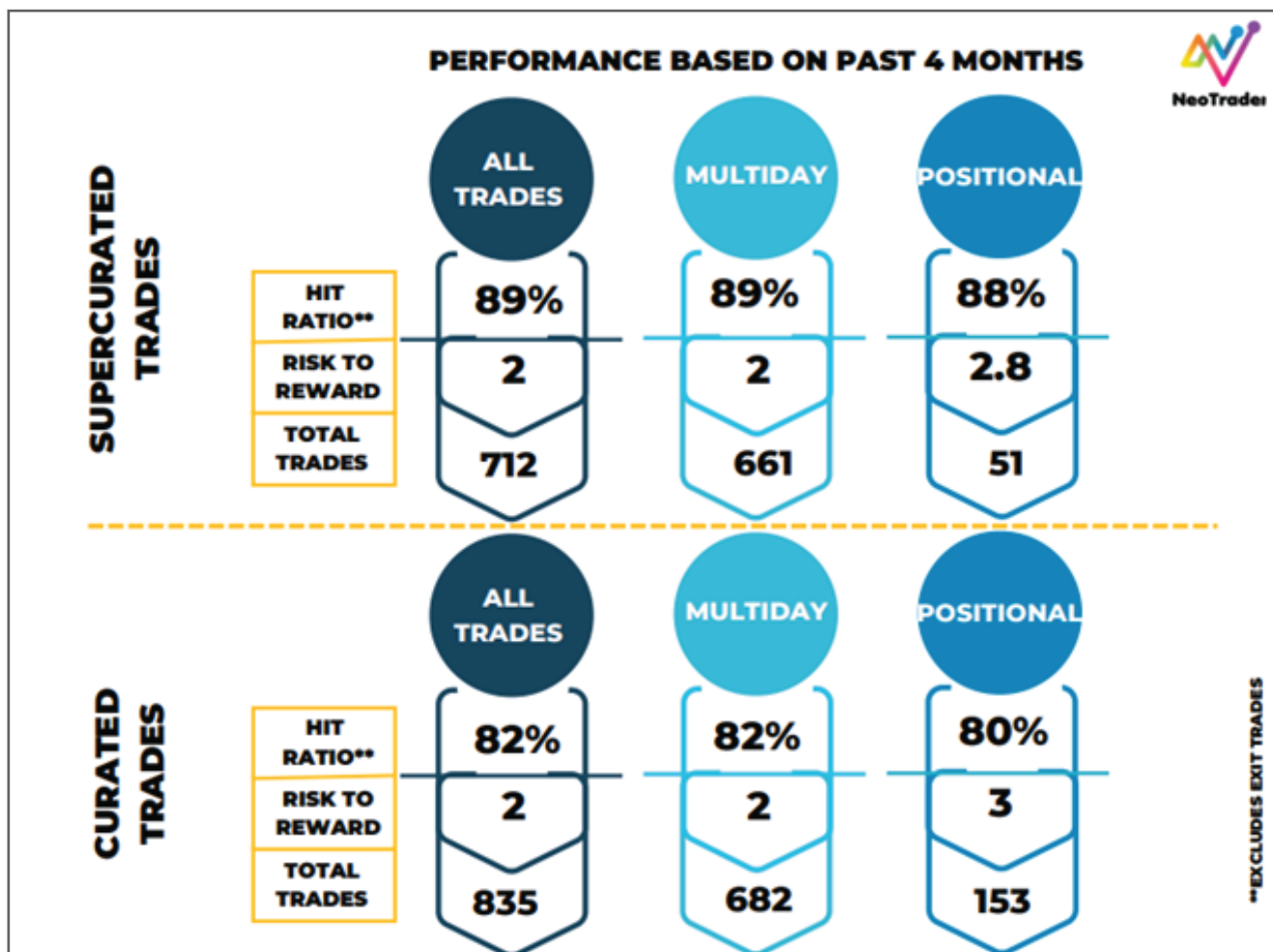
## SUPER-CURATED TRADES

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# The Performance Of Curated Trades Vs Super Curated Trades:



# Top Trades in September 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

## Positional

SYMBOL	ENTRY	TARGET	PROFITS	ALERT
GMMPFAUDLR	1819	2081.65	14%	Buy
ADANIENT	3685.65	3217.91	13%	Sell
SJVN	31.3	33.65	8%	Buy
RVNL	35.3	37.95	8%	Buy
NATIONALUM	73.55	68.03	8%	Sell

## Multiday

SYMBOL	ENTRY	TARGET	PROFITS	ALERT
POLICYBZR	488.85	563.26	15%	Buy
METROBRAND	791	909.32	15%	Buy
METROBRAND	810.85	924.1	14%	Buy
RENUKA	50.95	57.6	13%	Buy
METROBRAND	814.25	914.69	12%	Buy
ANGELONE	1444.95	1623.23	12%	Buy

## Intraday

Symbol	Entry	Target	Profits	Alert
IFBIND	949.2	896.504	6%	Sell
KPITTECH	608	638.958	5%	Buy
JKPAPER	378.2	359.084	5%	Sell
EIDPARRY	575	603.689	5%	Buy
NESCO	621.9	652.54	5%	Buy
NETWORK18	66.8	63.546	5%	Buy

## Our Best Investment Trade

Symbol	Entry	Target	Profits	Alert
TRITURBINE	213.15	265.1	24%	Buy
CENTRALBK	20.25	23.29	15%	Buy
RENUKA	57.45	66.07	15%	Buy

# Customer Reviews and Feedback:

**BANKNIFTY 28JUL22 36300 CALL**  
559.35 +250.20 (+80.93%) ▼

NSE NORMAL SPAN

AVG.PRICE	NET LOT	Net P&L
0.00	0	+23,105

Details Market Depth Charts

Unrealized P&L	0.00
Realized P&L	23,104.99
Trade type	CARRY FORWARD
Cost value	0.00
Market value	0.00
Leverage	6.00
Current Exposure	0.00
Utilization	0.00
Premium	23,105.00
Carry forward position	-
Carry forward position Value	-

REPEAT

NIFTY 50 16532.90 +192.35 (+1.18%)  
NIFTY BANK 35989.50 +269.15 (+0.75%)

Holdings 34 Positions 27

Total P&L	
+17,411.75	

Analyze Analytics

0 Qty.	MIS
CIPLA	+120.00
NSE Avg. 0.00	LTP 980.10
0 Qty.	MIS
INDUSINDBK	+295.50
NSE Avg. 0.00	LTP 880.45
0 Qty.	MIS
CENTURYPLY	+1,057.50
NSE Avg. 0.00	LTP 594.80
0 Qty.	NRML
HDFCLIFE JUL 550 PE	+1,430.00
NFO Avg. 0.00	LTP 25.65
0 Qty.	MIS
INDUSINDBK JUL 890 PE	+945.00
NFO Avg. 0.00	LTP 25.65



# Customer Reviews and Feedback:

