

## ValueMax

### Monthly Investment Ideas

**ValueMax** helps clients to take a long stance on stocks from the **S&P BSE-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** is a brief technical report on the ideas, justifying our view on the stocks and the reason for the selection. The report is also available on **Karvyonline.com**. Book profit/exit messages will be communicated through our trading platforms during the **LIVE market** under the head **ValueMax**.

Please find the **ValueMax** investment ideas for **July 2016**.

Stock	Sector	CMP	Action	Average	SL	Tgt 1	Tgt 2
AXISBANK	BFSI	533.50	Buy	510	491	580	608
BAJAJ-AUTO	AUTO	2689.95	Buy	2550	2475	2925	3000
BHARTIARTL	TELECOM	366.80	Buy	350	340	400	416
HDFC	BFSI	1253.60	Buy	1200	1175	1349	1392
IOCL	ENERGY	442	Buy	420	405	480	495
NMDC	METAL	93.85	Buy	90	87	101	106
RELINFRA	INFRA	545.75	Buy	500	485	625	660
SIEMENS	CAPITAL GOODS	1309.70	Buy	1240	1200	1480	1500
TITAN	CD	406.25	Buy	380	365	450	475
ZEEL	MEDIA	456.50	Buy	430	420	500	520

**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
AXISBANK	BFSI	533.50	Buy	510	491	580	608



#### Key levels

Moving averages		Support	Resistance
21 day EMA	519.80	520	550
50 day EMA	502.38	510	580
200 day EMA	475.81	491	608

- ✓ AXISBANK is the third largest private sector bank in India and one of our preferred counters from the banking space. The stock has outperformed NIFTYBANK during the last month and has generated 3.55% return whereas the BANKNIFTY closed with a positive return of 1.78%
- ✓ Currently the stock is in uptrend and trading well above its 21/50/100/200 DEMA levels on daily chart as well as on weekly chart exhibiting strength in the counter in all time frame.
- ✓ The stock has seen significant bounce towards 549.15 levels after making 52 week low of 366.75 levels on 18<sup>th</sup> Jan 2016 reflecting uptrend in the stock will remain intact in near term. On weekly charts, the price is moving above mean to test the upper band of Bollinger (20, 2) supporting our bullish view in the counter.
- ✓ Among the indicators and oscillators, the 14-day RSI has already given a positive crossover with 9-day signal line and is pointing northwards, 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.
- ✓ From the above observations it is evident that stock is likely to surge higher and outperformed its peers in coming trading weeks and move 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 600 plus levels in the near term keeping stop loss of 490 levels.

Stock	Sector	CMP	Action	Average	SL	Tgt 1	Tgt 2
BAJAJ-AUTO	AUTO	2689.95	Buy	2550	2475	2925	3000



#### Key levels

Moving averages		Support	Resistance
21 day EMA	2616	2600	2850
50 day EMA	2558	2550	2950
200 day EMA	2447	2475	3050

- ✓ BAJAJ-AUTO has gained 0.53% so far during this week with increasing volumes whereas NIFTY AUTO has gained 2.68%. The stock has gained 2.85% during the month of June; outperforming the NIFTY AUTO index which gained 1.64% month on month basis. The stock is expected to continue its outperformance in the coming sessions as well.
- ✓ The stock has given a Symmetrical Triangle break out on the weekly charts around 2600 levels with decent volumes and has also retested the break out level and bounced back strongly with increasing volumes, signaling bullish biasness in the stock is expected to continue in the coming days as well. As per the break out, the projected target comes around 3150-3200 levels. But as per conservative approach and also because of shorter time frame i.e. for one month perspective, the target has been taken to be 2925-3000 levels.
- ✓ The stock is trading above its 21/50/100/200 DEMA levels on the daily charts as well as on weekly and monthly charts indicating inherent strength in the counter in all the said time frames.
- ✓ Among the indicators and oscillators, the 14-day RSI has already given a positive crossover with 9-day signal line, clearly indicating bullishness in the counter is expected to continue and the stock is expected to trade higher in the near term.

**Our take:** The recent price action suggests that the positive momentum in the stock is likely to continue and the counter is expected to march in the uncharted territory in the coming sessions. Thus, we recommend buying the stock for the targets of 2925-3000 levels and add further on any dip towards 2550 levels with a stop loss placed below 2475 levels.

Stock	Sector	CMP	Action	Average	SL	Tgt 1	Tgt 2
BHARTIARTL	TELECOM	366.80	Buy	350	340	400	416



#### Key levels

Moving averages	Support	Resistance
21 day EMA	356.41	378
50 day EMA	353.28	400
200 day EMA	349.05	416

- ✓ BHARTIARTL has gained 3.16% in the last month outperforming the broader index NIFTY which generated the return of around 2.68% on the monthly basis. The stock breached its broader trading range of 340-367 on the last trading session of the month. The stock has been taking support at the level of 346-345 from past several weeks and the up move on the last trading session of the month came on considerably higher volume compared to previous two months.
- ✓ The stock is trading above its 21/50/100/200 DEMA levels on the monthly as well as weekly charts supporting the bullish stance. On the monthly charts, Parabolic SAR is placed below the stock price indicating upside in the stock.
- ✓ Among the indicators and oscillators, the 14-day RSI has already given a positive crossover with 9-day signal line, clearly exhibiting bullishness in the counter is expected to continue and the stock is likely to trade higher in the near term.
- ✓ On the derivative front there was significant rollover seen in the stock on the day of expiry. Coming to the deliverable percentage, it has increased considerably for the stock over past two weeks has been more than 50% suggesting that the stock has potential upside from the current level.

**Our take:** As the stock is positively biased, at current levels the risk reward ratio is favorable to go long in the counter from a month perspective. Thus, we recommend buying the stock for targets of 416 with a stop loss placed below 340 levels.

Stock	Sector	CMP	Action	Average	SL	Tgt 1	Tgt 2
HDFC	BFSI	1253.60	Buy	1200	1175	1349	1392



## Key levels

Moving averages		Support	Resistance
21 day EMA	1227.97	1240	1269
50 day EMA	1204.20	1197	1354
200 day EMA	1183.57	1157	1402

- ✓ HDFC is one of our preferred counter in the financial space. It is an Indian conglomerate financial company based in Mumbai and major provider of finance for housing in India. The stock is making higher highs and higher lows on all major time frames and also stock witnessed fall of more than 5% during the month and recovered sharply and closed 1.24% higher month on month basis which indicates buyers overpowered the sellers and surged the stock to the higher levels on closing basis.
- ✓ The stock has given breakout from “**SYMMETRICAL TRIANGLE PATTERN**” near 1237 levels on daily chart with more than average volume confirmed the pattern significance. The stock has seen strong buying interest from past two month and outperformed its peer group significantly suggest strength in the counter.
- ✓ The Bollinger band (20,2) is also rising on weekly chart and price is trading above its mean and start moving towards its upper band of the Bollinger band suggest the strength in the counter. The stock is also trading well above its 21/50/100/200 day EMA levels on daily charts.
- ✓ Among the indicators, parabolic SAR (Stop & Reverse) in daily charts is trading below the price, suggesting buying will remain intact with the counter in near term. Among the oscillators front, the 14-week RSI (58.52) has given a positive crossover to 9 period moving averages and this supports our bullish stance in this counter. From the above observations it is evident that stock is likely to surge higher and move 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 targets of 1349 and 1392 levels and any correction towards 1220 can be utilized to average the stock keeping stop loss below 1175 levels on end of the day basis.

Stock	Sector	CMP	Action	Average	SL	Tgt 1	Tgt 2
IOC	ENERGY	442	Buy	420	405	475	495



## Key levels

Moving averages	Support	Resistance
21 day EMA	421.51	456
50 day EMA	416.09	470
200 day EMA	404.86	485

- ✓ IOC has largely remained range bound in the zone of 405-425 for the last two months post the stellar rally that began from the lows of 360-370. The stock has staged a breakout from a falling trend line on the daily chart at 434 supported with good volumes. The follow on move has been rightly backed up by above average volumes too, suggesting the stock could see a large movement on the higher side in the near term.
- ✓ Fibonacci retracements drawn from the high of 465 to the low of 344.90 places the price action of the stock above the 61.8% zone of the mentioned move marked by 420. With a close above the 61.8% mark together with the swing high at 439 suggests the correction in the counter is over and we expect the stock to move higher from current levels making it a favorable buy from short-term perspective.
- ✓ Adding to the above technical parameter, the price pattern is forming higher highs and higher lows on the daily chart and is placed well above the major moving averages buoyed by volumes, reiterating our positive stance in the counter. A large bullish engulfing candle stick pattern on the monthly chart only adds to the above bullish technical evidence.
- ✓ On the indicator front, the weekly RSI has moved up into the upper panel above the 60 mark and the monthly RSI has generated a bullish crossover also placed at 60. The indicator is mirroring the price pattern indicating the strength of the positive momentum and that it is likely to continue, making an excellent buying opportunity.

**Our take:** Going forward, with the current technical set up of the stock, we expect the positive run to continue in the counter. Therefore, we recommend to 'BUY' for the target of 480 and then 495 with stop loss placed below 405 for the month.



Stock	Sector	CMP	Action	Average	SL	Tgt 1	Tgt 2
NMDC	METAL	93.85	Buy	90	87	101	106



Key levels			
Moving averages		Support	Resistance
21 day EMA	91.77	92	96
50 day EMA	92.08	90	100
200 day EMA	96.50	87	105

- ✓ NMDC is India's single largest iron ore producer, presently producing about 30 million tonnes of iron ore from 3 fully mechanized mines. It is involved in the exploration of wide range of minerals including iron ore, copper, rock phosphate, lime stone, dolomite, gypsum, bentonite, magnesite, diamond, tin, tungsten, graphite, beach sands etc.
- ✓ On the technical front, daily charts, the stock has made a sharp decline in the span of two years of more than 60% from the swing high of 196 levels to all time lows of 75.15 levels. Thereafter, the counter has made short term pullback and managed to hold the said all time low levels amid entering consolidation phase.
- ✓ Analyzing the price action in the above consolidation, the volumes has been on the higher side indicating strong hands have started accumulating the stock at lower levels. On the short term charts, after making all time low of 75.15 levels, the stock has made a swing high of 104.70 levels in the month of April 2016 and retraced 61.80% of the recent pullback from the lower levels.
- ✓ On the indicator front, Parabolic SAR has been trading below the current market price of the stock indicating possible upside can't be ruled out in the short term period.
- ✓ At current juncture, the stock is trading in the cluster of short term moving averages and any breach above 96 levels decisively may take the stock above the triple digit mark in near term. Even the counter looks attractive at current levels and may be accumulated for the short to medium term perspective on favorable risk reward ratio.

**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 101-106 levels. And any dips towards 90 levels can be utilized to average the stock keeping strict stop loss placed below 87 levels.

Stock	Sector	CMP	Action	Average	SL	Tgt 1	Tgt 2
RELINFRA	INFRA	545.45	Buy	500	485	625	660



## Key levels

Moving averages		Support	Resistance
21 day EMA	532.58	502.94	567.14
50 day EMA	528.40	499.3	563.04
200 day EMA	488.38	438.12	560.4

- ✓ RELINFRA witnessed a sharp recovery from its 52 week low of 281.55 that it recorded on 25<sup>th</sup> August 2015 and rallied sharply to a high of 621.9 on 5<sup>th</sup> January 2016 and has retraced nearly 65% of the rally. The stock has bounced back from there with an breakaway gap in daily chart and again moved above 23.6% of the said rally indicating the end of correction and beginning of a fresh leg of rally in this counter.
- ✓ The stock is trading well above its 21/50/100/200 day EMA/WMA/SMA levels in daily charts as well as in weekly charts indicating strength in the counter in all time frames.
- ✓ On the daily charts the stock has crossed its mean and moving towards its Bollinger band upper band and the band is widening indicating the positive momentum in the stock. In weekly charts the price has taken support from the mean and is moving up to test upper band of Bollinger bands.
- ✓ Among the indicators, Heiken candlesticks indicate positive trend and, while, 14 day RSI is quoting at 56.11 and is trading above the 9 period averages 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 625 and 660 levels with a stop loss placed below 485 levels.



Stock	Sector	CMP	Action	Average	SL	Tgt 1	Tgt 2
SIEMENS	CG	1309.70	Buy	1240	1200	1480	1500



## Key levels

Moving averages	Support	Resistance
21 day EMA	1252.77	1400
50 day EMA	1209.51	1500
200 day EMA	1177.46	1550

- ✓ SIEMENS has gained 4.16% so far during this week with increasing volumes whereas NIFTY 50 has gained 2.46%. The stock has gained 8.76% during the month of June; outperforming the broader index i.e. NIFTY 50 which gained 1.56% month on month basis. The stock is expected to continue its outperformance in the coming sessions as well.
- ✓ The stock had fallen from its 52-week highs of 1559.70 clocked in the month of August'15 and slipped towards 970 levels, where its 200 period weekly EMA was placed. The stock consolidated for around 2 months around the said levels before resuming its fresh up move. The volume witnessed in the stock during the consolidation phase was decent, signaling accumulation in the counter at the lower levels.
- ✓ The stock is trading above its 21/50/100/200 DEMA levels on the daily charts as well as on weekly and monthly charts indicating inherent strength in the counter in all the said time frames.
- ✓ Among the indicators and oscillators, the 14-day RSI has already given a positive crossover with 9-day signal line and is pointing northwards, clearly indicating bullishness in the counter is likely to continue and the stock is expected to edge higher in the near term. The Parabolic-SAR is placed below the price on the daily as well as weekly charts, further indicating bullish biasness 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 sessions. Thus, we recommend buying the stock for the targets of 1480-1500 levels and add further on any dip towards 1240 levels with a stop loss placed below 1200 levels.

Stock	Sector	CMP	Action	Average	SL	Tgt 1	Tgt 2
TITAN	CD	406.25	Buy	380	365	450	475



## Key levels

Moving averages	Support	Resistance
21 day EMA	379.44	425
50 day EMA	369.48	450
200 day EMA	357.95	480

- ✓ Titan Ltd. is the market leader in watches and a pioneer in branded jewellery segment. In the long term stock price is in a secular bull trend, with typical behaviour of intermittent price correction after a steady run, eventually which gives an excellent opportunity to accumulate stock.
- ✓ In the end of Jan'14 after placing a swing low of 202 stock gained momentum which took prices towards its life time high of 448 levels placed in the beginning of Feb'14, cloaked gain of 121% in almost a year's time frame. After posting a life time high stock price entered into a correction mode, retraced slightly more than 50% of said rally and turned in to a consolidation mode in last few months.
- ✓ On the weekly time frame chart, recently stock gave a breakout from consolidation range, managed to move and sustain above swing high of 392, indicates end of consolidation and sustained buying momentum in the counter.
- ✓ In the beginning of March'16 stock made a panic low of 301.70 where it found support from its 200-Weekly EMA and witnessed smart recovery, and even if we observe in past also said average has provided a rock solid support to prices. Currently stock price is well poised above its short to medium term moving averages; also on the technical setup momentum oscillator 14-period RSI found support near 40-levels in the phase of consolidation and currently rising towards overbought territory reaffirming underlying strength in the counter.

**Our take:** The stock price is surging higher from last couple of trading sessions, and it seems that momentum is likely to continue over coming sessions as well, which may take prices higher to retest its life time high and eventually enter into an uncharted territory over the coming month. Hence one may consider buying stock at current market price and average the stock price on any dip towards 380 levels for the upside target of 450 and 475, placing a stop loss below 365 levels.

Stock	Sector	CMP	Action	Average	SL	Tgt 1	Tgt 2
ZEEL	Media	456.50	Buy	430	420	500	520



## Key levels

	Moving averages	Support	Resistance
21 day EMA	448.05	430	475
50 day EMA	438.17	420	480
200 day EMA	408.42	402	510

- ✓ ZEEL outperformed Nifty for the month of July 2016. The stock has gained around 2.8% during the same period while NIFTY has gained only around 1.50%. The stock has witnessed a decent rally from the lows of 350 to the all time high levels of 466 and recorded gains of more than 33% over last few months. The stock is also trading at its all time highs and is swirling in the uncharted territory over last few days. Even its sustenance near its all time highs, whereas nifty is around 9% short from its all time highs, indicates the strength in the stock with respect to nifty. Over last few days, the stock is trading in a broad range of 430-465, hence if the stock holds above 420-430 levels it can trigger a sharp rally towards 500-520 levels in the near term.
- ✓ On the volumes front, the stocks delivery volumes has picked up significantly over last few weeks, indicating participants interest in the stock has increased significantly. Even on the derivative front, the stock futures are witnessing good long rollovers over last three months. Hence we expect the stock to move towards its all time highs.
- ✓ On the daily Bollinger Band set up, the stock has touched its lower band at 430 levels and witnessed a sharp bounce towards the mean, indicating the strength in the counter, while on the weekly Bollinger Band set up, the stock is sustaining well near its upper band after a strong rally and the band is widening indicating the volatility has increased, even the price action supports that the current positive momentum is likely to continue in the near term. Surprisingly on monthly Bollinger bands, the price is sustaining in the upper region over last four years which suggests the inherent strength in the counter.
- ✓ Among the indicators, the 14-period RSI and MACD line is pointing northwards where the RSI has given the positive crossover with 9 days signal line on daily and weekly charts indicating the strength in the counter. The Parabolic SAR on the weekly charts is comfortably trading below the price which reflects the buy in the counter will remain intact in near term.

**Our take:** Considering the above data facts, we recommend short to medium term investors to enter the stock at the current levels for targets of 500 and higher, while any correction towards the medium term moving averages can be utilized to average the stock keeping stop loss below previous major support zone of 400-405.

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