



Stocks Newsletter 29th October 2018 - Vol 5

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Correction has increased in **Magnitude in U.S. Markets with breadth worsening by each passing day**. I would still use the term 'Correction' as everything has to be put in context. **The rise we have seen in U.S. markets has been phenomenal** and therefore some more time has to be given before any conclusions can be drawn. Its normal for **sharp pullbacks to happen within large moves** therefore unless there is decisive price breakdown, one should not draw any long term conclusions just yet. **Corrections are psychologically painful** but this is what is required for functioning of the market. Cycle of Ups and downs is what makes the World of Equity Investing & Trading so wonderful and so rewarding.

Sector & Portfolio Update

This Week, **Pharma Sector saw some sharp pullback**. This is not unusual as in Vol 1 & 2, I had mentioned that I.T. & Pharma are consensus Trades for now and both will see **Price and Time consolidation**. Last week, I have also begun Investing in Gold ETF. This is basically a defensive addition to the portfolio in case current **Equity Investments fall below the 10% threshold mark and if Global market correction worsens from here**.

The thing is, Price structure wise, **75% of Market is in Bearish phase whereas 25% Market is still forming structure of Higher high and higher low** on higher time frame charts. Therefore, Investments have to continue **despite Volatility and negative sentiment** as such. Its quite

unlikely that **Portfolio will begin showing net positive returns before 6-8 months.**

Stocks Update

Only Stock that I have added this week is ICICI Bank. Rest of the Stocks remain the same. ICICI Bank reasons are very **similar to that of AXIS Bank**. Stock again has not done well but overall hang of change at top level management seems to be over now. **Performance wise Stock is still delivering on the business front.** Only caveat remains is that of overall weakness in Banking Stocks and Financial sector in general.

Rest of the Stocks remain as it is with SIP continuing in them. **Allocation is more focused towards Large Caps at this moment.** I still dont think time is right to try and bottom fish Small cap and Mid cap Stocks. **If we get a valid retracement in Market, one more bout of selling later in the year cannot be ruled out.**

SIP Update

Stock	Sector	SIP Start Date	SIP 1	SIP 2	SIP 3	SIP4	SIP 5	Average Price	Profit/Loss %
Axis Bank	Banking & Financials	1st October 2018	613.00	568.00	585.00	562.00	536.00	572.80	-6.42
Dr Reddy	Pharmaceutical	1st October 2018	2530.00	2394.00	2450.00	2552.00	2398.00	2464.80	-2.71
Lupin	Pharmaceutical	1st October 2018	900.00	838.00	846.00	880.00	850.00	862.80	-1.48
Sun Pharma	Pharmaceutical	1st October 2018	623.00	597.00	590.00	609.00	550.00	593.80	-7.38
ITC	Consumer Goods	1st October 2018	297.00	276.00	275.00	289.00	280.00	283.40	-1.20
Cipla	Pharmaceutical	5th October 2018		636.00	623.00	633.00	601.00	623.25	-3.57
Gold ETF	Gold	19th October 2018				2900.00	2904.00	2902.00	-0.07
Wipro	I.T.	20th October 2018				323.00	318.00	320.50	0.78
ICICI Bank	Banking & Financials	26th October 2018					316.00	316.00	0.00

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

Average Price - This is Average Price of SIP

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,

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.

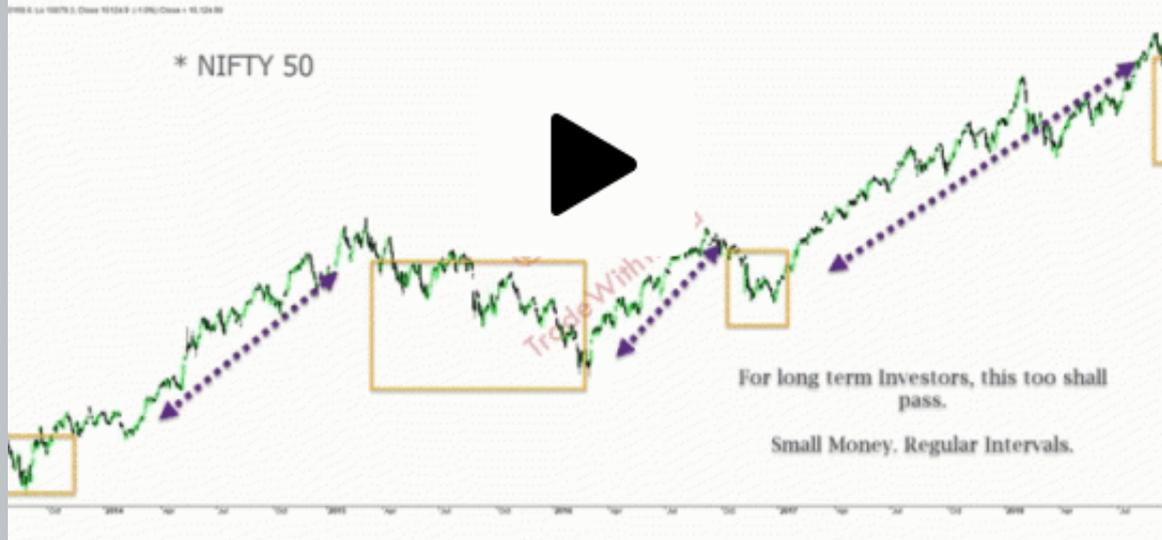
In times like these where some Stocks are falling 30-50% in a day, whatever you buy will more often than not move lower. Which is why for these stocks, I am starting out small and will increase positions as volatility subsides. One more filter I use while doing SIP is that as a Stock falls 10% or more 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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Market Analysis 29th Oct – 2nd Nov 2018

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