



## Stocks Newsletter 15th October 2018 - Vol 3

Thank You for Subscribing to [Weekly Stocks Newsletter](#).

Correction is still underway and this week it was more specific to broader market as many stocks saw some good rebound after the fall we have seen in September & October. Interestingly, **U.S. markets corrected sharply this week** putting a question mark with respect to ongoing Bull market. **Breadth of the market in U.S.** has weakened as well but it is not as terrible as what we have here in India. There's more data required to comment on overall trend of U.S. market. As of now, it still **appears to be Up**.

The way some key Stocks and Index have closed this week, we may see some more rebound in coming week. But **overall price structure needs so much more recovery** than what we have seen this week. This applies more to **Mid cap and Small cap space** which requires much more time and price consolidation from these levels. Personally, I am not committing any money in this space and I would rather wait 10-15% rather than jumping the gun and calling for a bottom here. We are in times where **Confirmation is more important than Conviction**. Unless Market Breadth improves, it is better to be conservative and defensive.

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### Sector Update

As far as Sectors are concerned, for now I don't think I am comfortable allocating money to Sectors other than **Pharma, FMCG, Energy & Private Banks**. Out of these, I feel FMCG, Energy and Private Banks still have substantial risk associated with them. More so Energy and Private Banks if markets continue to fall. Pharma and FMCG are defensive sectors but out of

these, **Pharma has Valuation comfort on its side unlike FMCG.**

The point here is that if we see a repeat of 2008 or 2001, then no sector will be spared. The only way I see a 2008 or 2001 scenario playing out is if entire **Global Economy starts to dwindle**. This is the reason why I pulled out 10-year yield data point this week in Weekly video as impact of rise in yields clubbed in with other factors needs to be monitored closely.

For now, World is relatively shielded as U.S. is doing well. But if things start to get shaky in U.S., then **we would require to reassess things for the longer term.**

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## Stocks Update

**Did not start SIP in any new Stock this week.** I have continued with SIP in Axis Bank, Dr Reddy, Lupin, Sun Pharma, ITC & Cipla for the time being. If you have gone through my this week's video, **I have highlighted how I only target 18-25% compounded growth every year** and nothing more than this. Each quarter based on how Market conditions look, I adjust portfolio to add more risk in terms of Mid caps and Small Cap stocks. **As of current environment, I feel more stability is required in overall market and in mid cap and small cap segment.** This is the prime reason why I have chosen large cap defensive Stocks as I see this the best way forward based on my overall goals.

The way Market has closed this week, we might get more opportunities next week instead.

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## SIP Update

Stock	Sector	SIP Start Date	SIP 1	SIP 2	SIP 3	Average Price
Axis Bank	Banking & Financials	1st October 2018	613.00	568.00	585.00	588.67
Dr Reddy	Pharmaceutical	1st October 2018	2530.00	2394.00	2450.00	2458.00
Lupin	Pharmaceutical	1st October 2018	900.00	838.00	846.00	861.33
Sun Pharma	Pharmaceutical	1st October 2018	623.00	597.00	590.00	603.33
ITC	Consumer Goods	1st October 2018	297.00	276.00	275.00	282.67
Cipla	Pharmaceutical	5th October 2018		636.00	623.00	629.50

**Legend** - SIP 1, SIP 2, SIP 3 represent Week 1, Week 2, Week 3

**Average Price** - This is Average Price of SIP

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**Market related observations are posted in the Video below.**

You can reach out to me at the email address given below or on Twitter as well (@ST\_PYI).

Happy Trading & Investing. Be disciplined.

Trade With Trend,

**poweryourstocks@gmail.com**

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## **Systematic Investment Plan (SIP) & Methodology**

SIP is a wonderful way to Invest in Stocks that interests you for the long term. The main benefit of SIP is to invest small amount of money each week/month as per your requirement. Markets are cyclical and whenever markets undergo prolonged period of correction, it is better to allocate small amount of money in Stocks you prefer as you can average out buying cost over a period of Time. Its important however to not buy indefinitely. There has to be a Stop loss wherein you stop investing or even think of investing money elsewhere if current Stock falls.

In times like these where some Stocks are falling 30-50% in a day, whatever you buy will more often than not move lower. Which is why for these stocks, I am starting out small and will increase positions as volatility subsides. One more filter I use while doing SIP is that as a Stock falls 10% or more after I begin SIP, I stop allocating more money till further clarity emerges. Its important to not confuse Trading with Investments. In volatile times, this is the most common mistake that market participants commit.

These are Stocks which I am looking to Buy or am already buying into. **Again, these are not recommendations but just what I am doing as an individual Investor.** All Stocks I am buying are from a **Systematic Investment Plan** point of view. Not attempting to Trade in these Stocks. **This is not the time to be brave in the market. Risk management should be of prime importance.**

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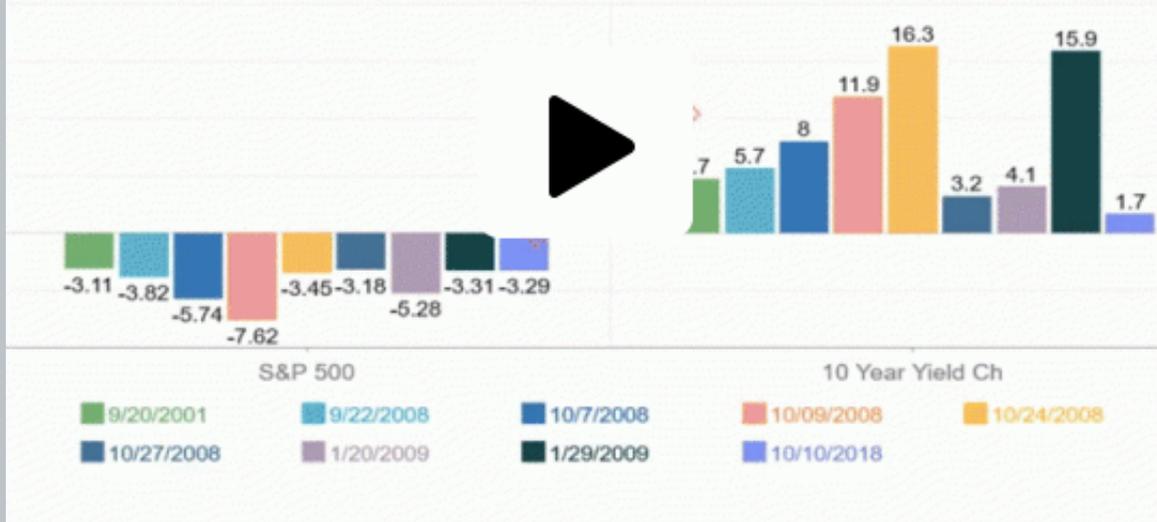
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# Market Analysis 15<sup>th</sup> Oct – 19<sup>th</sup> Oct 2018

## S&P 500 - 10 Yr Yield



Source: Global Macro Monitor



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