

List of Topics / Activities

Part 1

- 1. Fundamental of Stock Market**
- 2. Basics of Stock Trading**
- 3. Discussion on Stock Trading**
- Business Verses Gambling

Part 2

- 1. Basics of Stock Analysis**
- 2. Dow Theory**
- 3. Price Patterns**
- 4. Candlestick Analysis**
- 5. Gap Analysis**
- 6. Fibonacci Retracement & Technical indicators**

Part 3

- 1. Understanding Trading Instruments**
- 2. The Effective utilization of Futures and options**

Part 4

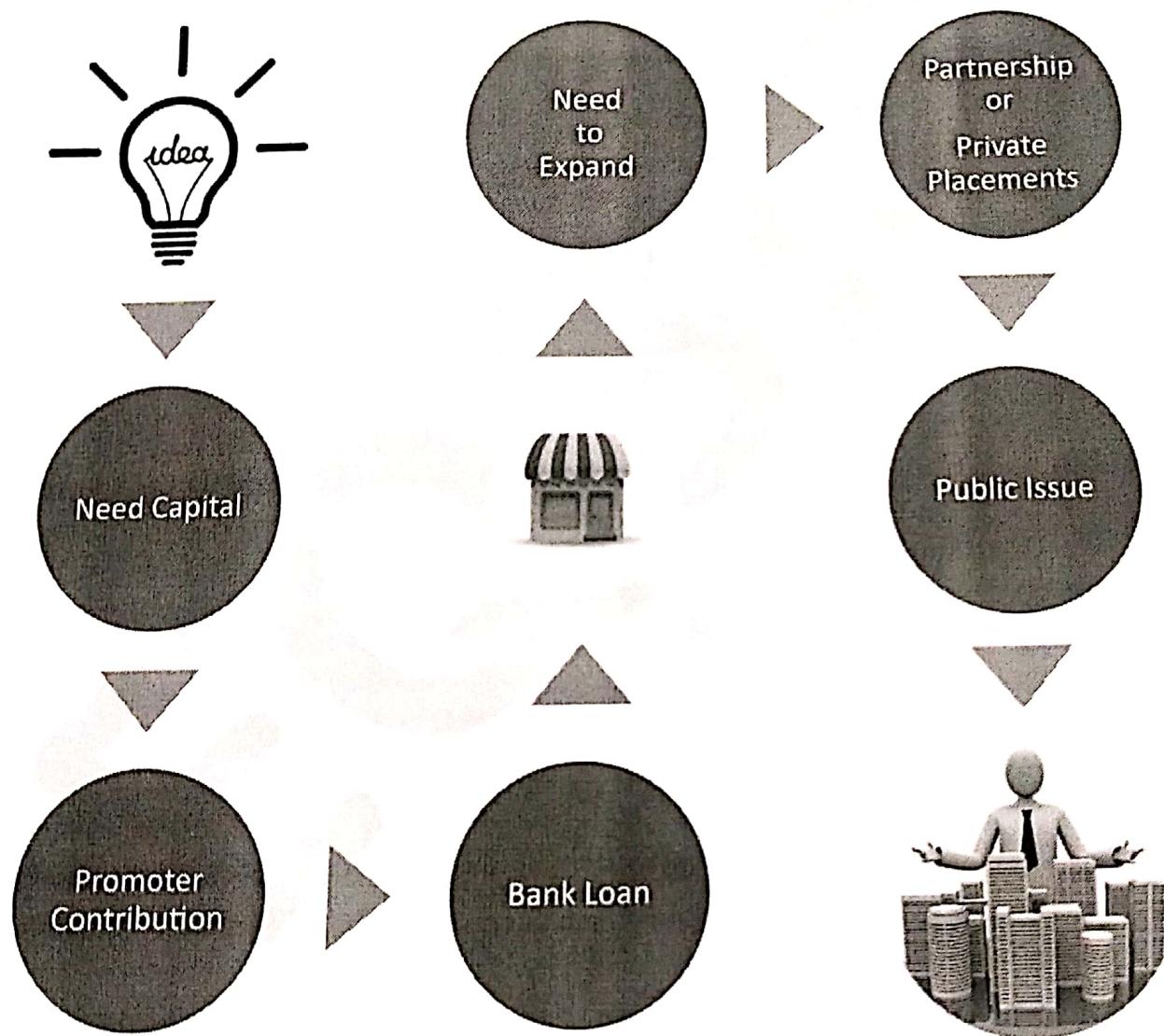
- 1. Tracking Real Time Market**
- 2. Intraday Analysis**

Part 5

- 1. Practice Session**
- 2. Question & Answer Session**

Basics of Stock Market

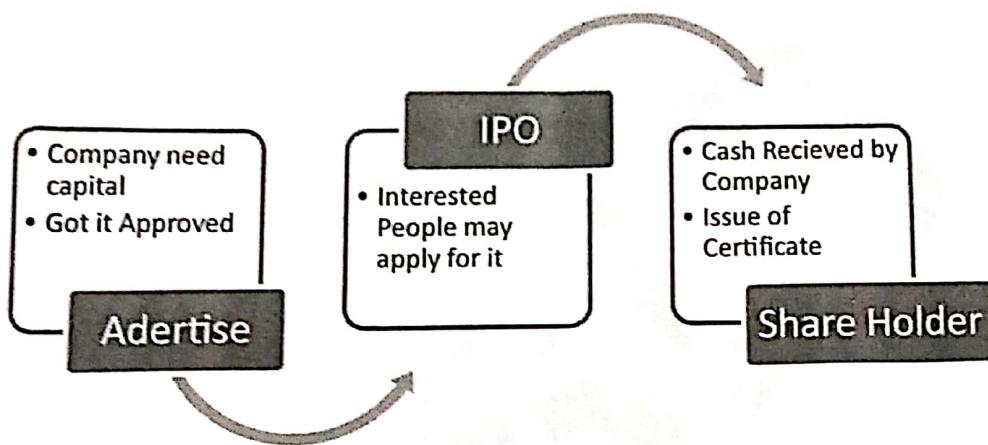
➤ The Business and its Capital Structure



Notes:

Basics of Stock Market

➤ The Process of getting public money



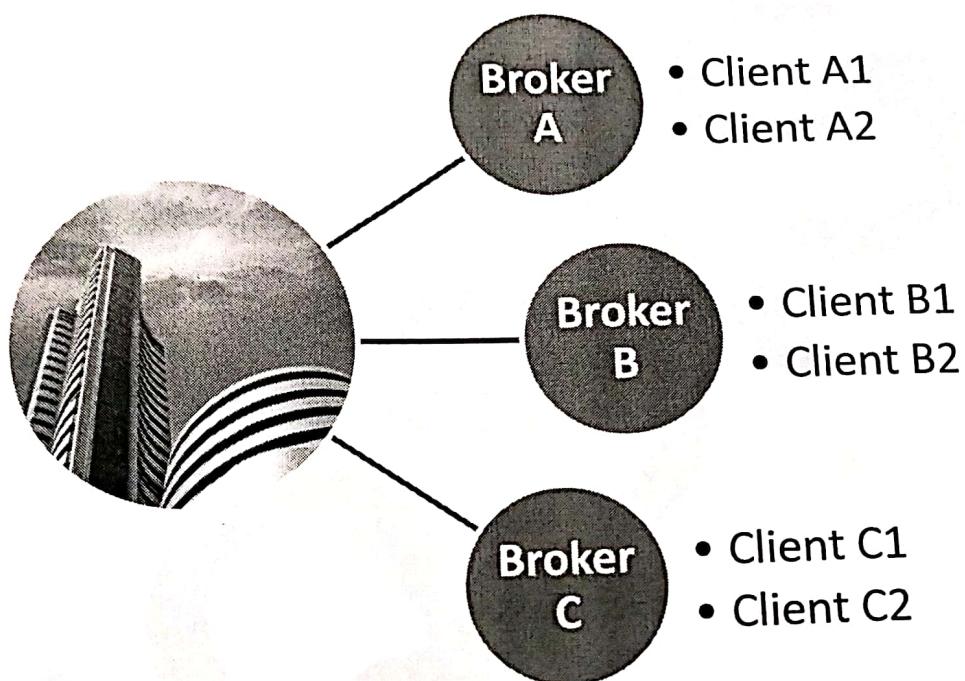
➤ Basic Market Terms

- ✓ Equity
- ✓ Company Vs Management Vs Share Holder
- ✓ Dividend
- ✓ Primary Market Vs Secondary Markets
- ✓ Face Value Vs Share Price
- ✓ Zero Sum Game

Notes:

Basics of Stock Trading

➤ Stock Trading Mechanism



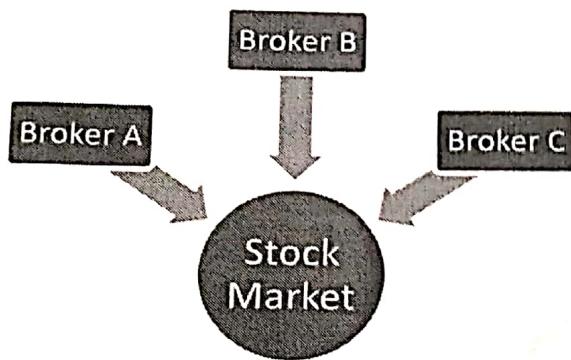
➤ Basic Trading Terms

- ✓ Order
- ✓ Trade
- ✓ Buy / Sell
- ✓ Long
- ✓ Short
- ✓ Intraday Vs Positional Trading

Notes:

Trading Mechanism - Order / Trade

➤ Order Queuing Mechanism



1. Order Book - Sunpharma

Bid Qty	Bid price	Ask Price	Ask Qty
25	725.00	725.50	75
75	724.00	725.75	25
16	723.95	726.00	125
75	723.50	726.80	142
5	722.00	727.00	17

➤ Basic Trading Terms

- ✓ Order
- ✓ Trade
- ✓ Buy / Sell
- ✓ Long
- ✓ Short
- ✓ Intraday Vs Positional Trading

Notes:

Business Vs Gambling

➤ Which is business?

✓ Risk Vs Reward



Knowledge – An ability to identify the Risk Vs Return.

Discipline – Taking Rational Decision

Business – Trading with Knowledge and discipline

(Expected Return Greater than Expected Risk)

“Only 5% of Stock Traders are successful”

➤ Basic Trading Terms

- ✓ Participants
- ✓ Risk Vs Returns
- ✓ Rational
- ✓ Income, Expenses and Profit / Loss
- ✓ Success Ratio

Notes:

Necessity of Stock Analysis

➤ Basics of Valuation



Each Pen is how much?

Pen Model: Fine Grip – Writing Color Black

Rs.5 or Rs.22

Fundamental Analysis – All about studying company in detail

Technical Analysis – It is about studying Market

“Technical Analysis is an Artistic Research”

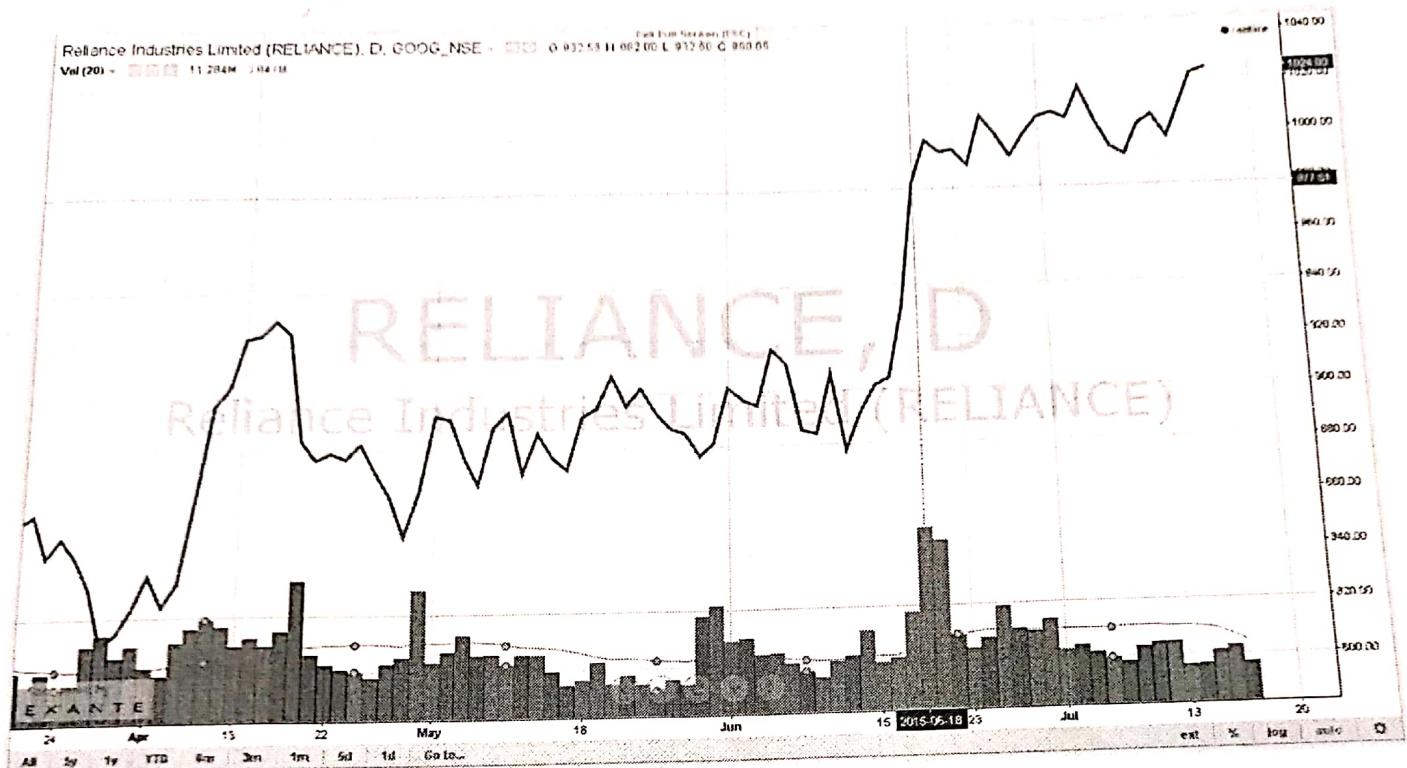
➤ Basic Analysis Terms

- ✓ Futures Earning
- ✓ Qualitative vs. Quantitative information
- ✓ Market News Vs Action
- ✓ Demand and Supply
- ✓ Trend Forecasting Vs understanding

Notes:

Basics of Technical Analysis

“Technical analysis studies Demand and Supply in an attempt to determine the market's direction.”



- ✓ It accounts traded price and volume
- ✓ It provides solution to “WHEN” to Buy or Sell

➤ Key Terms

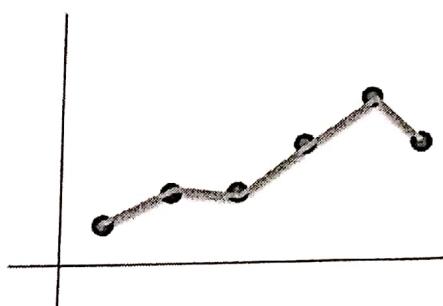
- ✓ Price
- ✓ Volume
- ✓ Daily Chart, Weekly Chart, Monthly Chart
- ✓ Intraday Charts

Notes:

Types of Charts

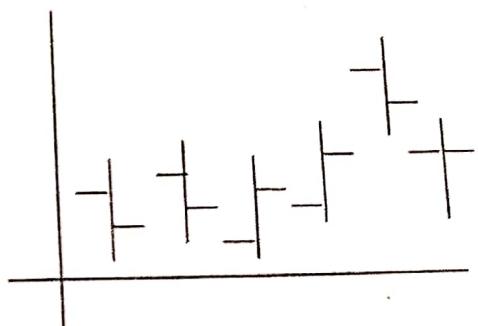
“Technical Analysis primary working platform is Charts”

Line Chart:

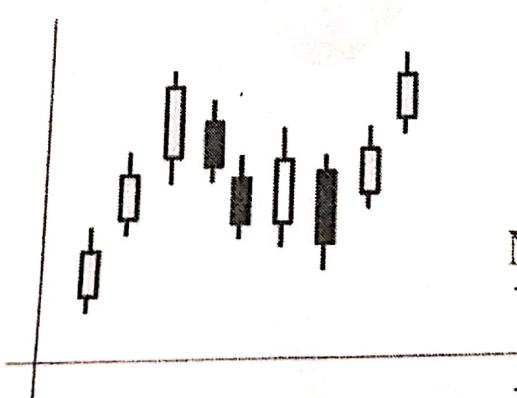


Note:

Bar Chart:



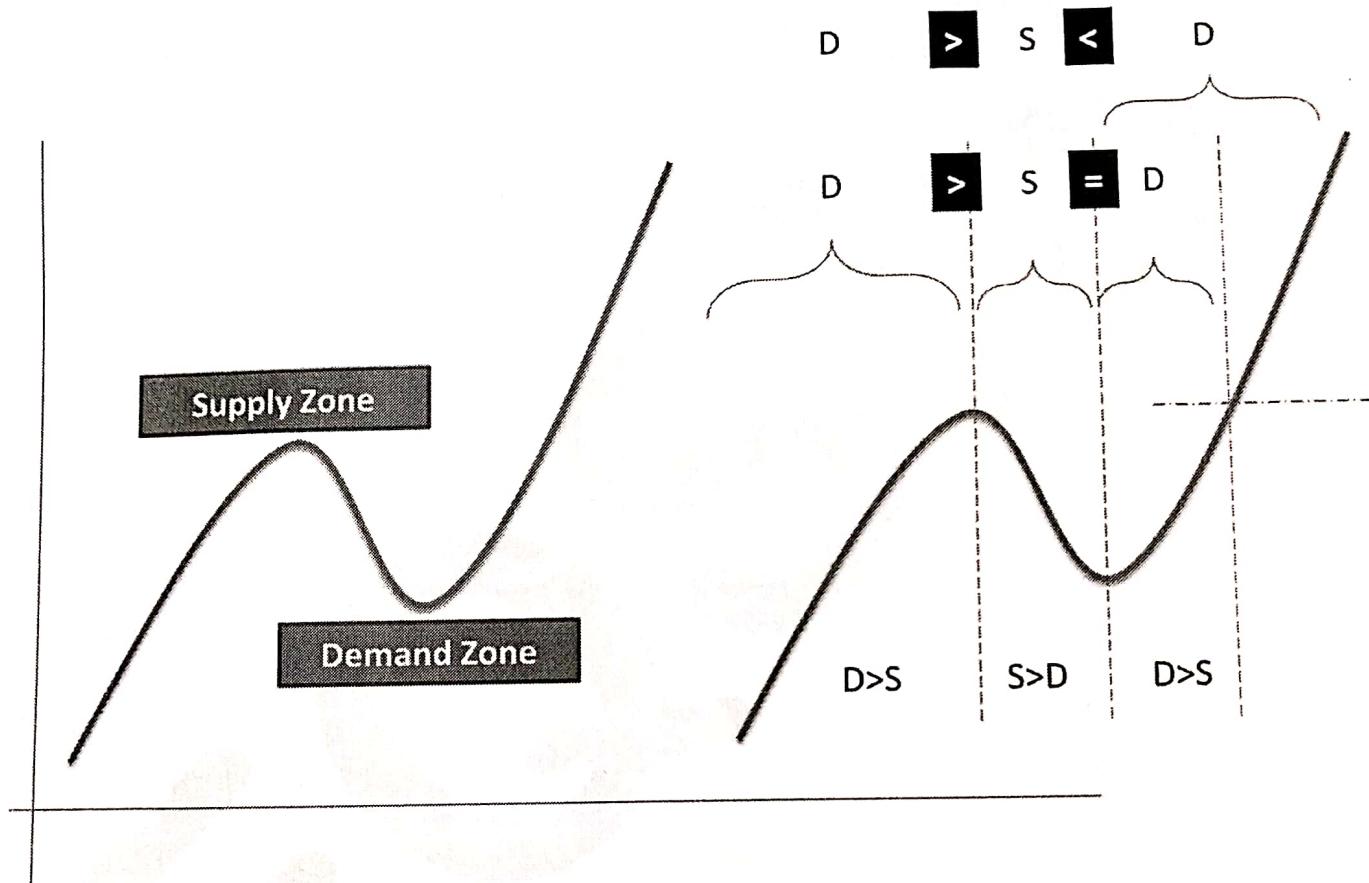
Candlestick Chart:



Note:

“Old but a Golden Concept”

➤ Concept Behind Demand and Supply



When to Buy?

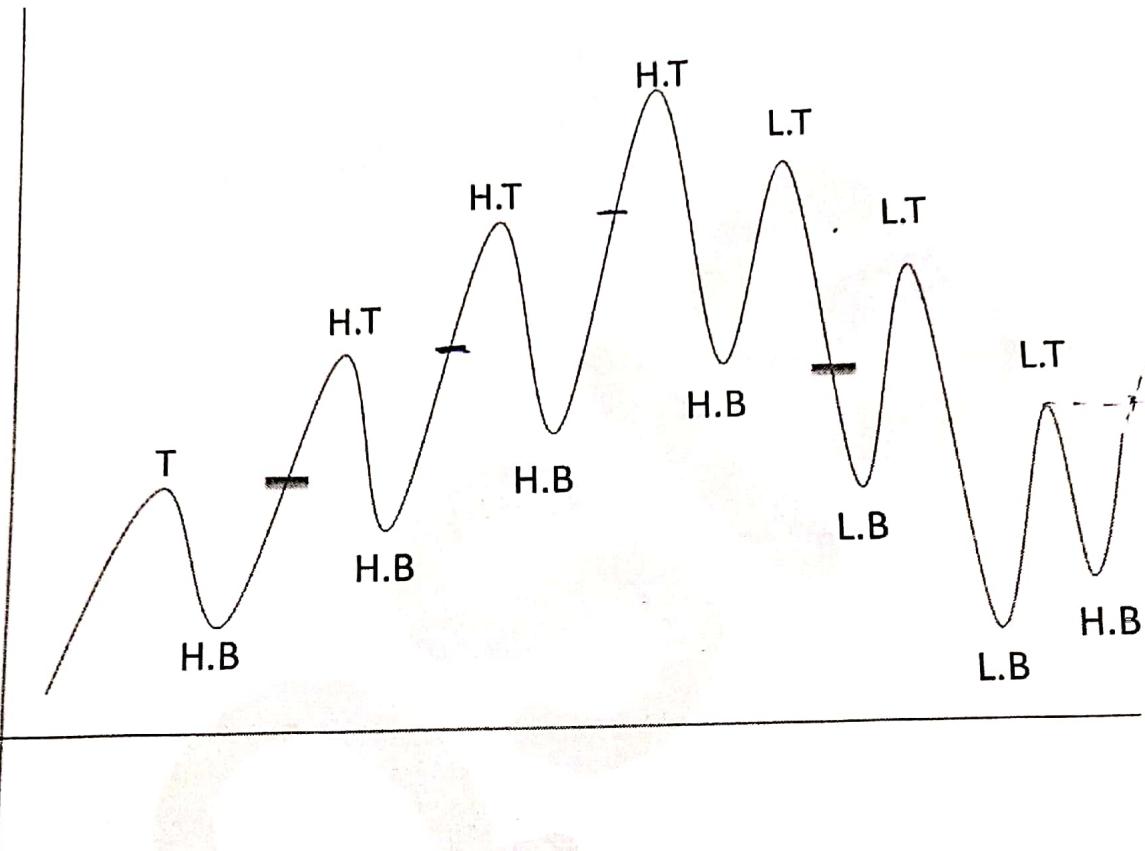
Demand > Supply - Demand Relatively Stronger than Supply.

When to Sell?

Supply > Demand - Supply Relatively Stronger than Demand.

Notes:

Dow Theory



Dow Theory Conditions for Bullish:

1. Higher Bottom – Higher Top Sequence
2. High Volume
3. No Divergence Between the Index/Sector and Stock

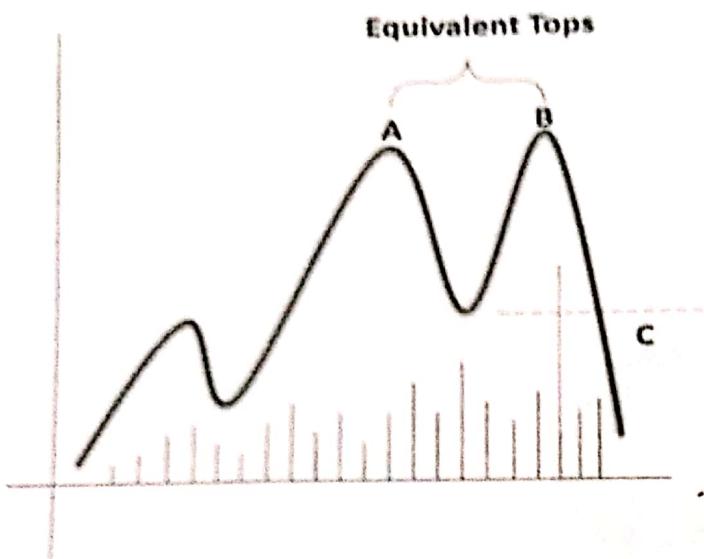
Dow Theory Conditions for Bearish:

1. Lower Top – Lower Bottom Sequence
2. High Volume
3. No Divergence Between the Index/Sector and Stock

Notes:

Double Top / Bottom

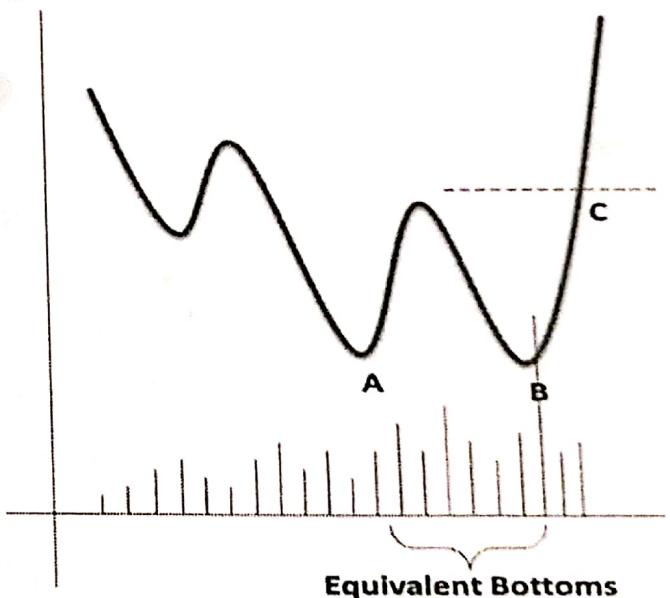
Double Top:



1. Two Equivalent Top
2. Volume at Point B or Point C should Be High
3. Duration between the Point A and point B Should be Min 20 Days
4. Short positions can be considered below Previous Low (Ref point C)

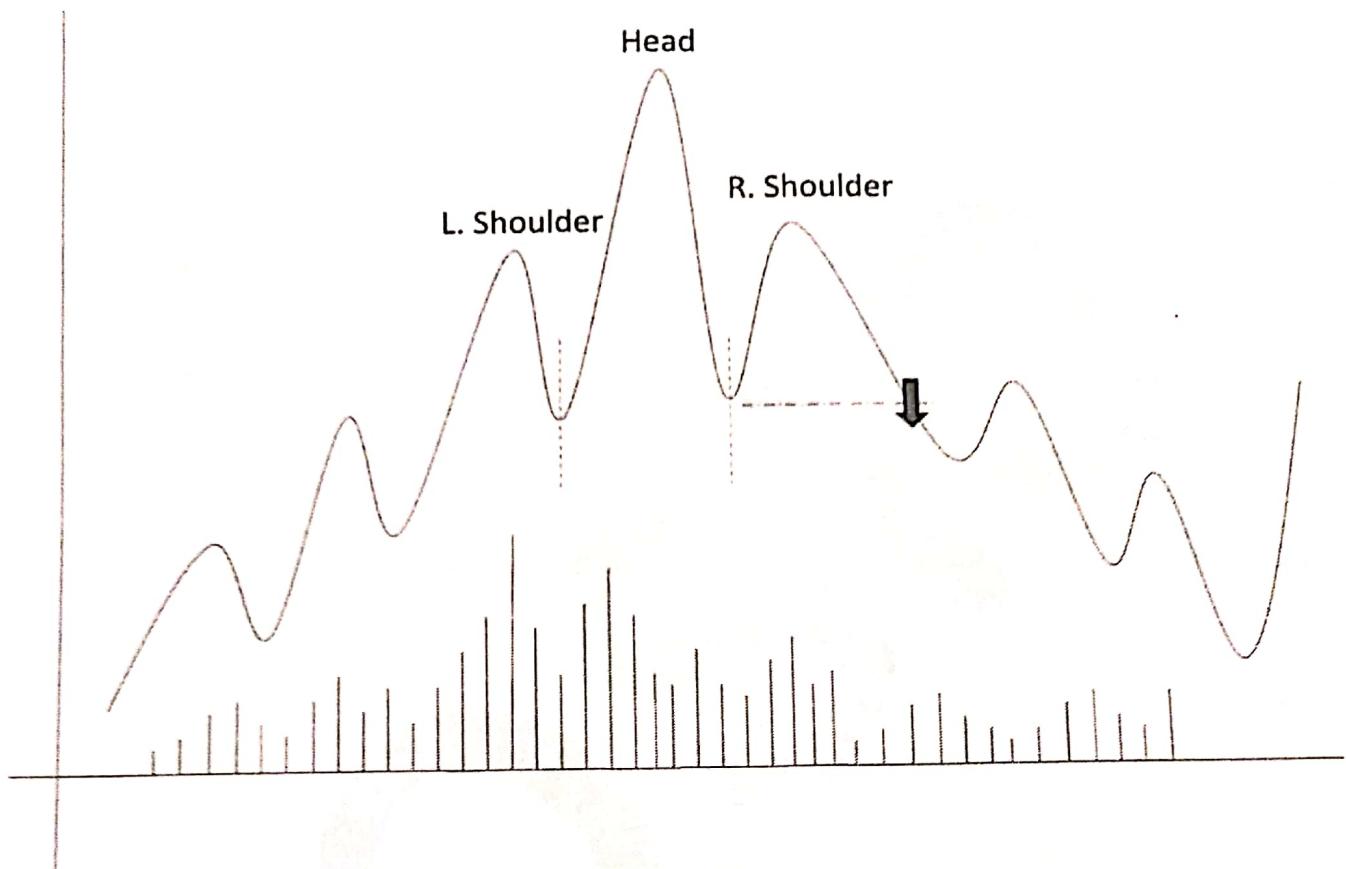
Double Bottom:

1. Two Equivalent Bottom
2. Volume at Point B or Point C should Be High
3. Duration between the Point A and point B Should be Min 20 Days
4. Long positions can be considered above Previous High (Ref point C)



Notes:

Head and Shoulder



A Distribution Pattern:

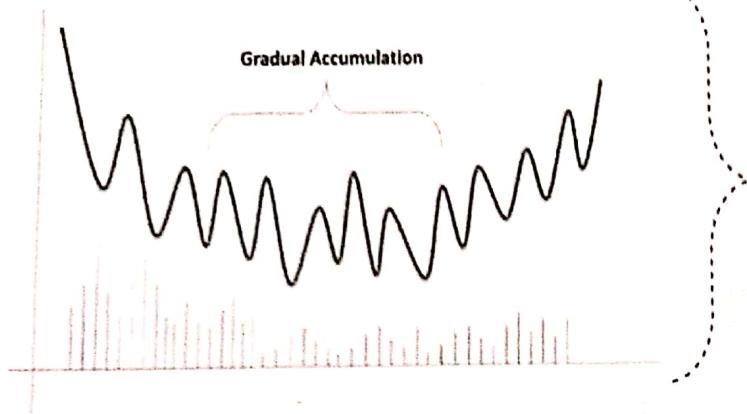
1. Significant rally prior to the Head and Should Structure indicated the trend reversal
2. The Head should be the highest among the recent price action.
3. Generally, the Volume during the L. Shoulder should be highest .
4. The Duration to form the each pattern (Shoulder, Head, Shoulder) is minimum 1 month.
5. R. Shoulder volume should be as low as possible.
6. Short position can be considered while breaking down the Neck Line

“The Inverted Head and Shoulder Pattern indicates the Accmulation Scenario”

Notes:

Price Patterns

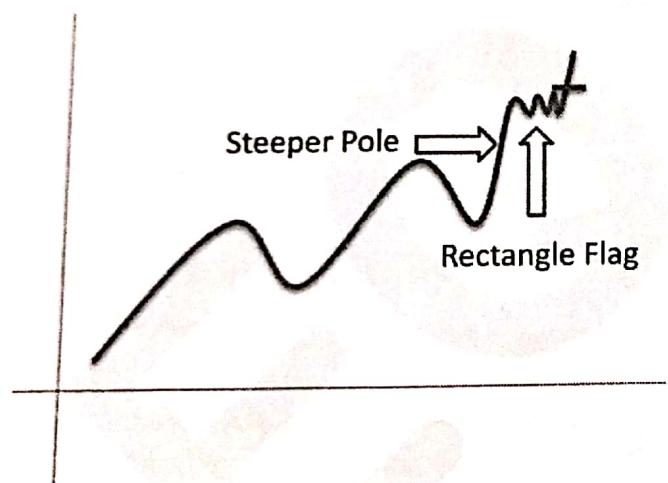
CUP Pattern:



1. Cup patterns are generally powerful if it takes long time to construct.
2. During the rounding bottom, the volume is expected to be low as possible
3. The correlation between the market to the stock should be low during the MID of pattern

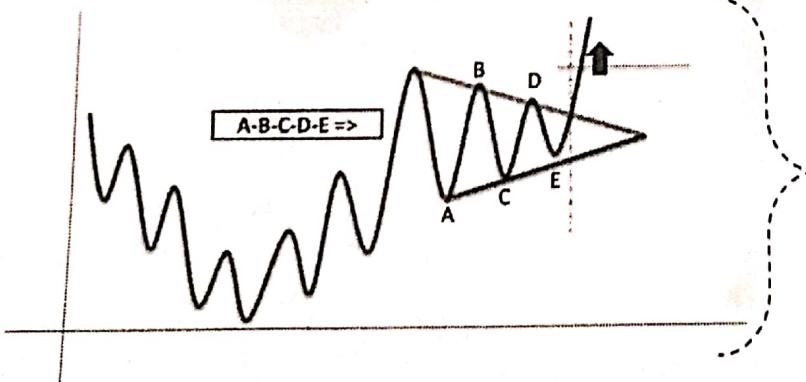
* Generally the inverted CUP is rare as distribution take place in short span of time.

Flag Pattern:



1. A Steeper Pole
2. Rectangular shaped sideways movement can be considered as Flag
3. Generally take less time to form. (4 - 7 days)
4. Positive Pole Flag should give Positive Break out.
5. Volume is expected to increase while giving breakout.
6. Flag should not drift lower, Bearish Variant is equally powerful.

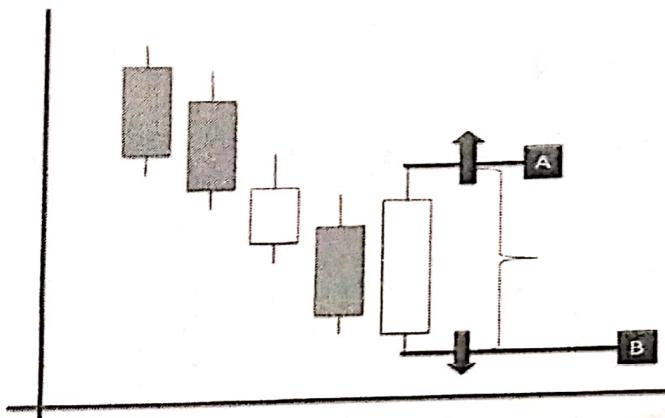
Triangle:



1. 5 Wave Corrective pattern (A-B-C-D-E) should form a triangle shaped structure.
2. The Triangle Area should be minimum 1.5 months.
3. Triangle breakout expected around 70% Zone
4. Volume Required to confirm breakout

Candlestick Patterns

Bullish / Bearish Engulfing:

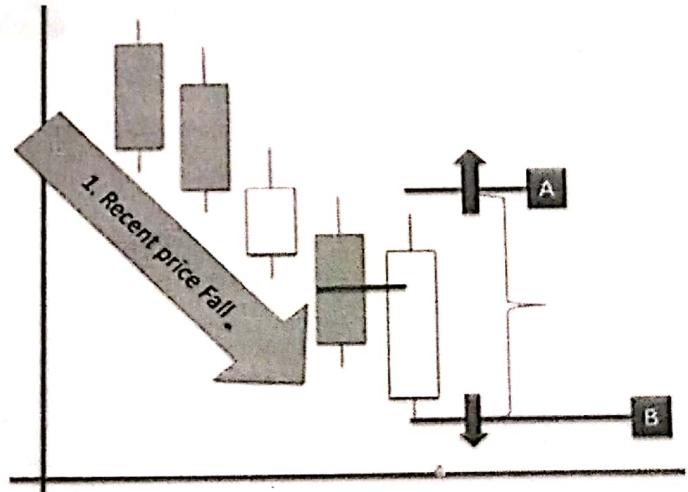


1. The Recent fall in price should be witnessed.
2. The latest Bullish Body should cover the Previous Days Bear Body.
3. The Slight increases in trading volume is expected during any the last two days

Notes:

Bullish / Bearish Piercing Line:

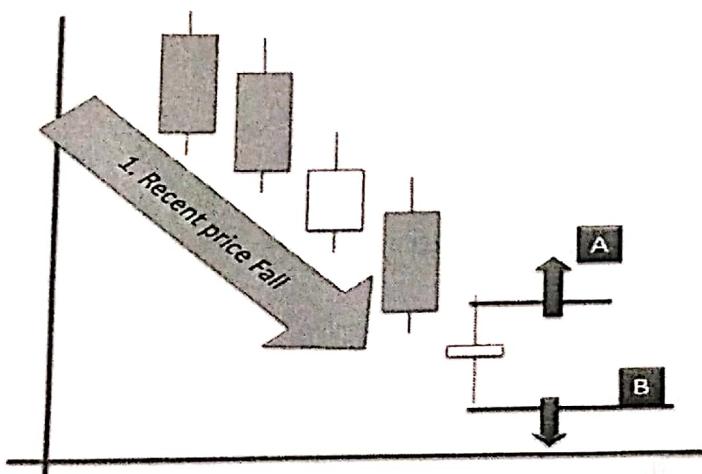
1. The body should cover the Previous Day's LOW.
2. Today's Body Should Cover at-least 50% mark of Prev. Body
3. The upper tail should be small in size



Notes:

Candlestick Patterns

DOJI: Neutral.

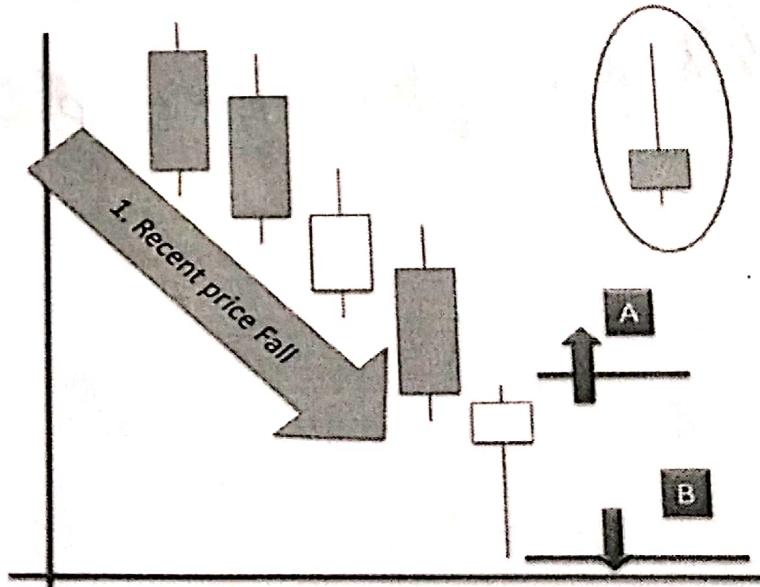


1. Appearance of DOJI after a significant Rally / fall indicates temporary pause.
2. Generally, The DOJI with High volume indicates Trend Reversal
3. The DOJI followed by a sideways movement may not be considered.

Notes:

Hammer / Hanging Man

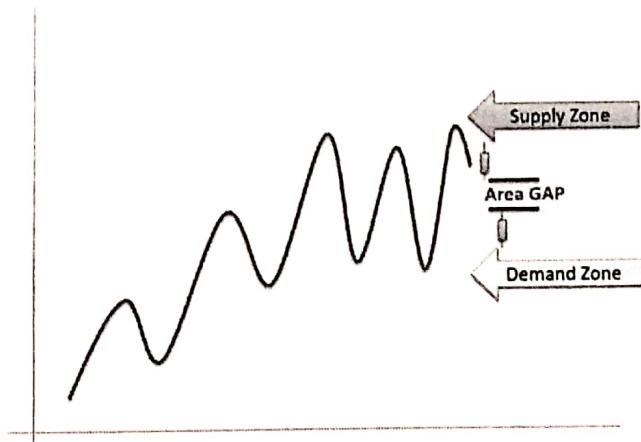
1. Hammer lower tail should be min two times of its body size
2. Hammer should be Green in color
3. The Upper tail should invisible or very small in size.
4. Volume should be High during Hammer Day



Notes:

GAP Analysis

Area GAP:

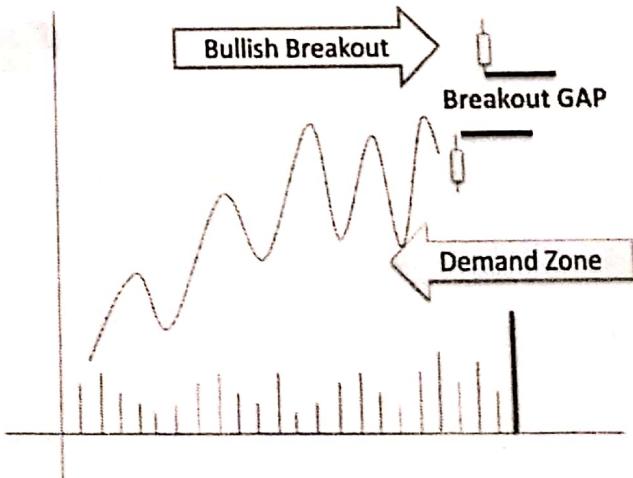


1. Area gap will appear inside the Trading Range
2. Area Gap may be filled in near term
3. The Volume during the Gap day is generally Low.

Notes:

Breakout GAP:

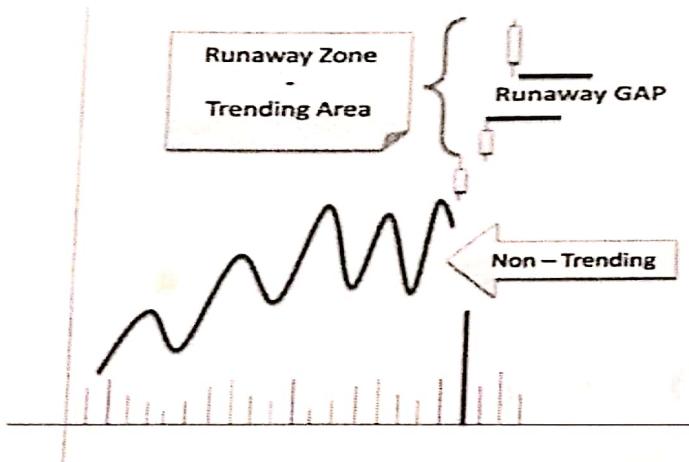
1. Breakout Gap appear only when price give breakout from its trading range.
2. Area Gap may not be filled in near term
3. The Volume during the Gap day should be High



Notes:

GAP Analysis

Runaway GAP:

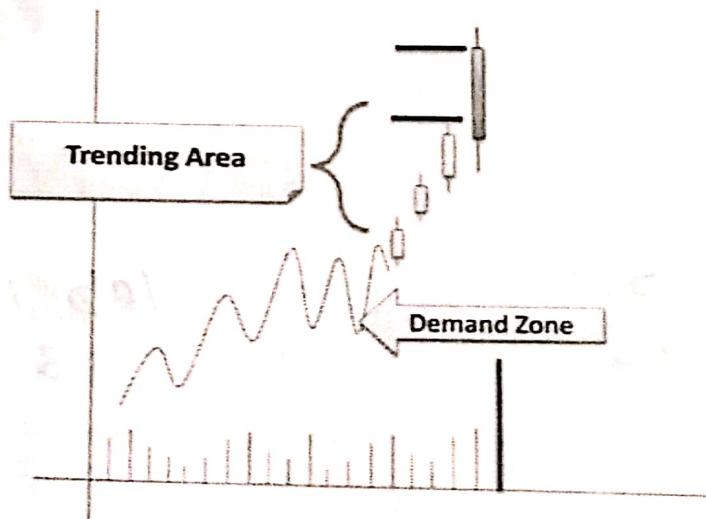


1. Post Breakout, The Runaway scenario take place, Runaway Gap appear inside this Area.
2. Area Gap may not be filled in near term
3. The close should be at its day's High during Runaway GAP
4. The Volume is distributed evenly during the day

Notes:

Exhaustion Gap :

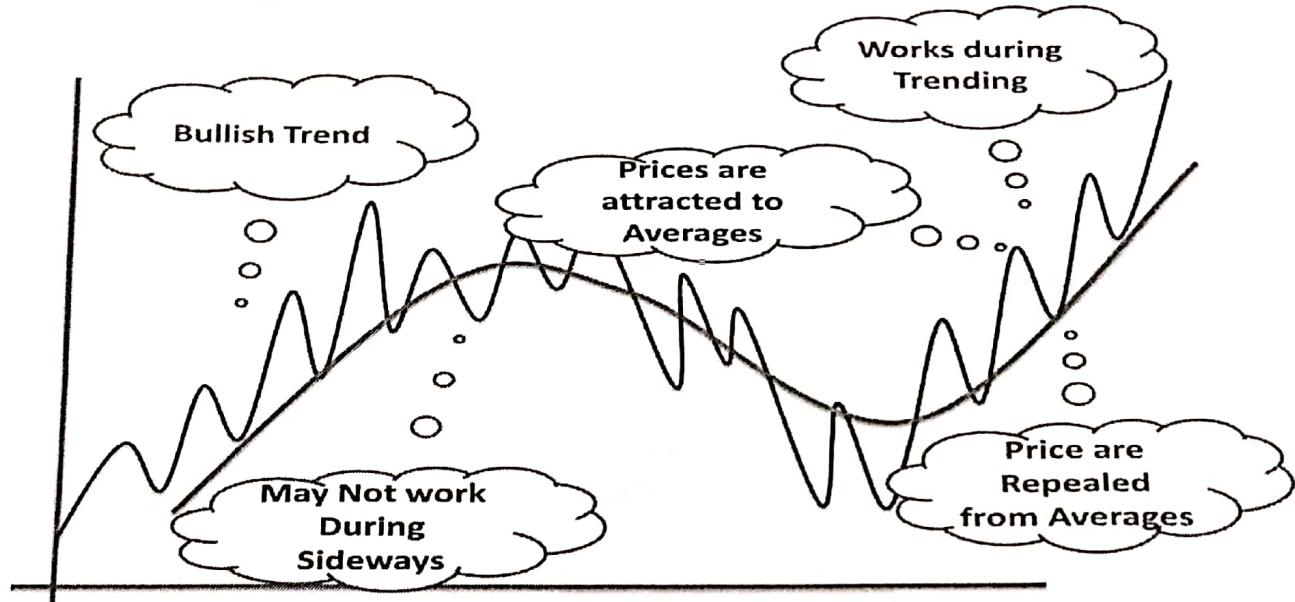
1. The GAP Appear after a trending zone seems to be a Runaway GAP, but if it get filled on a same DAY then it can be considered to be Exhaustion Gap
2. The close should be at its day's Low during Runaway GAP
3. The Volume is **should be very high** during the day to terminate the existing trend.



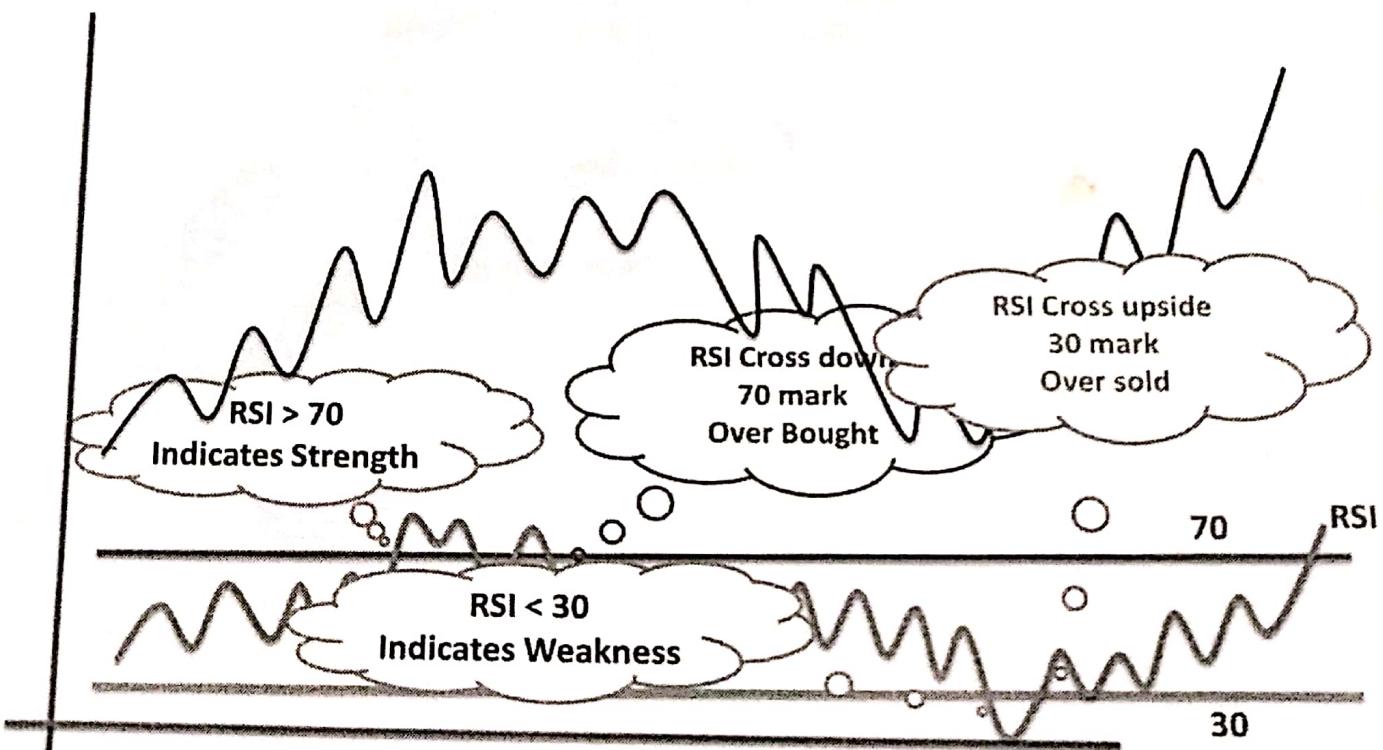
Notes:

Technical Indicators

Moving Average :

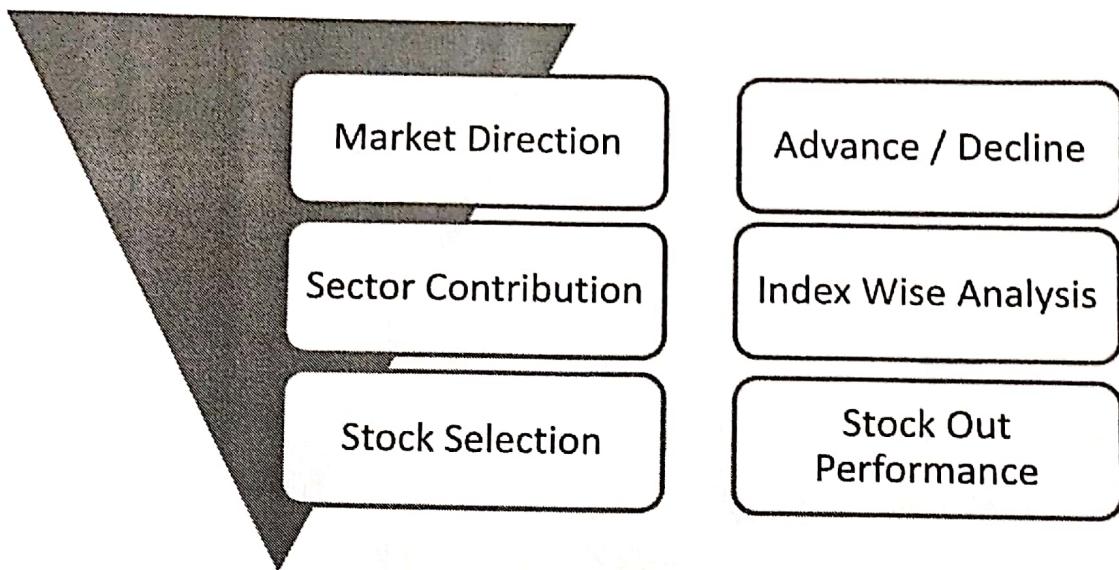


Relative Strength Index (RSI) :



Intraday Analysis

Top Down Approach



Notes:

Market Direction:

- Global Markets - Euro Markets (non Sector) - Negative ...
- FIA activity - Recent performance - Positive ...
- Nifty fifty - Indian Market - Negative ...
- Advance decline Ratio - Market Breath - Negative (Price wise)
- Advance decline Ratio - Turnover ratio - Negative .

Index Contribution:

Select two top two leading Sectors - Real estate & Pharma.

Stock Selection :

Price Wise : Delta Corp, DBR estate, HDIL

Turnover wise DBR estate, DLF, HDIL, Delta Corp .

Stock Name: DBR estate Trade: Short Entry Price: 232 Stoploss: 238 Target: 226