

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 **December 2017**.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
BAJAJ-AUTO	AUTO	3305.50	Buy	3250	3155	3475	3520
DIVISLAB	PHARMA	1041	Buy	960	923	1180	1220
DLF	REALTY	233.25	Buy	225	215	255	265
GAIL	ENERGY	468.40	Buy	440	425	520	535
HINDUNILVR	FMCG	1272.45	Buy	1200	1160	1400	1480
IBULHSGFIN	BFSI	1205.85	Buy	1150	1115	1298	1330
ICICIBANK	BANKING	307.55	Buy	290	275	340	345
LT	CG	1216.55	Buy	1170	1125	1330	1350
NMDC	METAL	127.60	Buy	122	115	140	143
WIPRO	IT	291.90	Buy	280	268	316	324

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
BAJAJ-AUTO	AUTO	3305.50	BUY	3250	3155	3475	3520



Key levels

Moving averages	Support	Resistance
21 day EMA	3259	3375
50 day EMA	3185	3475
200 day EMA	2970	3520

- ✓ BAJAJ AUTO has outperformed its key benchmarks indices of Nifty 50 and also its sectoral index NIFTY AUTO for the last month. The stock has gained more than 2% during the same period while NIFTY 50 has lost slightly more than 1%, where its sectoral NIFTY AUTO has also lost slightly higher 50 basis points respectively.
- ✓ It is one of the few stocks in NIFTY 50 which has rallied more than 20% from its recent lows of 2700 and clocked fresh life time highs on last trading day of November, which indicates the underlying fundamental strength in the counter.
- ✓ The stock has given break out from a 7 year rising channel and is consistently trading well above it over last few months, signifying the structural Bull Run in the counter and we expect the same to continue for next few months and move much higher into uncharted territory.
- ✓ The trading volumes, delivery volumes and the long rollovers in derivatives over last few months suggest that the stock staying and moving much higher into uncharted territory is more likely.
- ✓ On the Bollinger Band set up on weekly chart, the stock has been trading continuously in the upper band and the volatility has expanded, indicating that the current upward momentum is likely to continue
- ✓ On the oscillator front, the RSI on weekly charts is placed at 66 and is flirting in the zone of 50 to 70 over last few weeks indicating more upside is likely for near term and by staying in this zone, the pace of the up move is also likely to accelerate from a medium term perspective.

Our take: Considering the above data facts, we recommend short to medium term investors to enter the stock at the current levels we expect the stock to move further into uncharted territory while any correction towards the short term moving averages or recent swing lows can be utilized to average the stock keeping stop loss below the last month major swing lows.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
DIVISLAB	PHARMA	1041	BUY	960	923	1180	1220



Key levels			
Moving averages		Support	Resistance
21 day EMA	1012	984	1070
50 day EMA	945	960	1180
200 day EMA	838	923	1220

- ✓ DIVISLAB witnessed a sharp V-shaped recovery forming higher highs and higher lows in daily chart after its deep correction from 1378 levels to 531 levels and has closed above 50% Fibonacci retracement level of the fall indicating the end of the correction.
- ✓ The stock is trading well above all of its major moving average 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 given a breakout with a runaway gap with jump in volume and is sustaining above the gap for a prolonged period indicating good accumulation and a possible fresh leg of rally.
- ✓ Among the leading indicators, parabolic SAR and Heiken candlesticks indicate positive trend in daily as well as weekly chart, while, 14 period RSI is quoting at 68.31 and is trading above the 9 period averages in weekly chart indicating positive momentum in the counter.
- ✓ Stock has tested the upper band in Bollinger band in weekly chart and the bands are expanding, supporting our bullish conviction about the stock.

Our take: Considering all the points mentioned above and 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 1180 and 1220 levels with a stop loss placed below 923 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
DLF	REALTY	233.25	BUY	225	215	255	265



Key levels

Moving averages	Support	Resistance
21 day EMA	217	240
50 day EMA	203	255
200 day EMA	181	265

- ✓ The stock has resumed its up move after making low of around 158.20 levels. The bounce from the said lower levels has given the breakout around 216 levels on weekly charts. Prior to that, the stock has seen sharp fall from the recent swing high of 216 levels which has dragged the stock to the low of 153 levels on weekly charts.
- ✓ Thereafter, the stock has bounced with supportive volume formation and posted the swing high around 198.60 levels but unable to continue its up move and fall to retest its low around 158 levels. However, the stock has resumed its up move with supportive volume formation on daily and weekly charts. Which help stock to give breakout around 216 levels.
- ✓ The recent bounce in the stock with supportive volume at higher levels reflects that the strong hands are accumulating the stock at current levels. Which boost our bullish sentiments in the stock. Hence, we are expecting up move in the stock will remain intact in near term.
- ✓ On the momentum setup 14-period weekly RSI is pointing northwards after giving positive crossover with signal line and, on daily time frame oscillator is currently rising towards overbought territory reaffirming underlying strength in the counter. The parabolic SAR is trading below the price on weekly charts. Which indicates up move in the stock will remain intact.

Our take: The stock has closed the week with positive return of 2.60% and outperformed Nifty, which has closed the week with negative return of 1.54%. The bullish move in the stock with negative market sentiment in the last trading session of the previous month reflects inherent strength in the counter which suggests that the stock is well placed to take its up move.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
GAIL	ENERGY	468.40	BUY	440	425	520	535



Key levels

Moving averages		Support	Resistance
21 day EMA	425	455	480
50 day EMA	445	440	520
200 day EMA	400	425	535

- ✓ The stock has outperformed NIFTYENERG during the last month and has closed with a marginal positive return of 0.39% whereas the benchmark index NIFTYENERG ended with a negative return of approx 2.5%. Adding to that, the stock is well placed above its 21/50/100/200 DEMA on daily as well as on weekly chart with positive price structure, exhibiting strength in the counter in all time frame.
- ✓ Among the indicators and oscillators, the 14-day RSI has given positive crossover with 9-day signal line and 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 daily 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 near upper band 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 520 followed by 535 levels and any correction towards 440 can be utilized to average the stock keeping stop loss below 425 levels on closing basis.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
HINDUNILVR	FMCG	1272.45	BUY	1200	1160	1400	1480



Key levels			
Moving averages		Support	Resistance
21 day EMA	1265	1250	1290
50 day EMA	1248	1230	1280
200 day EMA	1123	1170	1300

- ✓ In the last 3 months time frame stock price remained choppy, managing to protect 1200 levels on the downside, while finding resistance near 1300 levels on the higher side. The stock has gained more than 2.5% during the last 1 month period while NIFTY 50 has lost slightly more than 1%
- ✓ On the monthly charts, the 14-day RSI has already given a positive crossover with 9-day signal line on 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 monthly chart indicating positive momentum in the stock in near term. Bollinger Band (20, 2, S) set up on monthly chart the stock has seen breakout in volatility expansion on the higher side as prices has close near its upper Bollinger band.
- ✓ Stock is also trading comfortably above its all moving averages 21/50/100 day EMA. On the upside stock may face resistance around 1300 levels If it breaks this level, it could go further to test 1400 levels Whereas on the other hand the zone around Rs.1200-1220 will act as good support for the stock and it can be utilized to average 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 the potential targets of 1400-1480 levels. And any correction towards the 1200 levels can be utilized to average the stock keeping strict stop loss placed below 1160 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
IBULHSGFIN	BFSI	1205.85	BUY	1150	1115	1298	1330



Key levels			
Moving averages		Support	Resistance
21 day EMA	1203	1180	1230
50 day EMA	1219	1150	1298
200 day EMA	1116	1115	1330

- ✓ IBULHSGFIN has been one of the outperformer in the housing finance space in comparison with its peers in the previous month. The counter has retraced 61.80% of the overall up move from the lower levels of 1040 to all time highs of 1373.95 on the daily charts.
- ✓ The stock has formed good base around the said retracement levels of 1150-1180 levels and managed to close well above the same from past four weeks. On the other hand, the counter has witnessed huge volumes in the last week indicating strong hands have started accumulating the stock at lower levels.
- ✓ On the Bollinger band (20,2) front, the lower band have started pointing northwards with increasing trading volumes giving signs of base formation and start of next leg of rally.
- ✓ On the derivatives front, the counter has witnessed short covering from the levels of 1140-1150 in the last week of the November derivatives series with good cash volumes indicating the correction may have concluded in the stock for the near term.
- ✓ On the daily charts, the stock is trading in the cluster of the major short to medium term moving averages with the overall trend of the stock on the higher side. On the oscillator front, the 14 period RSI is suggesting strength to continue in the coming trading sessions. The parabolic SAR (Stop & Reverse) is also below the trading price, suggesting northward momentum is likely 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 1298-1330 levels. And any dips towards 1150 levels may be utilized to average the stock keeping strict stop loss placed below 1115 levels.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
ICICIBANK	BANKING	307.55	BUY	290	275	340	345



Key levels			
Moving averages		Support	Resistance
21 day EMA	312	300	315
50 day EMA	302	290	325
200 day EMA	276	280	335

- ✓ The overall chart structure of ICICIBANK suggests formation of cycles of higher highs and higher lows on weekly charts and this clearly suggests that the stock is in a secular uptrend.
- ✓ The stock has also given a break out from the trend line, joining the high around Rs.308 in January 2015 and Rs.314 in July, 2017. In the recent past the stock has witnessed substantial buying volumes, indicating the revived grip of bulls in the counter after a long period of struggle to move higher.
- ✓ Technically, the stock is trading above most short term moving averages like the 50 day EMA at Rs.302 and also above its long term moving averages like the 200 day EMA at Rs.276 levels.
- ✓ The stock also has immediate hurdle around the 21 day EMA levels around Rs.312 crossing and sustaining above the same, a good round of buying may be seen in the counter.
- ✓ As far as technical parameters are concerned, the 14 period RSI on weekly charts is currently at 59.30 levels, just below the RSI Avg. The RSI is likely to give a positive crossover above the RSI Avg (61.52) if the immediate resistances are crossed and sustained on a closing basis.
- ✓ On the other hand the ADX (21.28) on weekly timeframe is currently trading just below the 25 mark indicating that the stock can gain utmost strength once the 25 mark is crossed on a sustainable basis.

Our take: We expect the stock to resume its strong uptrend after witnessing profit taking from higher levels. Therefore, we recommend buying ICICIBANK around current levels, average around Rs.290 with a strict stop loss placed below Rs.275 for potential upside targets of Rs.340- Rs.345 in about a month's time.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
LT	CG	1216.55	BUY	1170	1125	1330	1350



Key levels

Moving averages	Support	Resistance
21 day EMA	1216	1275
50 day EMA	1199	1300
200 day EMA	1136	1350

- ✓ Larsen & Toubro Ltd is India's largest and most respected Engineering & Construction Company. After a brief consolidation stock price is attempting to move higher with spurt in volume.
- ✓ In end of Dec'16 stock price made a swing low of 868, post which witnessed smart recovery towards 1223 levels cloaked in end of May'17. Post the steady rise, stock entered in to a consolidation mode, however in the said consolidation mode stock price retraced less than 38.2% of entire move projected from swing low to high, indicating time correction over price correction.
- ✓ In the last six months time frame stock price remained choppy, managing to protect 1100 levels on the downside, while finding resistance near 1225 levels on the higher side. In the earlier month stock price after finding support near lower levels, witnessed smart bounce, pierced the upper resistance level by cloaking 52-week high of 1274.95 levels in the last month, where it found resistance and in the recent past retraced a bit.
- ✓ In the recent retracement stock price found support near its 21-DEMA and consolidating, and holding above its 50-DEMA and also it is well poised above its 200-DEMA. On the weekly technical setup, 14-period RSI found support near 50-levels during recent price correction which reaffirms underlying strength in the counter.
- ✓ Based on above technical observations we expect prices to retest the highs and eventually march towards cloaking fresh all time highs, over the coming month.

Our take: The stock price after forming a base near the support, surged with spurt in volume indicates bullish momentum is likely to continue over coming sessions, which can take prices higher over the coming month. Hence one may consider buying stock at current market price and average the stock price on any dip towards 1170 levels for the upside target of 1330 and 1350, placing a stop loss below 1125 levels..

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
NMDC	METAL	127.60	BUY	122	115	140	143



Key levels

Moving averages	Support	Resistance
21 day EMA	126	132
50 day EMA	125	140
200 day EMA	123	143

- ✓ NMDC has been trading in a range of nearly 20 points outlined by 116 on the lower end and 135 on the upper end for the last five months including November 2017. The price action has respected the support at 115-116 after it bottomed out from 104-106 levels in June, this year.
- ✓ In the last two weeks, the stock has witnessed a resumption of the positive trend that has been supported with steady rise in volumes. Taking support at the upward sloping trend line drawn from the low of 106.47 and connecting 117.75 on the weekly chart, the trajectory of the price pattern is indicating a positive bias from current levels.
- ✓ Fibonacci retracement drawn from the high of 149.47 to the low of 102.72 on the same weekly chart, place the stock above the 50% zone of the mentioned move, suggesting correction in the counter is most likely complete. Comfortably placed above its major moving averages on the daily chart the stock looks to breach the 'range bound movement' on the higher side, making it an excellent short term play for potential upside gains.
- ✓ On a weekly basis, the stock has closed higher after a bullish engulfing candlestick pattern was formed prior to the current week, suggesting bullish momentum in the counter. With a large volume spike coming on the last trading session it can be inferred that the stock is being accumulated at current levels setting it up for positive ride for the last month of 2017.

Our take: Going forward, with the current technical set up of the stock, we expect the new found positive momentum to continue in the counter. Therefore, we recommend to 'BUY' for the target of 140 and then 143 with stop loss placed below 115 for the month.

Stock	Sector	CMP	Action	Average	SL	TGT 1	TGT 2
WIPRO	IT	291.90	BUY	280	268	316	324



Key levels

	Moving averages	Support	Resistance
21 day EMA	295	280	315
50 day EMA	294	274	319
200 day EMA	277	268	324

- ✓ Wipro has been an outperformer in the IT pack over the past month and is in upward trajectory making higher highs and higher lows on the monthly chart supporting bullish stance. Last month the stock has made genuine attempt to break above the resistance level of 303-304 which was not traversed from couple of months and volume activity during the same has been encouraging.
- ✓ The stock has corrected significantly from the high of 308-309 levels but remains structurally positive giving better risk and reward ratio for the investors. The stock is trading above all near term moving average adding to the positive momentum if the stock.
- ✓ The MACD is trading above the signal line in buy territory on daily chart providing impetus to the positive momentum in the stock is likely to continue in coming trading weeks. On the weekly chart, the stock has respected its support level of 286 and has rebounded from the same level.
- ✓ This month, a good positive traction in the stock has been witnessed with tremendous buying interest. Further, the up side volumes are stronger compared with the down days which indicating strong market players are accumulating the stock at during minor corrections.

Our take: Considering all the above data, we recommend traders to enter the stock at the current levels for the targets of 316 and 324 levels and any correction towards 280 can be utilized to average the stock keeping stop loss below 268 levels on closing basis.

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