



SVKM's NMIMS
Mukesh Patel School of Technology Management
& Engineering

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NIFTY STRANGLE

Objective: To grow a virtual portfolio of 10 lakh by taking advantage of market events and news that could affect market sentiments.

Market Events: We identified key events such as interest rate decisions by central banks including Bank of Canada, Bank of Japan, Europe, USA, England, and Saudi Arabia, as well as inflation data releases from China, Germany, India, USA, France, UK, Canada, Singapore, and Japan.

Market Analysis: We analyzed various reports from IMF and found that inflation is expected to increase in countries like USA, France, UK, Canada, Germany, and Singapore. Higher inflation can impact purchasing power, reduce the real value of money, and lead to higher interest rates and tighter monetary policies, which can negatively impact corporate profits and economic growth. This can result in decreased investor confidence, lower stock prices, and increased market volatility.

Market News: On 10th March, news broke about the failure of Silicon Valley Bank (SVB), the largest U.S. banking failure since the 2008 financial crisis, followed by the failure of Signature Bank, a New York-based bank involved in the cryptocurrency industry. This further reinforced our bearish view on the market.

Market Trendline: We observed that Nifty, a key market index, was heading towards a three-year-old trendline that had previously acted as a support during the Covid pandemic in May 2020 and Russia-Ukraine war in May 2022. This gave us confidence in setting up a strategy to profit from a volatile move in either direction in the market.

Strategy: We decided to use a Strangle options strategy, which involved buying call and put options with strike prices outside the current market price, as we expected the move to be highly volatile. We bought 40 lots of call @17700 Strike price and put of strike @17300. We allocated 43% of our portfolio value to this strategy, considering the lower cost compared to a Straddle strategy.

TECHNICAL PARAMETERS – NIFTY

1. Trend & Targets:



As per our analysis of the daily chart pattern of Nifty, we have identified that Nifty is currently trading within a descending channel. When a stock is in a Descending channel it tends to break down the trendline and take support from previous lows.

This indicates a bearish trend in the market. Based on this analysis, we have set two target levels for our strategy.

1. Our first target is set at the trendline support level, which is located at 17015 on the Nifty chart. This level is not only a trendline support but also an important level in Fibonacci Retracement, which adds to its significance. Historically, Nifty has respected this level in the past, acting as a support level during market corrections.
2. Our second target is set at 16504, which is a historical support level for Nifty. This level has been tested multiple times in the past and has shown strong support during market downturns. These target levels have been chosen based on technical analysis and historical price movements of Nifty.

2. Retracement Levels:



Fibonacci retracement is a popular technical analysis tool used by traders to identify potential support and resistance levels in financial markets. It is based on the Fibonacci sequence, a series of numbers in which each number is the sum of the two preceding numbers (e.g., 0, 1, 1, 2, 3, 5, 8, 13, 21, and so on).

In our analysis of the Nifty chart, we observed that the price was taking resistance at the 38.2% Fibonacci retracement level. This suggests that there was selling pressure at that level, and as a result, the stock's price may have stalled or reversed from that level. This indicates that the market participants were hesitant to push the price above the 38.2% retracement level, and the stock may struggle to continue its upward momentum.

3. Exponential Moving Averages & RSI Negative Convergence:



In our analysis of the Nifty chart, we utilized two technical indicators - Exponential Moving Averages (EMAs) and the Relative Strength Index (RSI) - to confirm our view on the market trend.

1. EMAs are a widely used technical analysis tool that helps traders and investors analyze price trends and generate trading signals. We specifically used the combination of 20-day and 50-day EMAs, as they are short-term trend indicators that cover approximately one month in short duration and over two months in long duration, which is suitable for our trade duration of 13 days. By analyzing the EMAs, we observed a bearish crossover in Nifty since January 2023, indicating that the market is currently in a downtrend.
2. The RSI is a popular momentum oscillator used to assess the strength of price movements in financial markets. It compares the magnitude of recent price gains to recent price losses to determine the momentum and strength of a market trend. We compared the RSI with the price of the underlying asset, Nifty, to identify any divergence or convergence. In our analysis, we observed that Nifty was forming lower highs, indicating a downtrend, and the RSI was also showing lower highs, confirming a negative convergence with the price movement. This further validated our view of a downtrend in the market.

4. At Expiry:



Based on the chart analysis, the Nifty index showed a breakdown from a channel pattern, confirming a bearish signal and moving in the anticipated direction.

1. The Nifty index showed a breakdown from a channel pattern, indicating a potential reversal in trend from bullish to bearish. This breakdown validated the anticipated direction of the trade, suggesting that the bearish view was supported by the chart pattern.
2. The Nifty index hit the first target on the second trading session, indicating that the strategy was able to accurately anticipate the price movement and set an appropriate target. This suggests that the trade was able to capture the initial downward movement of the Nifty index.
3. During the trade, the Nifty index remained in a downtrend, supporting the bearish view and indicating a continued downward movement in prices. This further validated the effectiveness of the strategy in capturing the anticipated direction of the market.

5. Functioning:

1. **Channel pattern breakdown:** The Nifty index showed a breakdown from a channel pattern, signaling a potential reversal in trend from bullish to bearish. This breakdown validated the anticipated direction of the trade, suggesting that the bearish view was supported by the chart pattern.
2. **Achievement of first target:** The Nifty index hit the first target on the second trading session, indicating that the strategy was able to accurately anticipate the price movement and set an appropriate target. This suggests that the trade was able to capture the initial downward movement of the Nifty index, resulting in a profitable outcome.
3. **Downtrend confirmation:** During the trade, the Nifty index remained in a downtrend, supporting the bearish view and indicating a continued downward movement in prices. This further validated the effectiveness of the strategy in capturing the anticipated direction of the market.
4. **Use of 20-50 EMA combination:** The use of the 20-50 EMA (Exponential Moving Average) combination proved to be in favor of the strategy, helping to predict the downward momentum in the Nifty index. This indicates that the technical indicators used in the analysis were supportive of the bearish view and contributed to the success of the strategy.
5. **Negative convergence in RSI:** The negative convergence in the RSI (Relative Strength Index) was another positive sign for the strategy, indicating a weakening bullish momentum and potential for a bearish price movement. This further supported the bearish view and contributed to the success of the strategy.
6. **Implementation of strangle strategy:** Due to the Nifty index approaching a significant trendline that had shown historical support during periods of market volatility, the decision was made to implement a strangle strategy instead of a bear spread strategy. This demonstrated flexibility and adaptability in the trading approach, aiming to minimize potential losses and optimize profits.
7. **High profitability:** The trading strategy was profitable in 12 out of 13 trading sessions, indicating a high success rate and good implementation of the strategy. The highest profit achieved during the trade was Rs 3,42,600 or 80%, further highlighting the effectiveness of the strategy in capturing significant price movements and generating substantial profits.

AB CAPITAL LIMITED (ABCL)

Objective: The objective of the strategy is to capitalize on a bearish view of Aditya Birla Capital Limited (ABCL) based on various factors such as market news, market events, stock trendline, and market analysis. The strategy aims to generate potential profits by implementing a bear put spread strategy, which involves buying put options at a higher strike price and selling put options at a lower strike price, with a limited investment of 19.7% of the total investment value.

Market News: The recent quarter-on-quarter revenue of ABCL showed a drastic fall, suggesting a slowdown in revenue growth for the year. This negative news may have influenced the bearish view on the stock.

Market Events: The upcoming rise in inflation and the decision on interest rates can potentially impact ABCL in the market events component. If inflation rises and central banks decide to hike interest rates to control inflation, ABCL may face higher borrowing costs, reduced profitability in its financial services businesses, and potential impact on its stock valuation. These factors can influence market sentiment towards ABCL and may affect its stock price and overall trading strategy.

Stock Trendline: The stock of ABCL showed bearish indicators in recent movements, indicating a potential pullback to a year-old trendline that was supported during the Russia Ukraine war. This trendline may act as a resistance level for the stock.

Market Analysis: Higher interest rates may impact ABCL in several ways, including increased borrowing costs, squeezed net interest margin (NIM), and potential valuation deterioration. These factors may negatively affect ABCL's earnings, profitability, and stock price.

Strategy: The strategy implemented is a bear put spread, which involves buying 17 lots of put options at a higher strike price (155 PE) and selling 17 lots of put options at a lower strike price (150 PE). This strategy allows the investor to benefit from a potential decrease in the stock price of ABCL. We invested a 19.4% of our total portfolio value in the strategy.

TECHNICAL PARAMETERS – AB CAPITAL LIMITED

1. Trend & Targets:



The chart for ABCL's stock price shows a Symmetrical triangle pattern, which is a continuation pattern that typically forms during an ongoing trend. The pattern is characterized by converging trendlines, forming a triangle shape, and indicates a period of consolidation before a potential breakout or breakdown.

1. As the price approaches the apex of the triangle, it suggests that a breakout or breakdown may be imminent. If the price breaks out above the upper trendline, it signals a bullish continuation, indicating that the uptrend may resume. Conversely, if the price breaks out below the lower trendline, it signals a bearish continuation, indicating that the downtrend may resume.
2. In this case, we identified the first target of ABCL's stock price by the Fibonacci retracement level which is set at 145.05. We anticipated a potential breakdown below the lower trendline and a continuation of the downtrend.
3. The second target for the strategy is set at 132.95, which is based on a Pivot level, a price level which has previously acted as a support as well as a resistance level.

2. Fibonacci Retracement:



ABCL's stock price encountered resistance at the 61.8% Fibonacci retracement level approximately two months ago. This level is a significant technical level used in Fibonacci retracement analysis.

1. This is the fourth Fibonacci retracement level and is also known as the "golden ratio" level. It is considered a strong retracement level and is widely used by traders to identify potential support or resistance levels.
2. Recently, ABCL's stock price attempted to reach the 61.8% retracement level again, but it came close to it without actually touching it. However, instead of breaking through and continuing to rise, the stock price has started to decline. This indicates that the level is acting as a strong resistance, preventing further upward movement.
3. The failure to touch and surpass the 61.8% retracement level is a bearish signal for ABCL's stock price. It suggests that there may be selling pressure at this level, which may result in a reversal or consolidation in the stock's price movement.

3. RSI Convergence:



The RSI is a momentum oscillator that measures the strength and speed of price movements. Negative convergence in RSI occurs when the stock's price makes lower highs and the RSI makes lower highs. This can be an early warning sign of potential weakness or downtrend in the stock.

1. In the case of ABCL's stock, we observed negative convergence in RSI, confirming bearish momentum in the stock.
2. The RSI ranges from 0 to 100, with the 70 level generally considered as the overbought threshold, indicating a potential overextended or overvalued condition. When a stock's RSI touches or crosses above the 70 level and then starts to fall, it may signal a bearish or negative trend. In the case of ABCL's stock, we observed that the stock touched or crossed above the RSI 70 level, but then started to fall, suggesting a potential reversal or correction in the stock's price.

4. At Expiry:



The bear spread strategy applied to ABCL's stock was successful, hitting the first target of Fibonacci support on the very first trading day.

1. The Bear Spread strategy applied to ABCL's stock price was successful in achieving the first target of Fibonacci support on the very first trading day.
2. For the duration of the trade the stock remained volatile and came close to our second target by 9 points before expiry.
3. The initial investment in the strategy was Rs 1,97,000. Over the course of 13 trading sessions, the strategy remained profitable for 9 sessions, indicating a high success rate of 69%.
4. The strategy generated a highest profit of Rs 2,61,630, which is a return of 132% on the initial investment. This success can be attributed to the effectiveness of the Bear Spread strategy in capitalizing on the anticipated downward movement in ABCL's stock price based on the bearish signal from the symmetrical triangle pattern and the Fibonacci retracement levels.

5. Functioning:

1. **First Target:** The stock was able to achieve the first target of Fibonacci support on the very first trading day, indicating that the strategy was able to accurately anticipate the price movement based on the Fibonacci retracement levels.
2. **Volatility and Close Approach to Second Target:** Throughout the duration of the trade, the stock remained volatile and came close to the second target by 9 points before reaching the expiry date, indicating potential profitability of the strategy.
3. **Breakdown and Downtrend Confirmation:** The stock gave a breakdown till the trendline of the symmetrical triangle pattern, confirming a short-term downtrend. The convergence of RSI and the stock price helped predict the bearish momentum, and the strategy worked well in capturing the downward movement.
4. **Resistance at Fibonacci Retracement Level:** The stock took resistance at the 61.8 level of Fibonacci Retracement at price 160.60, validating the effectiveness of the strategy in identifying potential reversal or breakout points based on these levels.
5. **Profitability of the Strategy:** The strategy remained profitable for 9 out of 13 trading sessions, indicating a high success rate of 69%. The highest profit achieved was Rs 2,61,630, which is a return of 132% on the initial investment of Rs 1,97,000. This indicates that the Bear Spread strategy was able to capitalize on the anticipated downward movement in ABCL's stock price, based on the bearish signal from the symmetrical triangle pattern and the Fibonacci retracement levels.

JINDAL STEEL & POWER LIMITED (JSPL)

Objective: The objective is to capitalize on the growth potential of Jindal Steel and Power Limited (JSPL), an Indian steel company, while mitigating the potential risks associated with a bearish market in the short term.

Market News:

- **Construction Industry:** After a fall in demand of 27% in FY21, the construction industry showed a growth of 23% in FY22, leading to increased sales for JSPL.
- **Auto Industry:** Strong demand for passenger vehicles, particularly premium cars, and medium/heavy commercial vehicles has boosted the earnings growth of four-wheeler makers, leading to an increase in demand for steel.
- **Energy & Utilities:** The Government of India has identified the power sector as a key area of focus, with initiatives such as sovereign green bonds and infrastructure status for energy storage systems, leading to a rise in demand for steel production.
- **Aerospace and Defense:** A record 75% of the defense capital procurement budget has been earmarked for domestic industry in FY23-24, leading to increased demand for steel in the aerospace and defense sectors.

Stock Trendline:

- JSPL has shown growth in sales due to the recovery in the construction, auto, energy & utilities, and aerospace sectors, which could be positive for the stock.
- However, JSPL's stock may be sensitive to market movements due to its beta of 1.18, indicating higher volatility than the overall market.

Market Analysis:

- The market is expected to be bearish in the short term, which may impact the stock prices of high beta stocks like JSPL negatively.
- Considering the potential risks, a strategy to capitalize on the stock's growth potential while mitigating risks in a bearish market has been implemented.

Strategy:

- A strangle strategy has been implemented, which involves buying a 10 lot of call option strike @550 and a put option with strike @600 prices but the same expiration date.
- We invested 19.4% our portfolio value in the strategy.

Market Events:

- The expected growth in the construction, auto, energy & utilities, and aerospace sectors, as well as the bearish market outlook, influenced the decision to implement a strangle strategy for JSPL.
- The initiatives by the Government of India in the power and defense sectors, along with the stock's high beta value, were also considered in the strategy implementation.

TECHNICAL PARAMETERS – JINDAL STEEL & POWER LIMITED

1. Trend & Target:



The chart for JSP's stock price shows a Symmetrical triangle pattern, which is a continuation pattern that typically forms during an ongoing trend. The pattern is characterized by converging trendlines, forming a triangle shape, and indicates a period of consolidation before a potential breakout or breakdown.

1. As the price approaches the apex of the triangle, it suggests that a breakout or breakdown may be imminent. If the price breaks out above the upper trendline, it signals a bullish continuation, indicating that the uptrend may resume. Conversely, if the price breaks out below the lower trendline, it signals a bearish continuation, indicating that the downtrend may resume.
2. In this case, we identified the first target as the pivot point @523. We anticipated a potential breakdown below the lower trendline and a continuation of the downtrend.
3. The second target for the strategy is set at @500, which is a historical resistance for the stock price.
4. For the upper level we found our first target @634.65 by using a tool called trend-based Fibonacci extension. This tool uses the concept of Fibonacci Retracement to find out the target levels based on the trend. It considers the lowest point and the highest point in 9-12 months and the retracement level from which the stock may go through reversal.
5. We identified the second target @ 662.65 as the historical pivot level of the stock.

2. Fibonacci Retracement:



The Fibonacci Extension tool is a technical analysis tool that is used to identify potential price targets or levels of support and resistance in stock prices. It is based on the Fibonacci sequence, a mathematical sequence in which each number is the sum of the two preceding numbers.

- We took the 6-month low of the stock, selected the latest high and took the nearest retracement point for finding out the target.
- With this we considered two levels of 38.2 (634.05) and 50 (662.15) as our price targets. These levels are identified as the golden ratio. The Golden Ratio is a mathematical constant that is approximately equal to 1.618033988749895. In the Fibonacci series if we divide a number by its preceding second number, we get the same value which is 1.618033988749895.
- We found the lower Target @500 by using the Fibonacci Retracement tool.

3. RSI Convergence:



The chart of JSPL's stock is showing negative convergence in the Relative Strength Index (RSI), which is a momentum oscillator used to measure the strength and speed of price movements.

- Negative convergence in RSI occurs when the stock's price makes lower highs (i.e., the peaks of the price chart are decreasing) while the RSI indicator also makes lower highs (i.e., the peaks of the RSI chart are decreasing as well).
- This negative convergence between the price and RSI could be an early warning sign of potential weakness or a downtrend in the stock. It implies that although the stock's price may still be making higher highs or showing upward movement, the RSI is not confirming the bullish momentum and is showing a weakening of momentum.

4. Exponential Moving Average (EMA):



The analysis of JSPL's chart involved the use of Exponential Moving Averages (EMAs) as a technical indicator to analyze price trends and generate trading signals.

1. The analysis utilized a combination of two EMAs, specifically the 5-day and 21-day EMAs. The 5-day EMA is a short-term moving average that covers approximately one week of price data, while the 21-day EMA is a medium-term moving average that covers over a month of price data.
2. The analysis observed a bearish crossover in JSPL's chart since January 2023. A bearish crossover occurs when a shorter-term moving average (in this case, the 5-day EMA) crosses below a longer-term moving average (in this case, the 21-day EMA). This crossover is considered a bearish signal as it suggests that the stock's price is in a downtrend, with the shorter-term EMA crossing below the longer-term EMA.

5. At Expiry:



The analysis of the chart pattern, specifically the symmetrical triangle, was used as part of a trading strategy during the trading sessions for JSPL's stock.

- The symmetrical triangle is a common chart pattern that indicates a period of consolidation and indecision in the market, with converging trendlines suggesting that a breakout or breakdown may occur. In this case, the stock gave a breakdown, satisfying the symmetrical triangle pattern.
- The stock closed in the downward direction from our entry point and made a low of Rs 530.

6. Functioning:

1. **Symmetrical Triangle Pattern:** The stock displayed a symmetrical triangle pattern, which is a common chart pattern that indicates a period of consolidation and indecision in the market. The converging trendlines suggested a potential breakout or breakdown, and in this case, the stock gave a breakdown from the pattern, indicating a bearish signal.
2. **Bearish Signs on EMA & RSI:** The analysis also revealed bearish signals on the Exponential Moving Averages (EMA) and the Relative Strength Index (RSI), which further supported the bearish outlook. Based on these signals, a bidirectional strategy was implemented to take advantage of potential price movements in both directions.
3. **Downward Movement:** The stock closed in the downward direction from the entry point, and eventually made a low of Rs 530, indicating that the bearish momentum continued to prevail
4. **Profitability of Trading Strategy:** The trading strategy based on this analysis was profitable in 3 out of 13 trading sessions, resulting in a success rate of approximately 23%. The highest profit achieved was 28% or Rs 54,375, indicating that the strategy was able to capture a significant price movement during the profitable trades.
5. **Accuracy of Price Movement Prediction:** The stock moved in the direction of the prediction, coming close to the first target by 7 points, which suggests that the trading strategy was able to accurately anticipate the direction of the stock's price movement. This indicates that the analysis and strategy were effective in identifying the bearish trend and setting a target that was almost achieved.

GODREJ CONSUMER PRODUCTS LIMITED (GCPL)

Objective:

The objective of the strategy is to take advantage of the anticipated high volatility in the market for Godrej Consumer Products Limited (GCPL), an Indian consumer goods company, by implementing a strangle strategy. This involves buying call and put options at different strike prices to profit from potential price movements in the stock.

Market News:

- **Increased Demand in FMCG Sector:** There is a steady increase in demand for FMCG products, including consumables and household items, due to various factors such as post-Covid restocking of inventories, higher rural demand during harvest festivals and agricultural activities, and shifting consumer behavior during the pandemic.
- **Year-End Budget Utilization:** Many companies and households tend to utilize their remaining budgets for the year during the November quarter, which can result in increased spending on FMCG products.
- **Brand Building and Marketing Strategies:** Godrej Consumer Products Limited (GCPL) is actively engaged in brand building and marketing strategies, including television and social media advertisements, to capture a big portion of the market and attract more consumers.
- **Market Size:** The global FMCG logistics market is expected to grow significantly, with a projected CAGR of 2.3% during the forecast period, indicating potential opportunities in the FMCG sector.

Stock Trendline:

The stock of GCPL shows a descending triangle pattern, with a support level at Rs 895.50 and lower highs inside the descending pattern. This is considered a bullish pattern, suggesting a potential upward momentum in the stock after a breakout.

Market Analysis:

Based on the fundamental news and technical analysis of the stock trendline, the market sentiment was not considered favorable for implementing a Bull call spread strategy. Hence, a strangle strategy was chosen, anticipating high volatility in the market.

Strategy:

The strategy implemented is a strangle strategy, which involves buying call and put options at different strike prices. In this case, 12 lots of call options were bought at strike price Rs 950 CE and 12 lots of put options were bought at strike price Rs 890 PE. This strategy allows for potential profits from price movements in either direction, taking advantage of the anticipated high volatility in the market.

Market Events:

Market events such as increased demand in the FMCG sector, year-end budget utilization, brand building and marketing strategies of GCPL, and the projected growth of the FMCG logistics market were considered in the market analysis and selection of the strategy. These events are expected to impact the stock price of GCPL and create potential trading opportunities.

TECHNICAL PARAMETERS – GODREJ CONSUMER PRODUCTS LIMITED

1. Trend & Targets:



The chart shows the price movement of GCP stock over a daily period time frame, and the analysis indicates the presence of a Descending Triangle Pattern, which is considered bullish. The pattern is formed by connecting the lower highs with a horizontal support level, creating a triangle shape on the chart.

- After the formation of the Descending Triangle Pattern, the stock experiences a breakout to the upside, indicating a potential bullish momentum. This breakout is considered highly bullish, as it suggests that the stock may continue to move upward.
- Based on this analysis, the first target is set at Rs 953.70, which is identified as the latest high of the stock and may act as the first level of resistance. This level is expected to be a significant price level where the stock may face some selling pressure.
- The second target is identified at Rs 973.45, using the Trend Based Fibonacci Extension tool. This level is also considered a pivot point for the stock, indicating a potential resistance level. The Fibonacci Extension is a tool used to identify potential price levels beyond the recent high or low, based on Fibonacci ratios.

2. Trend Based Fibonacci Extension:



Based on the bullish pattern of Godrej Consumer Products Limited (GodrejCP), we used a tool trend-based Fibonacci extension to identify potential targets for the stock.

- We identified two target levels: the first target at Rs 954.3, which corresponds to the 38.2% Fibonacci level, and the second target at Rs 972.75, which corresponds to the 50% Fibonacci level.
- The 38.2% and 50% Fibonacci levels are considered "golden" levels, as they are often used to identify potential retracement levels in a trend. In this case, since the analysis is based on a bullish momentum, thus these levels were used as potential targets for the stock.
- The first target at Rs 954.3 corresponds to the 38.2% Fibonacci level, which means that if the stock's price retraces by 38.2% from the previous trend, it could potentially find resistance around Rs 954.3.
- The second target at Rs 972.75 corresponds to the 50% Fibonacci level, which is another important level that could potentially act as a target for the stock's upward movement.

3. At Expiry:



During the duration of the trading sessions the stock moved in the expected direction and gave move in expected direction satisfying the condition of the descending chart pattern.

- The stock hovered over a price range for the first few days and hit our first target on the fifth trading session.
- Till the day of expiry, the stock followed bullish momentum and came close to our second target by 5 points.
- The strategy worked and made a highest profit of Rs 1,32,000 or 75% of the total invested value.

4. **Functioning:**

1. **Descending Triangle Pattern:** The stock followed a descending chart pattern, which was expected based on the analysis. This pattern typically indicates a potential bullish trend, where the stock's price forms higher highs and higher lows over time.
2. **Strangle Strategy:** The chosen trading strategy was a strangle, which involves buying both a call option and a put option with different strike prices. This strategy is used when there is an expectation of high volatility, as it allows for potential profit from both upward and downward price movements.
3. **First Target Achieved:** The stock initially moved within a price range for the first few trading sessions, as anticipated. On the fifth trading session, it hit the first target at Rs 954.3, which was the expected 38.2% Fibonacci level, based on the analysis. This resulted in a positive outcome for the trade.
4. **Bullish Momentum:** The stock continued to show bullish momentum, moving in the expected direction after hitting the first target. By the day of expiry, it came close to the second target, falling short by only 5 points. This indicates that the trade was successful in capturing the upward movement of the stock.
5. **Profitability:** The trading strategy worked well, resulting in the highest profit of Rs 1,32,000, which is equivalent to 75% of the total invested value. This indicates a successful trade, as the stock's price movement aligned with the expected direction and the chosen strategy of the strangle helped to capture the momentum.

CONCLUSION

In conclusion, our implementation of technical analysis, market events, and market analysis in developing and implementing a short-term bearish view in NIFTY, along with bidirectional strategies involving strangles, has proven to be successful. Our portfolio reached a maximum profitable value of 5,84,215 or 58.4% of the total portfolio value, with a high success rate of 77%. This indicates that our strategies based on a clear understanding of the index and utilizing various tools and techniques have yielded profitable results.

The use of technical analysis, which involves analyzing historical price data and market trends, has helped us identify potential opportunities for profit in the market. By combining this with our understanding of market events and conducting thorough market analysis, we were able to create strategies that aligned with our short-term bearish view on NIFTY. These strategies mostly involved bidirectional strategies such as strangles, which allowed us to profit even from stocks giving breakdown from patterns.

The success of our portfolio, with a maximum profitable value of 58.4% and a high success rate of 77%, indicates that our approach has been effective in managing risk and generating profits. It also highlights the importance of having a well-defined strategy and a clear understanding of the market dynamics.

An important aspect of our success is not solely attributed to technical analysis, but also to our ability to adapt our strategies based on market events and ongoing analysis. The flexibility and agility in our approach, allowing us to respond to changing market conditions, have been crucial in achieving profitable results.