

SCALPERS

TRADING ACADEMY

NEWSLETTER

-GOMATHI SHANKAR

THE REVIVAL OF BEARS AFTER A TUG OF WAR:

As the economy is emerging from the sequelae of pandemic, bulls rioted in the past couple of months & the bears were enervated. The enchanting defensive stocks have dulled a bit with investor attention. The sectors based on general demand, high rural demand and foods were already in play. The power demand met recorded negative growth from April- August in last year owing to this pandemic. Now, the rising power demand buoys up in economic activities, which steered to higher commercial and industrial demand.



Amidst coronavirus outbreak, health insurance sales also saw a spike due to rise in awareness. According to the report, India projects an optimistic outlook for 2021. Health care sectors, FMCG and E-Commerce service sectors are expected to see the hike. Green shoots are slowly seen in the Indian employment market with close to 53 percent companies looking to increase their headcount in 2021. 74 percent technology companies in India are expected to have 14 percent increase in headcount. Despite the global changes faced in 2020, a steady turn around of economic recovery made many sectors to achieve new all time high. The report says that the recovery is gaining traction and global cues such as the US stimulus package and the Brexit deal, as reasons for new highs in the equity markets. Also the Indian government launched the world's biggest vaccination drive on January 16. The start of this vaccination will goad our economy as India is the global capital for vaccine manufacturing and pharmaceutical exports. The broad-based jump in imports is a sign that the demand is picking up. The foreign investors are huddling to the Indian market. Recent swings in the macroeconomic landscape have also brightened the outlook. The market will be highly volatile ahead of the union budget 2021. If the market bleeds heavily it will be a good opportunity for us to accumulate quality stocks for a long term.

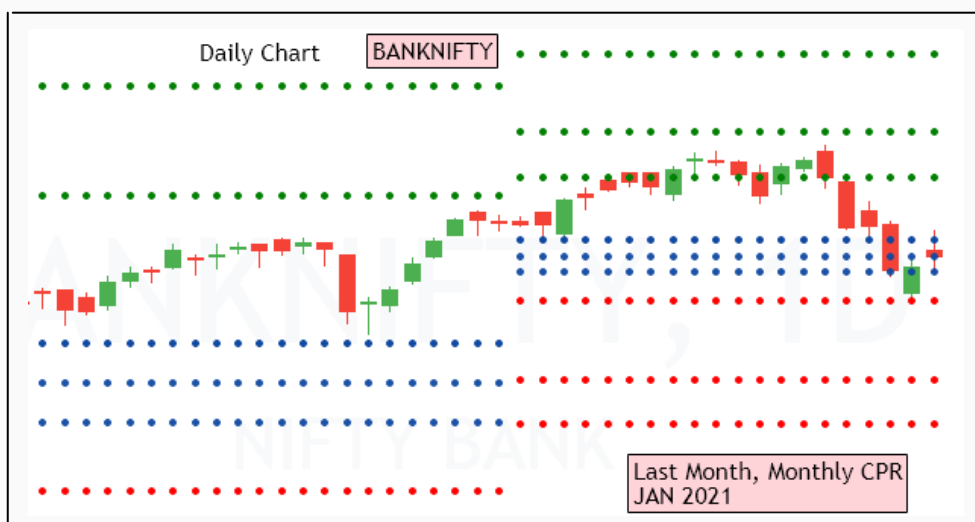
NIFTY - RECAP:

Nifty was having medium sized & ascending CPR range of about 318pts (2.30%) in the previous month. The candles opened above CPR and the bulls were ferocious to take the prices higher and hooked all time high. From the beginning of January 2021, the bulls have taken the charge and dragged the price higher and higher and made fresh all time high at 14753. After a long run towards monthly CPR R2, bulls have fainted. On the weekly chart, second and third candles clearly rejected from the fresh high which indicates that the sleeping bears were aroused. Though the bulls were in charge, all of a sudden the drowsy bears managed to take the prices down and made a healthy correction around 7.5% from 52 week high and the candles reached CPR which is the home for candles.



BANK NIFTY-RECAP:

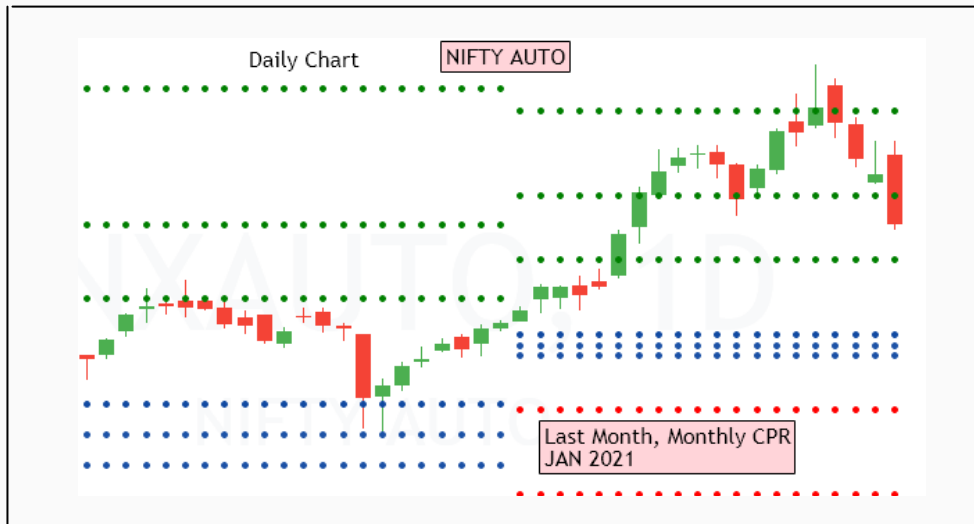
We had a medium sized and ascending CPR range of about 690.90 pts (2.24%) in bank nifty for the previous month. On the 1st week of January, the candles opened and sustained above the CPR. As the bulls were worn out to take the prices higher & the candles stuck between CPR & R2 in the initial weeks of January. The formation of doji candle in the second week represents the tug of war between bulls and bears. Finally from the third week of January, the bears have taken control and rolled down the market till 9.67% from monthly high and the candles reached CPR closing inside it by showing some less interest to go above CPR.



SECTOR WHICH BLASTED LAST MONTH

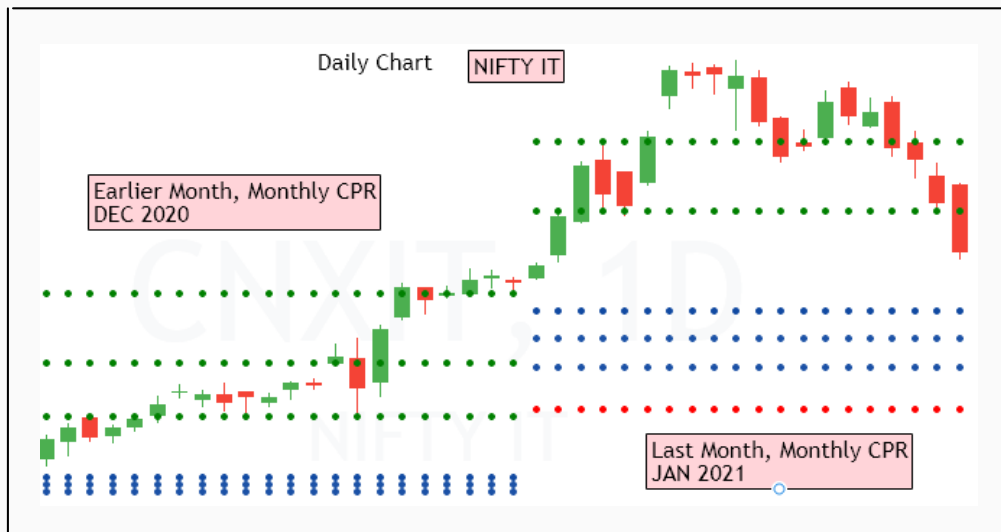
NIFTY AUTO-RECAP:

We have encountered ascending and narrow CPR range of about 144.70 pts (1.59%). In the previous month. The candles were opened and sustained above the CPR. From the first week of January, the bulls were on a rampage and the bears had no power to drag the prices down. As there was a narrow and ascending CPR, the indomitable bulls have taken the prices higher and made an overarching rally till 9.92%. We feel that, earlier in December month candles bounced from its monthly CPR which acted as a launchpad for the bulls to fire up till monthly R3 and then budget panic dragged down the price.



NIFTY IT-RECAP:

We have experienced a medium sized CPR range of about 757.45 pts (3.17%). In the past month. The candles were opened and sustained above the CPR. Hence the bull rally was continued. The draconian bulls took the price higher till 6.98% in the very first week of January. After a strong show, on the weekly chart CNXIT was closed with a bearish candle in the second week which indicates the initiation of retracement. From the second week bears tried to take the control and the retracement happened for about 7.78%.



TRADE PLAN FOR UPCOMING MONTH:

NIFTY 50

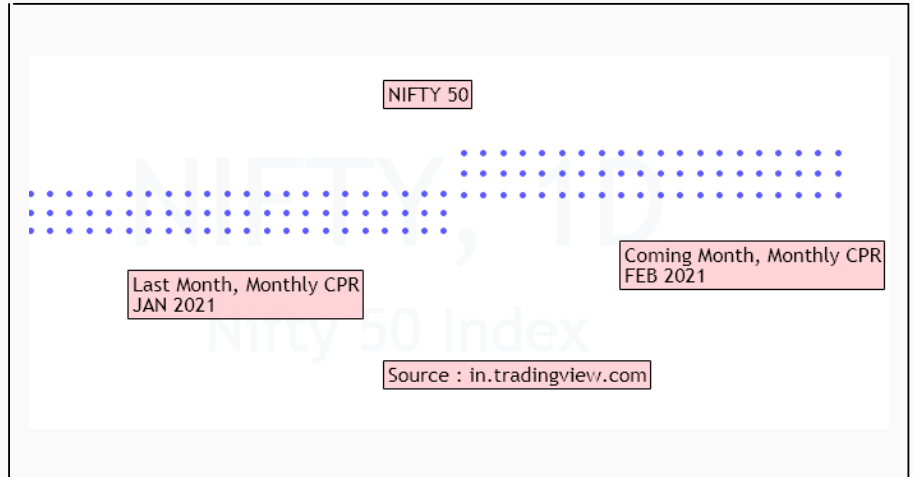
SECTOR	NIFTY
CMP	13634.6
CPR RANGE	373.75 pts (2.64%)

CPR LEVELS

TC - 14175.15
 PIVOT - 13994.95
 BC - 13814.80

OUTLOOK

- Ascending & Over lapping
- Narrow CPR
- Bullish



EXPECTATION:

- Ascending and Narrow CPR concludes bullishness.
- 1 hour candle closes above 14,642 confirms the strength of bulls.
- Nearby resistance level is 15543.
- We can trust the bears only if the candle closes below 13589.
- 13768 would be the crucial level for bears.

BANK NIFTY:

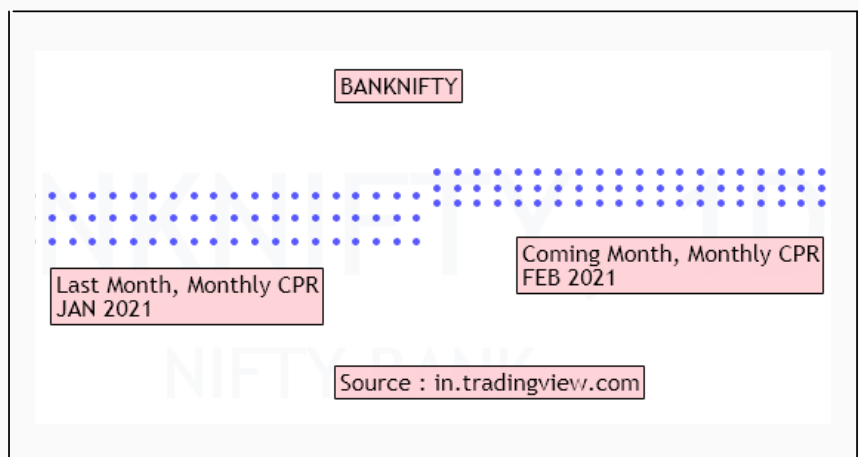
SECTOR	BANK NIFTY
CMP	30565.5
CPR RANGE	453.60 pts(1.45%)

CPR LEVELS

TC -31265.00
 PIVOT -31031.85
 BC -30798.65

OUTLOOK

- Ascending & Over lapping
- Narrow CPR
- Bullish



EXPECTATION:

- One hour candle closes above 32737 will take prices up till 35553.
- If candles sustain below 28981 then we can bet on bears.
- 29403 would be a hurdle for bears to cross
- Bulls will be on rampage ahead of the union budget 2021.
- 35590 would be a stop for bulls



SECTORS LIKELY TO BLAST FOR THE UPCOMING MONTH

NIFTY FMCG:

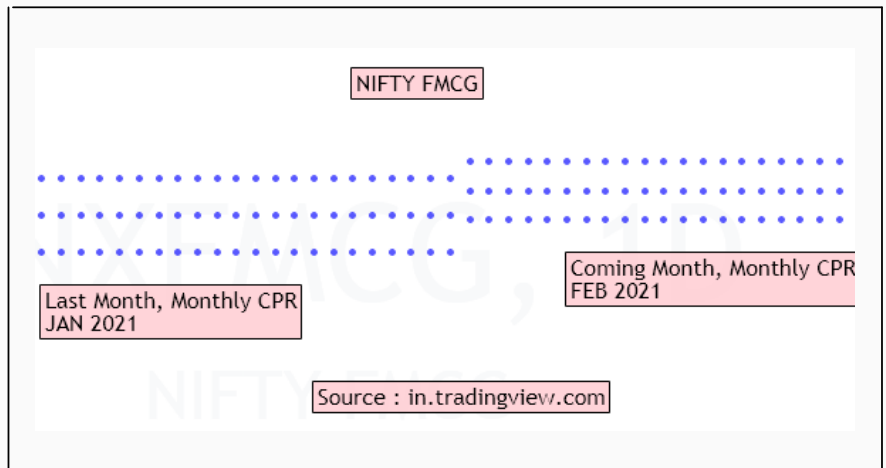
SECTOR	NIFTY FMCG
CMP	33121.05
CPR RANGE	562.85 pts(1.66%)

CPR LEVELS

TC - 31265.00
PIVOT - 31031.85
BC - 30798.65

OUTLOOK

- **Ascending & Over lapping**
- **Medium CPR**
- **Bearish**



EXPECTATION:

- This sector is in a strong range.
- If it breaks 32978 then it will make a further fall.
- We can expect a fall till 32025.
- Bulls can take charge if it breaks 34962.
- Major stocks contributing to this sector are NESTLEIND, BRITANNIA.

NIFTY PSU BANK:

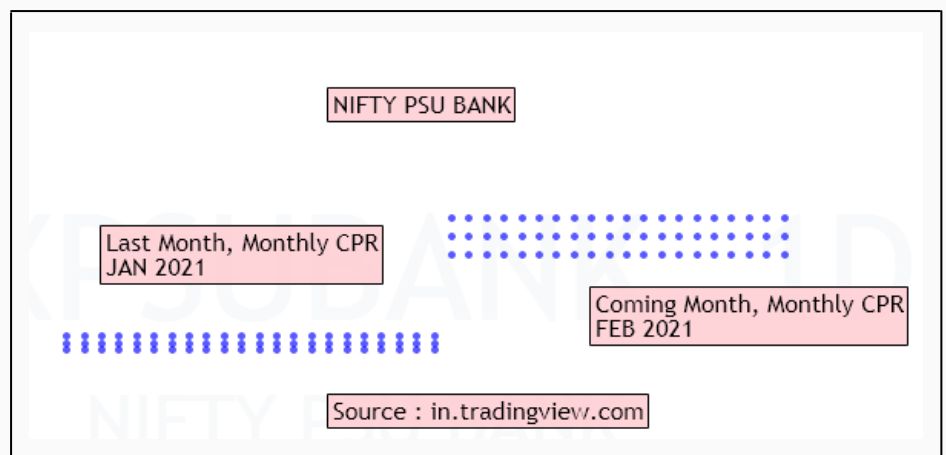
SECTOR	NIFTY PSU BANK
CMP	1814.05
CPR RANGE	37.15 pts(1.98%)

CPR LEVELS

TC - 33986.30
PIVOT - 33697.90
BC - 33409.45

OUTLOOK

- **Ascending**
- **Narrow CPR**
- **Bullish**



EXPECTATION:

- Bulls will be powerful if one hour candle closes above 2003.
- Nearby resistance level is 2227
- Bears seems to be worn out.
- If candles break 1745 level, then we can trust bears.
- Major stocks contributing this sector are Canara Bank, SBIN.

Question & Answer To Your Innerself

- Did you maintain a trading journal for last month?
- Did you trade based on your trading rules?
- If yes, how much you will rate out of 10?
- Do you risk only 2% of your capital per day?
- Do you have a trading mentor to guide you?
- How many hours you spend every week for learning?
- How many charts do you save in your PC every week?

THE CEO'S MESSAGE

BY GOMATHI SHANKAR

In creating this newsletter, it'll be helpful to keep in mind that the focus should be towards my followers more than anything. While it's an opportunity for my students as well to hear from me to understand markets in different perspectives to broaden and awaken their trading knowledge.

"Together we grow, as a price action trading community".



DISCLAIMER

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CONTACT US

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