

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 website**. 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 **January 2019**.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
AMBUJACEM	CEMENT	225	BUY	212	204	249	260
AXISBANK	BANKING	619.9	BUY	590	570	672	685
CONCOR	CG	687.7	BUY	660	640	734	760
CROMPTON	CD	228.05	Buy	215	210	258	265
EXIDEIND	AUTO & COMP	268.5	Buy	246	241	310	320
GLENMARK	PHARMA	693.05	Buy	660	635	780	790
KOTAKBANK	BANKING	1254	BUY	1200	1150	1380	1400
RELIANCE	ENERGY	1121.25	Buy	1070	1025	1275	1300
TECHM	IT	723.15	Buy	670	640	820	850
WIPRO	IT	330.85	BUY	318	302	360	372

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
AMBUJACEM	CEMENT	225	BUY	212	204	249	260



Key levels

Moving averages		Support	Resistance
21 day EMA	218	218	235
50 day EMA	215	210	250
200 day EMA	222	204	265

- ✓ AMBUJACEM has gained around 3.47% over last one month after forming bottom around 188 made in the month of October 2018, which also ended medium-term downtrend in the stock from the high of 291.50 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 few weeks and move much higher towards 250-255 levels is likely in the near term.
- ✓ On weekly charts, the stock is finding support around 205 – 210 levels and has witnessed volume based buying in the last few months.
- ✓ On the daily as well as weekly charts, the stock is trading around 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 255 levels in the near 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 monthly chart is pegged at sub 47.88 levels, indicating the stock has not yet been overbought. Even the MACD line on daily 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 249 and 260 levels and any correction towards 212 can be utilized to average the stock keeping stop loss below 204 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
AXISBANK	BANKING	619.90	BUY	590	570	672	685



Key levels			
Moving averages		Support	Resistance
21 day EMA	619	590	640
50 day EMA	612	580	670
200 day EMA	580	570	685

- ✓ AXISBANK is in secular up trend, making higher highs and higher lows on all chart frame backed by increase in average traded volumes suggesting strength in its up move. The stock is placed above the clusters of moving averages on daily chart.
- ✓ On weekly chart, according to the formation breakout the stock has potential to surpass its immediate resistance which is placed around 630-635 levels. On technical front, the 14 period RSI has seen a stellar rally from the lows of 40-43 levels (near to oversold region) and is currently placed near 55-56 levels indicating strength in the counter. Also the Parabolic SAR (Stop & Reverse) is placed below the current price supporting bullishness intact in the counter.
- ✓ On the daily chart, the stock is placed above all its major moving averages (21, 50, 100 & 200 DEMA) and is in the cycle of higher highs and higher lows. On indicator front, the 14 day RSI is placed near 51-52 levels indicating inherent strength in the counter. On the other hand, the stock witnessed volatility burst on the Bollinger Band (20,2) on the daily charts coupled by notable trading volumes and is now placed near its upper band affirming the bullishness intact in the counter and this to continue in the coming future.
- ✓ On the derivative front, the stock has witnessed an aggressive rollover indicating the market perception for the counter is bullish and the momentum is likely to continue in coming trading sessions from short to medium term perspective, which might surge the counter near to its all time high.

Our take: Considering the above data facts, we recommend short to medium term investors to enter the stock at the current levels for an upside target of 672 levels breaching which the stock is expected to surge higher towards 685 levels in coming trading weeks, while any correction towards 590 levels can be utilized to average stock keeping a stop loss placed below the support zone of 570 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
CONCOR	CG	687.70	BUY	660	640	734	760



Key levels

Moving averages		Support	Resistance
21 day EMA	663	665	712
50 day EMA	655	650	750
200 day EMA	646	640	775

- ✓ CONCOR has gained around 1.80% over last one month after forming bottom around 542 made in the month of October 2018, which also ended medium-term downtrend in the stock from the high of 750 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 735-765 levels is likely.
- ✓ On weekly charts, the stock has come out from consolidation within the range of 695-636 levels while giving a break out on the upside. From the lows of 542, 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 775 levels in the near 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 59.97 levels, indicating the stock has not yet been overbought. Even the MACD line on weekly and daily 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 734 and 760 levels and any correction towards 660 can be utilized to average the stock keeping stop loss below 640 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
CROMPTON	CD	228.05	Buy	215	210	258	265



Key levels			
Moving averages		Support	Resistance
21 day EMA	222	222	235
50 day EMA	219	215	258
200 day EMA	224	210	265

- ✓ CROMPTON is our preferred pick in the consumer durable space for the month of January 2019. The stock has been in the momentum in the whole pack in the past few months and we expect the stock to lead the run in the upcoming weeks as well. On the shorter term time frame, the stock has given bullish momentum in the past few weeks and is expected to surpass the psychological mark of 250 plus level in the near term.
- ✓ On the daily charts, the stock has witnessed correction from the higher levels of 270 and is currently consolidating around 220-230 on the lower side. Currently, the counter is in the consolidation mode between the clusters of major moving averages with bullish bias.
- ✓ In the recent past, the stock is on the verge of giving breakout above the sloping trend line on the daily charts above 235 levels. The counter is currently trading well above the major moving averages and is expected to witness further range expansion in the coming trades as per the recent price volume action.
- ✓ On the daily charts, the stock price is rolling smartly on the upper band of the Bollinger band (20, 2) with good volumes in the recent past. Any decisive break above 235 levels may fuel further momentum in the counter which may take it towards our targeted levels of 260 plus in the near term.
- ✓ On the weekly charts, the Parabolic SAR is also trading well below the current market price of the counter with technical indicator 14 day RSI showing reading above 60-62 levels pointing in northward direction indicating the bullish trend to remain intact in the counter.

Our Take: Considering all the above data facts, we recommend short to medium term investors to enter the stock at the current levels for the potential targets of 258-265 levels. And any correction towards the 215 levels can be utilized to average the stock keeping strict stop loss placed at 210 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
EXIDEIND	AUTO & COMP	268.5	Buy	246	241	310	320



Key levels			
Moving averages		Support	Resistance
21 day EMA	260.60	250	272
50 day EMA	258.33	246	310
200 day EMA	251.07	241	320

- ✓ EXIDEIND has witnessed a strong rally from 192.4 levels to 301.4 levels and followed by correction during which stock has retraced to around 61.8% Fibonacci retracement levels of the said rally and again bounced back from those levels to close above 38.20% retracement levels of that rally 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 oscillators 14 day RSI is trading at 58.34 above its 9 period averages of 56.31 suggesting positive momentum in the counter.
- ✓ Among other leading indicators parabolic SAR is trading below the current market price and suggests a positive trend in the counter on weekly charts. Another indicator Heiken candlestick also indicate bullish trend in the counter in daily as well as weekly charts.
- ✓ The stock has crossed the mean in Bollinger band weekly bands and is moving towards upper band in the weekly charts indicating positive momentum 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 310 and 320 levels with a stop loss placed below 241 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
GLENMARK	PHARMA	693.05	Buy	660	635	780	790



Key levels			
Moving averages		Support	Resistance
21 day EMA	670	675	735
50 day EMA	653	660	780
200 day EMA	621	635	800

- ✓ GLENMARK is our preferable bet from pharma sector. The stock is in uptrend on the weekly charts making higher highs and higher lows. The stock has witnessed profit taking from its all time high of 1262.90 levels which has dragged the stock to the low of 493.50 levels. Thereafter, the stock has seen spending time at lower levels and formed base near the said levels.
- ✓ The bounce in the stock has placed the stock above its major moving averages on daily chart, which reflects strength in the counter.
- ✓ The stock has retraced 38.20% of retracement levels drawn from the high of 970 levels to the low of 493 levels. On the momentum oscillator front, the 14 period RSI is placed above the 9 period signal line on the daily as well as weekly charts and pointing northwards which suggests strength in the near term.
- ✓ The major support for the stock is seen around its short to medium term moving averages on the daily chart placed near 660 levels, breaching which it may find its next support around its Long term moving average on the daily chart which also coincides with the swing support for the stock placed near 620 levels. The stock is trading above all of its major moving averages on daily, weekly as well as monthly charts indicating positive momentum in the counter for all major time frames

Our take: The recent price action suggests that strong hands are accumulating the stock at lower levels. Considering all the above data facts, we recommend to enter the stock at the current levels for the potential targets of 780- 790 levels. And any correction towards 660 levels can be utilized to average the stock keeping strict stop loss placed below 635 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
KOTAKBANK	BANKING	1254	BUY	1200	1150	1380	1400



Key levels

Moving averages		Support	Resistance
21 day EMA	1227	1220	1300
50 day EMA	1208	1190	1330
200 day EMA	1190	1150	1360

- ✓ KOTAKBANK after giving breakout from “**Symmetrical Triangle Pattern**” around 1180-1185 levels on daily chart in the month of November, powered by increase in average traded volumes suggesting strength in its up move. Also in the month of October, the stock after forming a panic low at the levels of 1000 zone, the structure has changed back to uptrend, indicating the stock has potential to move towards the all time highs zone.
- ✓ On the daily chart, the stock is placed above all its major moving averages (21, 50, 100 & 200 DEMA) and is in the cycle of higher highs and higher lows. On indicator front, the 14 day RSI is placed near 56-57 levels indicating inherent strength in the counter. On the other hand, the stock witnessed volatility burst on the Bollinger Band (20,2) on the daily charts coupled by notable trading volumes and is now placed near its upper band affirming the bullishness intact in the counter and this to continue in the coming future.
- ✓ Among the indicators and oscillators, the 14-day RSI has 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 chart, suggesting buying will remain intact in the counter in near term. ADX (17.30) indicate that the stock is likely to witness more buying if the stock moves past its immediate hurdle zone around Rs.292-299 levels. With the DMI+ pointing upwards, the expected up move is very likely over the next one month or so.
- ✓ On the derivative front, the stock has witnessed long rollovers indicating the market perception for the counter is bullish and the momentum is likely to continue in coming trading sessions from short to medium term perspective, which might surge the counter near to its all time high.

Our take: Considering the above data facts, we recommend short to medium term participants to enter the stock at the current levels for an upside target of 1380 levels breaching which the stock is expected to surge higher towards all time highs of 1400 levels in coming trading weeks, while any correction towards recent swing lows of 1200 levels can be utilized to average stock keeping a stop loss placed below the support zone of 1150 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
RELIANCE	ENERGY	1121.25	Buy	1070	1025	1275	1300



Key levels			
Moving averages		Support	Resistance
21 day EMA	1119	1090	1185
50 day EMA	1123	1050	1250
200 day EMA	1070	1000	1300

- ✓ RELIANCE is one of the Fortune 500-largest private sector entity, forayed into many business verticals over the years from backward integration in energy chain, petchem, refining, textiles and now focusing on telecom business through Reliance Jio.
- ✓ The stock price after posting an all time high of 1329 in end of Aug'18 witnessed profit booking in last few months towards 1016 levels, and subsequently witnessed recovery in last few weeks. In the said profit booking, stock price retraced nearly 78% of move projected from swing low of 923 to an all time high of 1329.
- ✓ Technically, from an all time high stock price corrected towards its major 200-DEMA which is currently placed near 1070 levels, where it found support and consolidated near that average for few weeks. As of now stock price is holding above its major average and above its 21 & 50-DEMA which is placed in the same vicinity of 1123 levels. Even in the month passed by prices failed to move above 1186 levels, however in managed to sustain above 1055 levels.
- ✓ On the momentum setup, 14-period weekly RSI managed to hold above 45-level in the phase of correction, and now inching higher from equilibrium levels, indicating bulls are control, and counter may strengthen further in weeks to come. Prices after piercing lower Bollinger Band (20,2) rebounded, formed "W" pattern and now testing middle band reaffirming strength in the counter.

Our take: After a brief consolidation above its major average, stock price is gradually inching higher, and momentum is poised with bullish bias which provides an excellent buying opportunity. Hence one may accumulate stock for upside target 1275-1300 over the next month, while any dip towards 1070 levels should be utilized to average the stock price, keeping stop loss below 1025 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
TECHM	IT	723.15	Buy	670	640	820	850



Key levels			
Moving averages		Support	Resistance
21 day EMA	707	700	770
50 day EMA	706	670	820
200 day EMA	671	640	850

- ✓ TECHM has become the one of the largest company in the Indian IT-ITeS market and one of our preferred counter from IT space. The stock has outperformed NIFTYIT during the last month and closed with appositive return of more than 2% while the benchmark index NIFTYIT closed with a negative return of more than 1%.
- ✓ Adding to that, the stock is trading well above its 21/50/100/200 DEMA on daily as well as on weekly chart with positive price structure, indicating strength in the stock in all time frame.
- ✓ Among the indicators and oscillators, the 14-day RSI has 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 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 Bollinger Band set up on weekly chart, the stock is trading above mean of Bollinger Band and the band is widening, indicating that volatility has increased and the price action support that the current positive momentum is likely to continue 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: Considering all the above data, we recommend traders to enter the stock at the current levels for the higher targets of 820 levels followed by 850 levels and any correction towards 670 can be utilized to average the stock keeping stop loss below 640 levels on closing basis.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
WIPRO	IT	330.85	BUY	318	302	360	372



Key levels			
Moving averages		Support	Resistance
21 day EMA	329	318	341
50 day EMA	325	309	356
200 day EMA	304	302	374

- ✓ WIPRO has gained more than 1.85% during the last month where as the broader index i.e. NIFTYIT ended with loss of around 1.35% 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 stock is likely to breaching the previous long term two highs 330 levels and giving the consolidation breakout of four years.
- ✓ The stock has corrected around 50 percent from its previous rally from 254.20 to 338 and found the support at 296 levels which is 50% Fibonacci retracement support levels and resumed its up move.
- ✓ The stock is trading in the Ascending Channel with making higher high and higher lows on daily chart indicates the positive bias in the counter.
- ✓ 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 charts. The Parabolic-SAR is placed below the price on the weekly 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 360-372 levels and add further on any dip towards 318 levels with a stop loss placed below 302 levels.

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Analyst Certification

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