

ValueMax

Monthly Investment Ideas

ValueMax helps clients to take a long stance on stocks from the **S&PBSE-100** universe. Comprising monthly technical investment ideas, **ValueMax** will have 10 stock recommendations, which will be issued at the beginning of every month. The selection and recommendation criteria will be based on **technical analysis**.

ValueMax will be made available to the dealers and relationship managers through Karvy Mail. A brief technical report on the ideas will also be released, justifying our view on the stocks and the reason for the selection. The report is also available on **Karvy online websites**. Book profit/exit messages will be communicated during the **LIVE market** on **NEST** (trading terminal) under the head **ValueMax**.

Please find the **ValueMax** investment ideas for **September 2018**.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
BHARATFORG	AUTO-ANCL	679.05	BUY	640	615	745	760
CIPLA	PHARMA	662.15	BUY	630	606	730	750
COLPAL	FMCG	1169	BUY	1125	1080	1260	1295
GRASIM	CEMENT	1067.5	BUY	1030	995	1140	1180
HCLTECH	IT	1046.45	BUY	990	945	1175	1220
HINDALCO	METAL	237.95	BUY	228	213	270	280
LT	CG	1370	BUY	1285	1240	1500	1535
PETRONET	ENERGY	247.95	BUY	235	224	276	294
PIDILITIND	CD	1168.65	BUY	1124	1082	1258	1290
SBIN	BFSI	310.3	BUY	293	280	352	365

CMP: Current Market Price; **SL:** Stop Loss; **TGT:** Target

Note: All charts are sourced from Spider Software.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
BHARATFORG	AUTO-ANCL	679.05	Buy	640	615	745	760



Key levels

Moving averages		Support	Resistance
21 day EMA	658	660	710
50 day EMA	656	640	745
200 day EMA	524	615	760

- ✓ BHARATFORG witnessed a strong up move from the lower levels of 600 to 680 within a short time frame of fifteen days. The stock is trading above the mean of the Bollinger band (20,2) and is rolling on the upper band of the same from past few sessions.
- ✓ The stock made a high of 799 in March 2018 and witnessed a round of profit booking which dragged the counter to the lower levels of 580-600 levels. Thereafter, the stock consolidated in the short trading range for few weeks and formed a good around the same. The volumes have been encouraging in the recent up move indicating strong hands have started accumulating the stock even at current levels.
- ✓ In the short term trade set up, the stock has given "Inverted Head & Shoulder breakout" with good volumes and a gap up opening whose target is pegged around 745 to 750 levels with neckline placed at 655 levels on the lower side.
- ✓ On the daily charts, the stock is also having an unfilled gap below the 580 levels which has acted as a good support for the medium to long term perspective. At current juncture, the stock is looking bullish and is poised to surge higher towards 660 plus levels with 14 day RSI trading comfortably around 60-63 levels suggesting positivity in the counter.
- ✓ Among the indicators, The Parabolic-SAR is placed below the price on the daily chart, re-iterating our positive stance in the counter.

Our take: As per the above observations and the data facts, we expect the stock to trade in the bullish trajectory and also may outperform its peers in the next few weeks. We recommend to long in the stock around current levels for the targets of 745-760 levels and accumulate further around 640 with a stop loss placed below 615 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
CIPLA	PHARMA	662.15	Buy	630	606	730	750



Key levels			
Moving averages		Support	Resistance
21 day EMA	644	640	660
50 day EMA	628	615	705
200 day EMA	599	600	750

- ✓ CIPLA is one of the oldest and most diversified pharma companies in India. In last couple of weeks stock price has gradually moved higher exhibiting buying interest in the counter.
- ✓ The stock has placed an all time high 752 in the mid of Mar'15, post which it consistently dragged lower till 457 levels made in the end of May'16. Technically stock has retraced 78.6% projected from the lows of 378 to an all time high of 752, depicting strong reversal point for the stock.
- ✓ After placing a swing low of 457 in the end of May'16 stock price entered into a consolidation phase, between 480-620 levels. In end of May'18 after testing lower boundary stock price gained momentum and managed to cross and sustain above upper resistance area, giving a confirmation of valid breakout from consolidation. To support the fact stock has also given a breakout from falling trend line adjoined from all time highs to next swing high, with spurt in volume, reaffirms buying interest in the counter.
- ✓ On the technical setup stock price is holding well above its major 200-DEMA and also above its 21 & 50-DEMA.
- ✓ On the weekly momentum setup, oscillator 14-period RSI is gradually inching higher towards overbought territory, while on the daily setup it is holding above equilibrium levels, reaffirming underlying strength in the counter. Also on Bollinger Band (20,2) stock price after testing lower band smartly rebounded towards upper band.

Our take: The stock price witnessed smart rebound post finding support above its 50-DEMA, and it seems that the momentum is likely to continue over coming sessions as well, which may take prices further higher over the coming month. Hence one may consider buying stock at current market price and average the stock price on any dip towards 630 level for the upside target of 730 and 750, placing a stop loss below 606 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
COLPAL	FMCG	1169	Buy	1125	1080	1260	1295



Key levels

Moving averages	Support	Resistance
21 day EMA	1150	1200
50 day EMA	1150	1260
200 day EMA	1123	1300

- ✓ COLPAL has closed on a flat note for the week whereas NIFTY FMCG has closed with positive returns of more than 1.50%. During the month of Aug 2018, the stock has given a positive return of around 2%; underperforming the sector index i.e. NIFTY FMCG which has given a stellar return of more than 6% month on month basis. The stock is expected to outperform in the coming trading sessions.
- ✓ The stock after clocking life time high of 1281.70 levels on 21st May, 2018 slipped from the higher levels towards 1060 levels in a span of 2 months. The stock corrected around 17% from its all time highs. Since then the stock has not retested the panic low of 1067.55 clocked on 27th July, 2018. The stock has been gradually edging higher since then after minor pullbacks. The stock seems to be well poised to surge higher towards 1260, sustaining above which it may trade in the uncharted territory. The stock has been witnessed to trade with notable volumes, suggesting accumulation in the stock around the lower levels.
- ✓ The stock is trading above its 21/50/100/200-DEMA on the daily and weekly charts, indicating inherent strength in the counter in the said time frames.
- ✓ Among the indicators, the 14-day RSI has already given a positive crossover with the 9-day signal line on the daily and weekly charts, reaffirming the bullish biasness in the counter which is likely to continue in the near term. The Parabolic-SAR is placed below the price on the daily chart, re-iterating our positive stance in the counter.

Our take: The recent price action suggests that the positive momentum in the stock is likely to continue and the counter is expected to trade higher in the coming trading sessions. Thus, we recommend buying the stock for the targets of 1260-1295 levels and add further on any dip towards 1125 levels with a stop loss placed below 1080 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
GRASIM	CEMENT	1067.5	BUY	1030	995	1140	1180



Key levels

Moving averages		Support	Resistance
21 day EMA	1038	1050	1095
50 day EMA	1024	1030	1140
200 day EMA	1052	1000	1180

- ✓ GRASIM has gained more than 4% during the last month where as the broader index i.e. Nifty 50 ended with gains of around 3% during the said time frame. The stock has outperformed the index and is likely to continue to do so in the coming trading sessions as well. The overall chart structure of the stock suggests formation of higher highs and higher lows on the daily chart, indicating that the stock is expected to extend gains in the short term.
- ✓ On the weekly charts, the stock has given falling trend line break out around 1000 levels and has been sustaining well over it since then. The stock formed "Morning Star" pattern after it found support around 914 levels and staged a bounce to end higher during the week. Since then, the stock has been heading higher with minor pullbacks.
- ✓ The stock is trading above its 21/50/100/200-DEMA on the daily and weekly charts, indicating inherent strength in the counter in the said time frames.
- ✓ Among the indicators, the 14-day RSI has already given a positive crossover with the 9-day signal line on the daily and weekly charts, reaffirming the bullish biasness in the counter which is likely to continue in the near term. The Parabolic-SAR is placed below the price on the daily chart, re-iterating our positive stance in the counter.

Our Take: The recent price action suggests that the positive momentum in the stock is likely to continue in the coming trading sessions. Thus, we recommend buying the stock for the targets of 1140-1180 levels and add further on any dip towards 1030 levels with a stop loss placed below 995 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
HCLTECH	IT	1046.45	Buy	990	945	1175	1220



Key levels			
Moving averages		Support	Resistance
21 day EMA	1002	11020	1100
50 day EMA	915	990	1175
200 day EMA	899	945	1220

- ✓ HCLTECH is one of our preferred counters from the IT space. The stock has outperformed NIFTIT during the last month and has generated more than 10% return whereas the NIFTYIT closed with a positive return of nearly 8% during the last month.
- ✓ Adding to that, stock is in uptrend and trading well above its 21/50/100/200 DEMA levels with positive price structure on daily chart as well as on weekly chart exhibiting strength in the counter in all time frame.
- ✓ Among the indicators and oscillators, the 14-day RSI has already given a positive crossover with 9-day signal line on daily chart and is poised with bullish bias, clearly indicating the bullish trend in the stock is likely to continue and the counter is expected to head higher in the near term. The Parabolic SAR (Stop & Reverse) is placed well below the price on daily as well as on weekly chart, suggesting buying will remain intact in the counter in near term.
- ✓ The MACD is trading above the signal line in buy territory on weekly chart, indicating positive momentum in the stock is likely to continue in coming trading weeks. On the weekly charts, the stock has touched its Bollinger band upper band and the band is widening indicating the positive momentum in the stock.
- ✓ From the above observations it is evident that stock is likely to surge higher and outperformed its peers in coming trading weeks and move higher towards its resistance levels by next month

Our take: The recent price action suggests that the positive momentum in the stock is likely to continue in the coming trading sessions as well. Hence, we recommend buying the stock for target of 1175 levels followed by 1220 levels in the near term keeping stop loss of 945 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
HINDALCO	METAL	237.95	Buy	228	213	270	280



Key levels			
Moving averages		Support	Resistance
21 day EMA	226	228	250
50 day EMA	224	216	270
200 day EMA	229	213	280

- ✓ HINDALCO witnessed a V- shape recovery since its previous swing low at 192 levels and has formed an inverse Head & Shoulders pattern during the phase in daily charts and has recently given a breakout of the said pattern with considerable volumes.
- ✓ During the pattern formation, the stock has seen a strong resistance at 228-229 levels which held the stock strong for a fortnight. Thereafter, the stock has given a strong breakout and is on the bullish run towards 270-280 levels.
- ✓ Among the leading indicators, CCI(60) and Heiken candlesticks indicate a positive trend in the daily chart as well as the weekly chart.
- ✓ RSI(14) and Stoc(5,3,3) indicators in daily chart is showing bullish bias indicating the stock is being accumulated by stronger hands on every dip
- ✓ On the momentum setup weekly MFI (10) is pointing northwards after giving a positive crossover with the signal line and, on daily time frame, the oscillator is currently rising towards overbought territory reaffirming underlying strength in the counter.
- ✓ MACD as well is trading above the signal line in daily charts which indicates the inbuilt momentum in the counter.

Our take: Considering all the above data, we recommend traders to enter the stock at the current levels for the higher targets of 270 followed by 280 levels and any correction towards 228 levels can be utilized to average the stock keeping stop loss below 213 levels on closing basis.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
LT	CG	1370	Buy	1285	1240	1500	1535



Key levels

Moving averages		Support	Resistance
21 day EMA	1318.61	1344	1385
50 day EMA	1308.82	1285	1500
200 day EMA	1287.88	1240	1535

- ✓ LT has been witnessing a strong rally from 677 levels to 1470 levels and followed by consolidation during which stock has witnessed good accumulation. In last week stock has given a fresh breakout with a runaway gap and huge jump in volume in daily as well as weekly chart indicating a fresh leg of rally
- ✓ On the weekly charts, the stock is trading above all of its 21/50/100/200 period Exponential Moving Averages levels indicating the positive momentum in the counter for all major time frames.
- ✓ Among other leading indicators parabolic SAR is trading below the current market price and suggests a positive trend in the counter on daily charts. Another leading indicator Heiken candlestick also indicate bullish trend in the counter in daily as well as weekly charts.
- ✓ Among the momentum indicators MACD is trading above the signal line in weekly charts indicating positive momentum in the stock on medium to long term perspective.
- ✓ The stock has tested the upper band in Bollinger bands (20,2) and the bands are expanding in daily charts indicating very strong momentum in the counter. In monthly chart the stock has tested the mean in Bollinger bands and is moving towards upper band.
- ✓ In daily chart the stock has given descending triangle chart pattern breakout with huge jump in volume indicating a possible fresh leg of rally from these levels in the counter.

Our take: The recent price action suggests the momentum in the stock to continue in the coming month as well. Thus, we recommend buying the stock for targets of 1500 and 1535 levels with a stop loss placed below 1240 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
PETRONET	ENERGY	247.95	BUY	235	224	276	294



Key levels

Moving averages	Support	Resistance
21 day EMA	230	260
50 day EMA	225	277
200 day EMA	223	295

- ✓ PETRONET has gained 18.20% over last one month after forming bottom around 202 made on 17 May 2018, which also ended medium-term downtrend in the stock from the lifetime high of 275.05 indicating its long-term secular uptrend has resumed after its cyclical correction. The stock has been significantly outperforming Nifty over last month. We expect the stock to continue its outperformance in the coming weeks and move much higher towards 276-294 levels is likely.
- ✓ On weekly charts, the stock has come out from consolidation within the range of 202-228 levels while giving a break out on the upside. From the lows of 202, the stock is in short to medium term uptrend forming higher highs and higher lows on the daily charts.
- ✓ On the daily as well as weekly charts, the stock is trading above most of its major moving averages namely 21/50/100/200 –DEMA, indicating the inherent strength in the counter and the counter is likely to head northward towards 2850 levels in the medium term.
- ✓ Bollinger Band (20, 2, S) set up on the daily and weekly chart has started to expand and currently, the stock is trading near the upper BB indicating the volatility expansion on the higher side. RSI on the weekly chart is pegged at sub 60.43 levels, indicating the stock has not yet been overbought. Even the MACD line on weekly charts is in buy mode, indicating bullish momentum is likely to continue which supports to our bullish view on the stock.

Our take: Considering all the above data facts, we recommend short to medium term investors to enter the stock at the current levels for targets of around 276 and 294 levels and any correction towards 235 can be utilized to average the stock keeping stop loss below 224 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
PIDILITIND	CD	1168.65	Buy	1124	1082	1258	1290



Key levels

Moving averages		Support	Resistance
21 day EMA	1133	1124	1196
50 day EMA	1108	1100	1258
200 day EMA	1004	1082	1290

- ✓ PIDILITIND is in a secular up trend and is in the formation of higher highs and higher lows indicating inherent strength in the counter. For the previous month the counter has generated a positive return of over 4%, outperforming the broader index Nifty50.
- ✓ The stock is trading well above its 21/50/100/200 days EMA levels affirming the strength in its uptrend. On weekly chart, the stock has seen consolidation breakout from 1125 levels and has sustained above the same from past two trading weeks indicating it to be a strong support for the counter.
- ✓ Among the oscillators front, the 14-week RSI has given a positive crossover to 9 period moving averages and is pegged at sub 61-64 levels, indicating the bullish momentum to continue for the near term. Even the MACD positive crossover also supports our bullish view into the counter.
- ✓ On the other hand, the counter is also rolling near to upper band of the Bollinger (20,2) on the daily chart affirming our bullish stance in the counter for short to medium term perspective. Even the Parabolic SAR is trading well below the current market price of the stock suggesting inherent strength which supports the bullish stance in the counter and the stock is expected to outperform in the coming trading session to its peer group.

Our take: From last few sessions the stock is comfortably trading above all its major moving average with decent rise in trading volumes. This provides an excellent opportunity to accumulate the stock at current levels for a potential upside target of 1258 and 1290 levels over the next one month, while any dip towards 1124 levels should be utilized to average the stock, keeping stop loss below 1082 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
SBIN	BFSI	310.3	Buy	293	280	352	365



Key levels

Moving averages		Support	Resistance
21 day EMA	300	300	325
50 day EMA	288	293	352
200 day EMA	277	280	365

- ✓ The stock is our preferred bet in banking space and expected to outperform its peers in near term. The stock has outperformed Banknifty and closed the month with positive return of 5.49%. Whereas Banknifty has closed the month with positive return of 1.07%.
- ✓ The stock is in strong up move and making higher highs and higher low on weekly charts. The historical price action in the stock suggests that every dip in the stock attract market participants, which help stock to resume its up move. The stock comes under the favorite list of investors and traders. Hence, every dip in the stock create buy opportunity for the market participants.
- ✓ The stock has seen profit taking from its all time high of 351.50 levels, which has dragged the stock to the low of around 232 levels. However, the stock found support around above said lower levels and seen buying interest with supportive volume formation. The bounce in the stock has placed the stock above all its major moving averages which indicates strength in the up move.
- ✓ Among the indicators and oscillators, the 14-day RSI has already given a positive crossover with 9-day signal line on daily chart and is poised with bullish bias, clearly indicating the bullish trend in the stock is likely to continue and the counter is expected to head higher in the near term. The Parabolic SAR (Stop & Reverse) is placed well below the price on daily as well as on weekly chart, suggesting buying will remain intact in the counter in near term.

Our take: The recent price action suggests that the positive momentum in the stock is likely to continue in the coming trading sessions as well. From the above observations it is evident that stock is likely to surge higher and outperformed its peers in coming trading weeks and move higher towards its resistance levels by next month. Hence, we recommend buying the stock for target of 352 levels followed by 365 levels in the near term keeping stop loss of 280 levels.

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