

SCALPERS

TRADING ACADEMY

MONTHLY NEWSLETTER

-GOMATHI SHANKAR

BULLS RACKED UP!

On expected lines, the Nifty50 hit a fresh record high of 15,455.55. The rally in key commodities - metals, sugar, agro chemicals - amid opening of economies also pushed the market to new highs. The momentum may remain positive with continuity in record highs in the coming days. Nifty witnessed strong volatility due to the second wave of COVID-19, subsequent lockdowns imposed by several states and concerns over rising inflation.



It's a journey from the last peak to the new one. However, the market started to build gains in May after the number of fresh COVID cases started to fall and hopes grew stronger. The pace of vaccination has faltered, it is likely to improve as production picks up. Global cues have been positive as reopening of economies in western countries and encouraging economic data point towards quick global economic recovery. The market's rise seems to be primarily based on the belief that the economic activities will soon reopen and with vaccination picking pace in coming months, the concern of COVID-19 will fade away. Inflation is always a risk in any part of an economic cycle. For an emerging economy like India, a jump in inflation globally may hit the foreign fund inflows. Market capitalisation of India reaching the \$3 trillion mark is a double-edged sword and investors should not read much into the milestone. On the positive side, it shows the confidence of the investors (local and global) in the growth story of India in spite of the growth bump of the second wave of COVID-19. However, in the long-term, the ability of India to consistently grow at above 7 percent per annum would largely influence the rise in market capitalization. As long as earnings catch up over the next few months and the global backdrop remains strong, the market should make new highs. Mid & smallcap stocks have been in limelight largely on account of two years of underperformance, strong growth prospects, growing risk appetite, robust earnings, and cheaper valuations compared to large-cap peers.

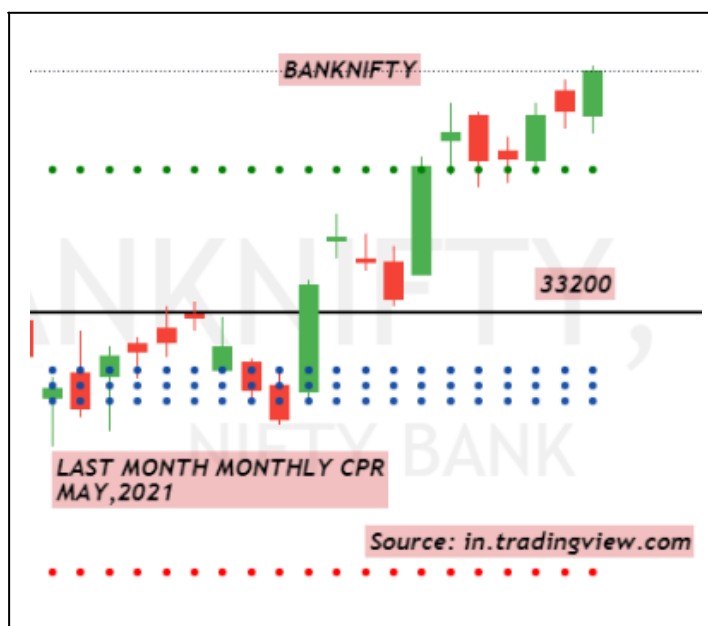
NIFTY - RECAP:

Nifty was having descending & very narrow CPR in the previous month. The candles opened exactly at CPR and then sustained above CPR. As we have propounded in the last monthly newsletter, 15000 acted as a strong resistance initially. Once the level is broken, bulls have gained their momentum and made a rally till R2 and closed at 15582.80



BANK NIFTY-RECAP:

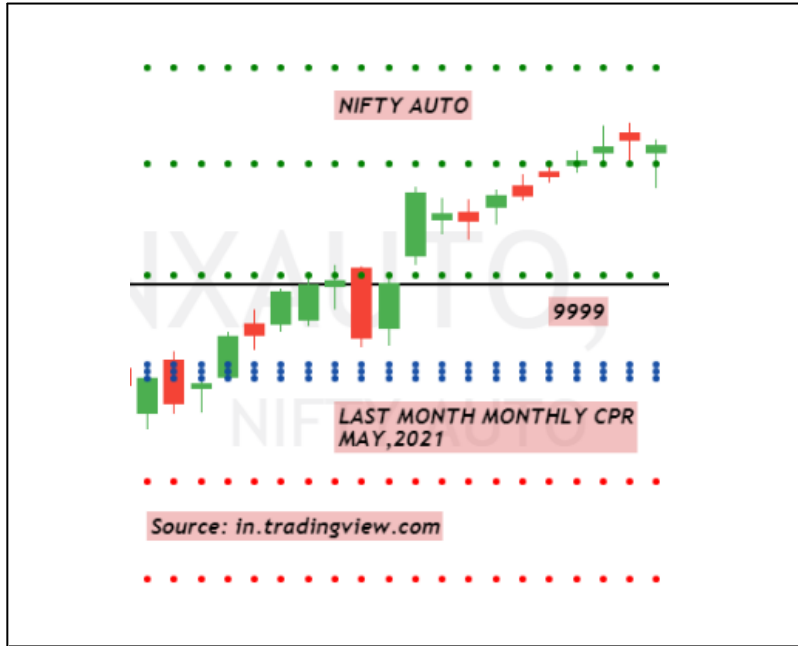
We had a descending and medium sized CPR in bank nifty for the previous month. The candles opened exactly at CPR and then sustained above CPR. As we have discussed earlier, it broke our resistance level 33200 and then bulls proved their real power. It dragged the prices higher till R1-R2 50% and closed at 35526.65.



SECTOR WHICH BLASTED LAST MONTH

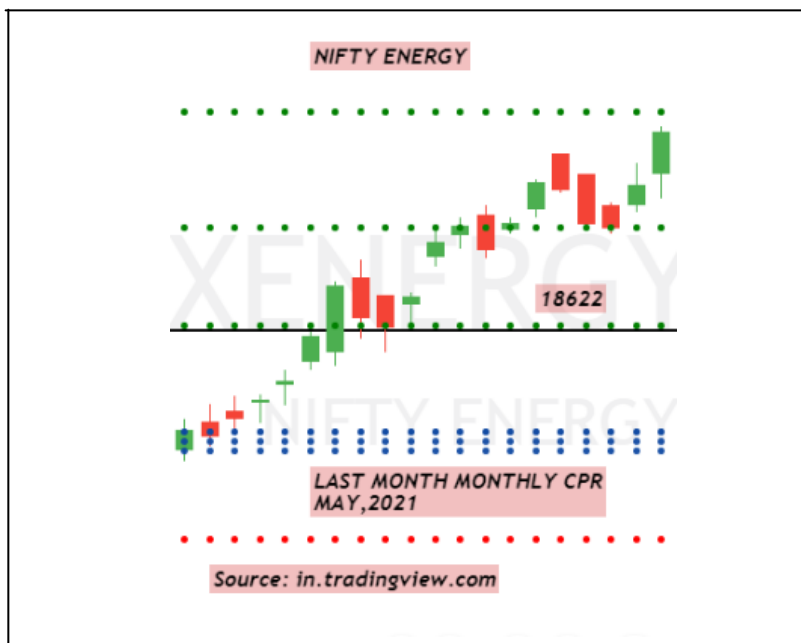
NIFTY AUTO RECAP:

We have encountered descending and very narrow CPR in the previous month. The candles exactly opened at CPR and sustained above CPR. Though there was a descending CPR, from the first week of May the bears had no power to drag the prices lower. Bulls have taken control once our resistance level 9999 is broken and dragged the prices till R2 level and closed at 10491.85.



NIFTY ENERGY RECAP:

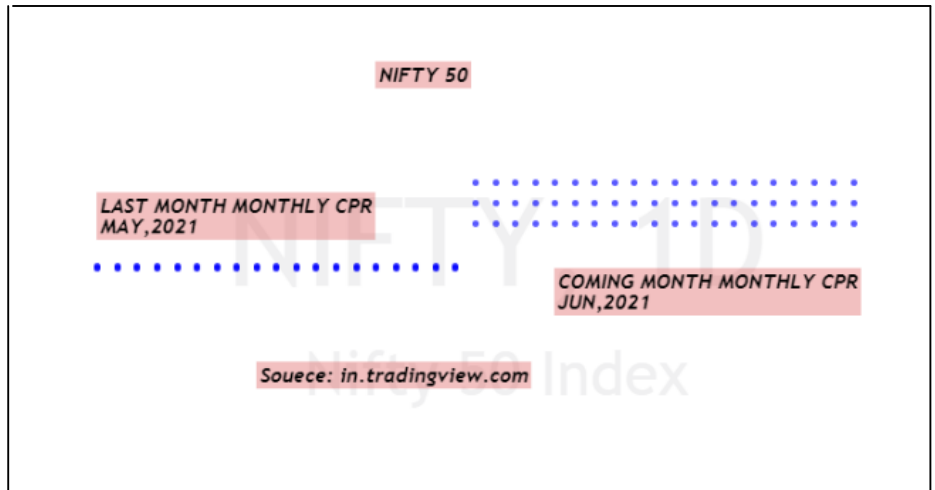
We have experienced descending & narrow CPR in the past month. The candles exactly opened at CPR and sustained above CPR. We have mentioned 18622 as a strong resistance. It has comfortably broken our resistance 18622 and took support at this level and then made a good rally till R3 & closed at 19908.95.



TRADE PLAN FOR UPCOMING MONTH:

NIFTY 50

SECTOR	NIFTY
CMP	15582.80
CPR RANGE	381 pts 2.41%



CPR LEVELS

TC - 15392.30

PIVOT - 15201.80

BC - 15011.30

OUTLOOK

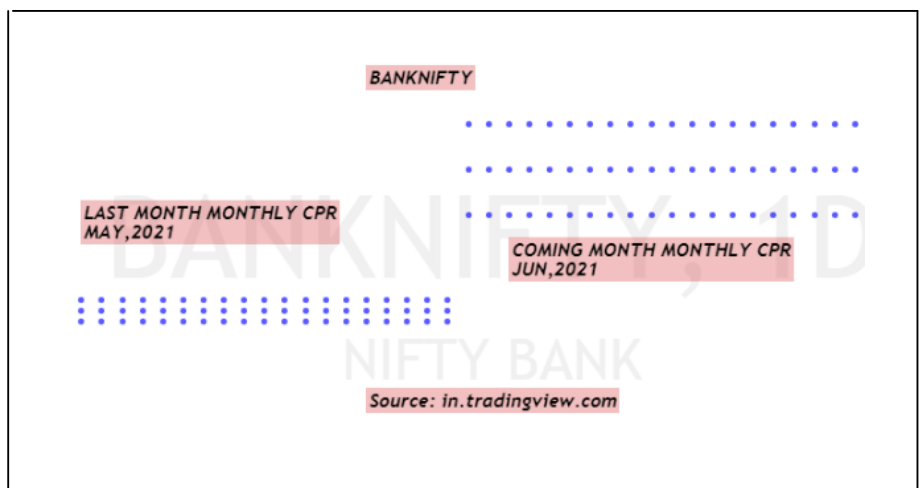
- Ascending
- Wide CPR
- Sideways to bullish

EXPECTATION:

- We have an ascending CPR for this month, which indicates bullishness.
- 15422 acting as a strong support. The bounce back from this level may lead to fresh highs.
- 15950 would be the next hurdle for bulls.
- Trust the bears only below 14775.

BANK NIFTY:

SECTOR	BANK NIFTY
CMP	35526.65
CPR RANGE	1187.45 pts 3.41%



CPR LEVELS

TC - 34932.90

PIVOT - 34339.15

BC - 33745.45

OUTLOOK

- Ascending
- Wide CPR
- Sideways to bullish

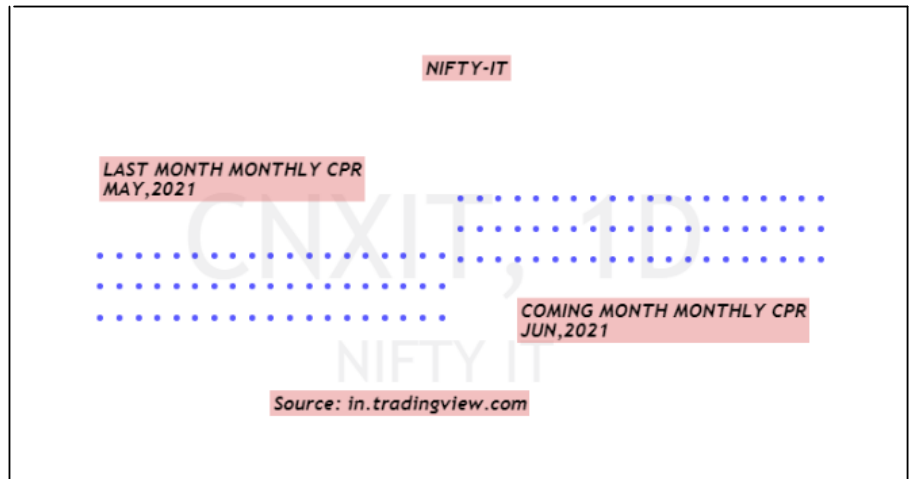
EXPECTATION:

- 34500 is acting as a strong support. Daily candle close above this level will lead to a rally.
- Upcoming resistances are 35500 and 36000 .
- Bears are seems to be exhausted.
- Look for short opportunities only below 33200.

SECTORS LIKELY TO BLAST FOR THE UPCOMING MONTH

NIFTY IT:

SECTOR	NIFTY IT
CMP	27115.05
CPR RANGE	493.65 pts 1.78%



CPR LEVELS

TC - 26868.25
PIVOT - 26621.40
BC - 26374.60

OUTLOOK

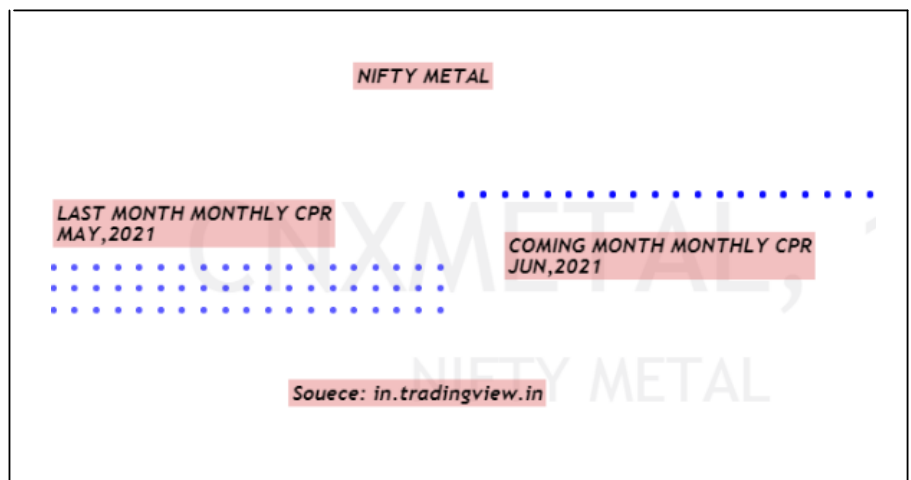
- Ascending & Overlapping
- Medium Sized CPR
- Bullish

EXPECTATION:

- We have an ascending and overlapping CPR for next month which indicates bullishness.
- If a candle closed above 27520, bulls may take charge.
- 27865 and 28200 would be a tough resistances for bulls.
- Bears can be alive only below 25400.
- Stocks contributing to this sector are INFY, TCS, WIPRO.

NIFTY METAL:

SECTOR	NIFTY METAL
CMP	5161.80
CPR RANGE	4.45 pts 0.22%



CPR LEVELS

TC - 5159.60
PIVOT - 5157.35
BC - 5155.15

OUTLOOK

- Ascending
- Very Narrow CPR
- Sideways to bearish

EXPECTATION:

- Though there is an ascending and narrow CPR, bulls are feeble to take the prices higher.
- 5200 and 5535 would be a strong resistances.
- 4785 is a strong support. If this level broken, we can expect some good fall till 4250 levels.
- Major stocks contributing to this sector are TATASTEEL, JSWSTEEL, HINDALCO.

How to develop a positive trading mindset?

- Start your day with a pleasant and calm mindset. Because market has no emotions, all emotions comes from market participants.
- Keep on learning, educate yourself about the markets that is the foundation for many successful traders.
- Losing trades happen all the time, it doesn't mean that you are unfit for trading.
- Cut off your losses by following effective risk management rules.
- Never and ever compare yourself with other traders.
- Develop a habit of maintaining a trading journal and mark your trades once it is closed.
- Avoid fear, greed and trust your analysis.



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

For queries write a mail to: cprbykgs@gmail.com or WhatsApp [+91-730-5432-730](https://wa.me/917305432730).

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