

SCALPERS

TRADING ACADEMY

MONTHLY NEWSLETTER

-GOMATHI SHANKAR

RESILIENT BULLS!

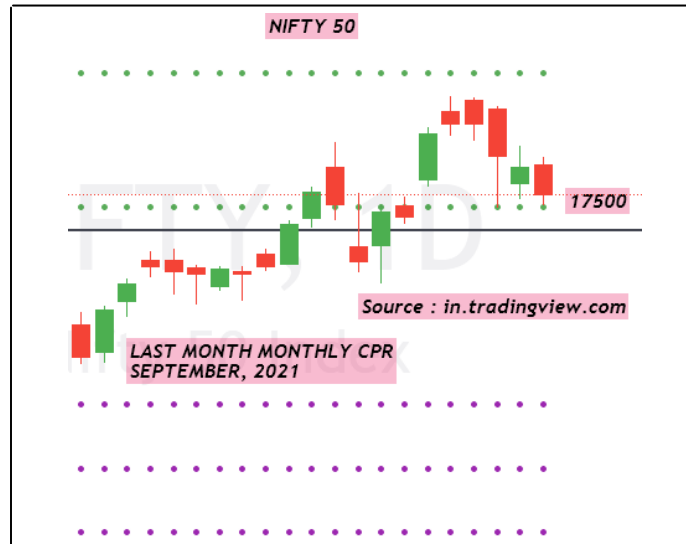
The RBI interest rate decision, macroeconomic data and global trends would dictate the equity market, which is showing some signs of correction after a stellar run, this month. On the domestic front, we don't have many negative cues but it will be important to listen to the commentary of the RBI governor in the upcoming policy scheduled on 8th October. Indian markets are currently richly valued and therefore not immune from some of these headwinds.



However, given the strong earnings outlook trajectory, any meaningful correction in the equity markets can serve as an entry opportunity for long-term investors with a sufficiently long investment horizon. The backbone for any developing economy is the banking and financial segment and the recent measures, including the setting up of "bad bank" to clear the mountain of non-performing assets (NPA) is a commendable step, to help the financial sector. The Indian equity market has immense potential for strong growth. However, in terms of valuation, the market is slightly on the higher side but with a balance of policies, reforms and regular scrutiny by the government and corporates, the same could be seen as an opportunity. Moody's outlook particularly on banking and NBFCs has improved as these companies continue to strengthen the financial sector and reduce the risk through higher capital cushions and greater liquidity. The economy is expected to improve as the overall environment progresses and this will help reduce fiscal deficit in some years. The RBI may relook at its accommodative stand and come up with measures to reduce liquidity. The coming policy may have some signs of normalisation as excess liquidity and inflation continues to remain high. They may like to move towards normalisation gradually and we may see some signs of it in the upcoming policy. Valuation is another factor that you should consider at the time of investing particularly in bull market conditions. Over the period, you should also diversify across different sectors and avoid investing in many companies within a sector.

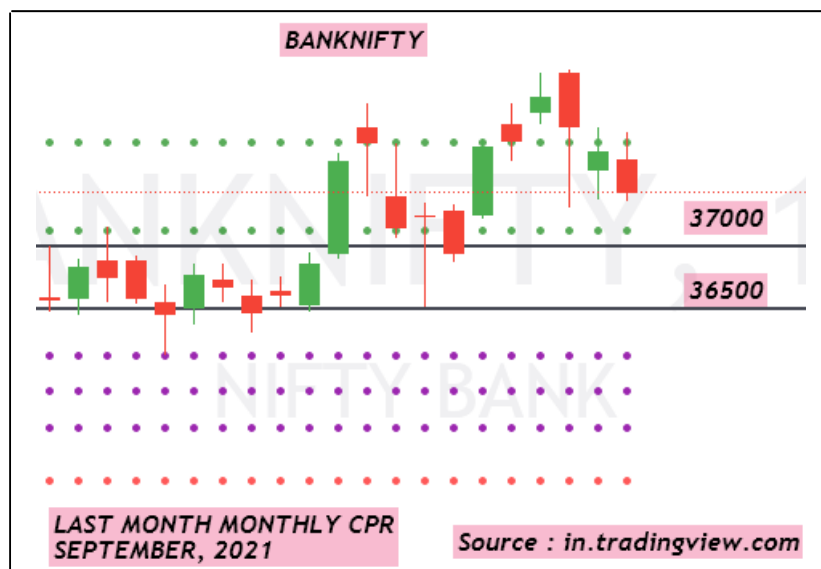
NIFTY - RECAP:

Nifty was having ascending & medium-sized CPR in the previous month. We have mentioned 17500 as a strong resistance. The daily candle closed above 17500 and made a rally till R2 level and marked an all time high of 17947.65 & closed at 17618.15.



BANK NIFTY - RECAP:

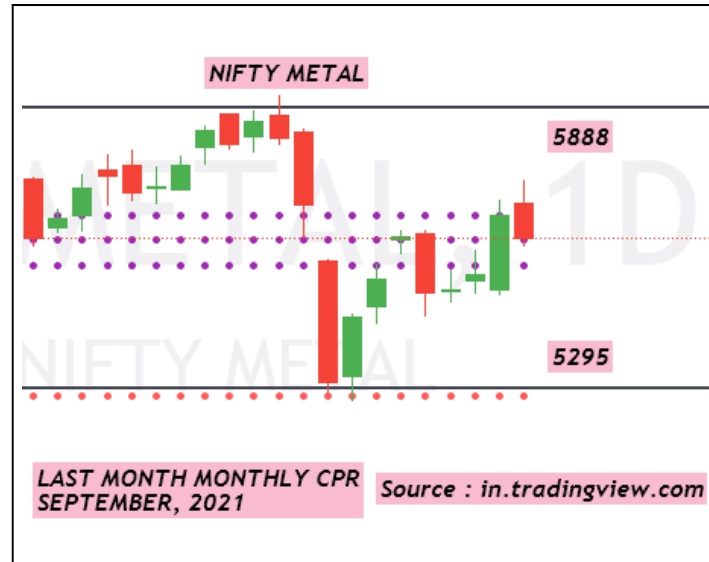
We had an ascending and medium-sized CPR in bank nifty for the previous month. The candles opened above CPR and broke our zone of resistance 36500 & 37000 and made a rally till R2-R3 50%. It also made an all time high of 38377.25 and closed at 37425.10.



SECTOR WHICH BLASTED LAST MONTH

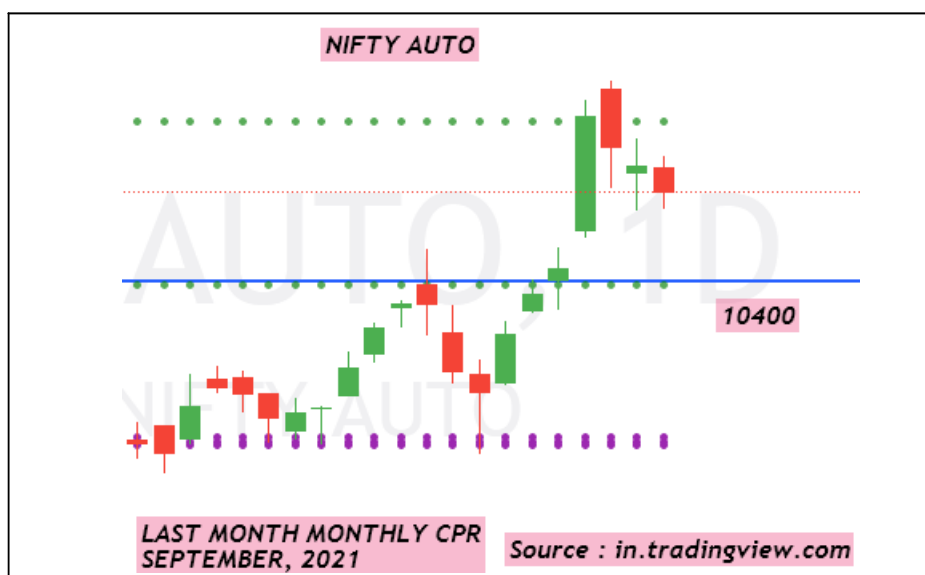
NIFTY METAL RECAP:

We have encountered an inside and medium-sized CPR in the previous month. We have expected the market to be in sideways between 5888 and 5295. As expected, it was completely inside our levels for an entire month and remained sideways. Bulls and bears had an equal fight and closed at 5611.25.



NIFTY AUTO RECAP:

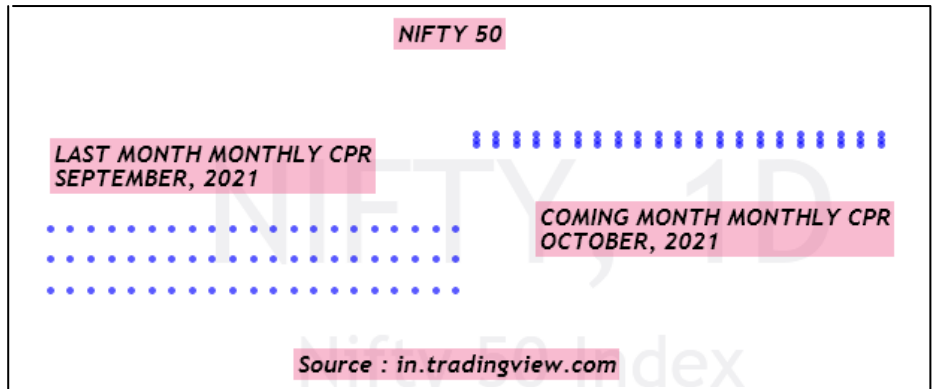
We have experienced a descending & narrow CPR in the past month. The candles opened exactly in CPR and broke our resistance level 10400. As expected, bulls became powerful above our resistance level 10400 and made a rally till R2 and closed at 10598.45.



TRADE PLAN FOR UPCOMING MONTH:

NIFTY 50

SECTOR	NIFTY
CMP	17618.15
CPR RANGE	77.85 pts (0.42%)



CPR LEVELS

TC - 17579.20

PIVOT - 17540.30

BC - 17501.35

OUTLOOK

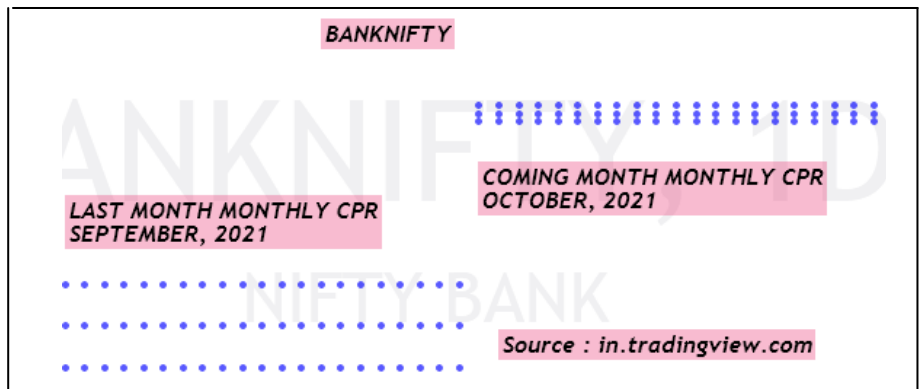
- Ascending
- Narrow CPR
- Bullish

EXPECTATION:

- Ascending and narrow CPR indicates bullishness in the capital index.
- Nifty was hovering around all time high of 17947.65.
- 18000 would be the tough resistance for bulls to cross. Daily candle close above this level will lead to fresh highs.
- Strong support is at 17300. Hence, Trust the bears only below this important level.

BANK NIFTY:

SECTOR	BANK NIFTY
CMP	37425.10
CPR RANGE	107 pts (0.29%)



CPR LEVELS

TC - 37371.60

PIVOT - 37318.10

BC - 37264.60

OUTLOOK

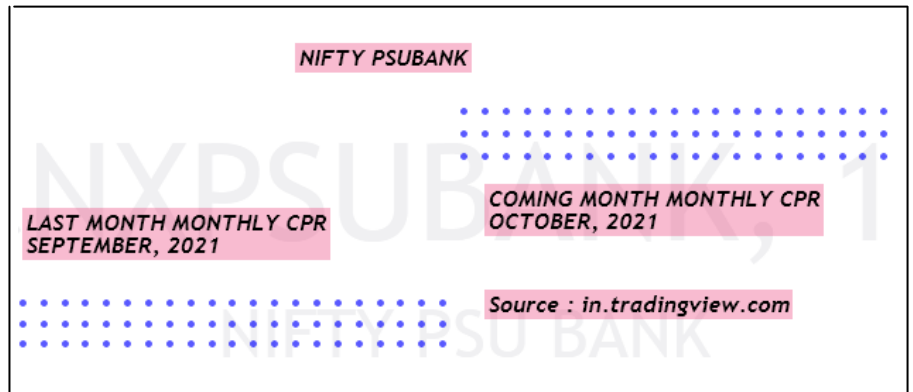
- Ascending CPR
- Narrow CPR
- Bullish

EXPECTATION:

- Wild index is having ascending and narrow CPR for the upcoming month.
- Strong resistance zones at 38150 and 38350. Daily candle close above this level may lead to a rally.
- 37150 would be a strong support.
- If 37150 level is breached we may expect a further fall.

**SECTORS LIKELY TO BLAST FOR THE UPCOMING MONTH****NIFTY PSU BANK:**

SECTOR	NIFTY PSU BANK
CMP	2483.05
CPR RANGE	24.45 Pts (0.98%)

**CPR LEVELS**

TC - 2470.85

PIVOT - 2458.60

BC - 2446.40

OUTLOOK

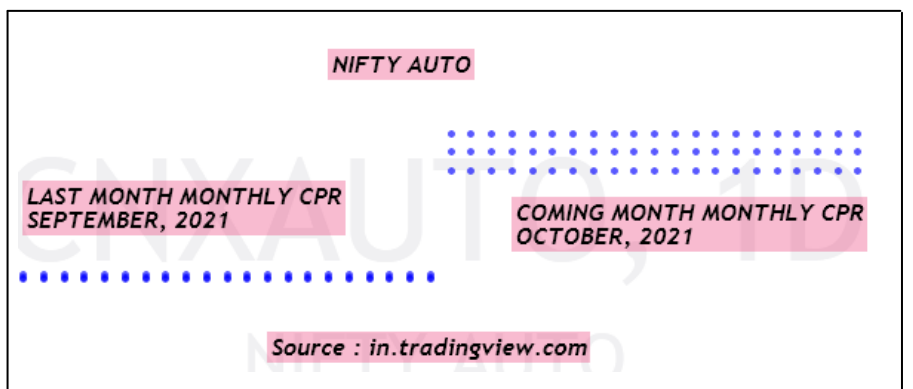
- Ascending CPR
- Medium-Sized CPR
- Breakout decides the direction

EXPECTATION:

- Ascending and medium sized CPR indicates a trending move in the upcoming month.
- 2570 is a tough resistance for bulls to cross, hence bulls may take charge above this level.
- 2323 is a strong support, a candle close below this level will lead to further fall.
- Major stocks contributing this sector are SBIN, CANARABANK, PNB.

NIFTY AUTO:

SECTOR	NIFTY AUTO
CMP	10598.45
CPR RANGE	124.45 pts (0.15%)

**CPR LEVELS**

TC - 10536.25

PIVOT - 10474.05

BC - 10411.80

OUTLOOK

- Ascending CPR
- Medium-Sized CPR
- Breakout decides the direction

EXPECTATION:

- Ascending and medium-sized CPR indicates bullishness for the upcoming week
- Tough resistance at 10900, hence bulls may take off the rally above this level.
- Upcoming support at 10000. Bears become strong if candle closed below this level.
- Top stocks contributing to this sector are MATUTI SUZUKI, M&M, TATA MOTORS.

IS OCTOBER THE MONTH OF MARKET CRASHES?

- *It's just an psychological anticipation that financial declines and stock market crashes are more likely to happen during the month of October.*
- *October is known for some spectacular crashes. So many are expecting stock market crash to happen again this year.*
- *But the truth is October month is simply misunderstood and historically it is about an average month in stock market.*
- *Charts suggest that stock market should move higher in late October.*
- *There is no factor that negatively affects the financial markets like the uncertainty of investors.*
- *Still market making new highs and bulls are in control. No weakness is experienced yet.*



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](tel:+91-730-5432-730).

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