



FUTURE FOCUS

Saugata Banerjee
saugatab@mydigitian.com

Technical Analysis to enter into a position ! (Part 1)

DIGITIAN VIEW!

“..It is a great opportunity to get access to the long term Investors' investment book with a research capsule, buy/hold/sell real time guidance, and get a return of 20%-60% in 6-12 months - this is the unique offer Surrogate Investor brings ”

MARKET WATCH

This year I would cover a series on technical analysis of stocks- how it helps to enter into a long term position in that stock. It will also cover the very important aspect of exit from the stock at the right time.

Technical Analysis is mainly required for trading in stocks mainly for short term trading. However, for medium term trading or before taking a long term position you can use the technical analysis to your benefit than get into a value trap.

How successful technical Analysis could be ? This works 90% of the time but fails for 10% of the time with stocks which defies all technical analysis norms and continuously break new highs or otherwise breaks new lows.

However, in value investing the most important part is Fundamental Analysis to find out the fair value of the company and its stocks vis a vis its market price and its

future value runway. Idea of Technical Analysis sometimes gives you an edge during entry into / addition/sale or exit from a stock.

Basics of Technical Analysis : Its study of past stock price & volume data and various indicators derived from this data on charting software. The analysis would focus on finding stocks whose charts show a defined pattern for future price movement. Basically it is based on past data and trend -- so many value investor does not like technical analysis as past cannot be indication of futures. However, technical analysis can sometimes **help to capture the market sentiment behind a stock.**

The real role of all technical analysis methods is to help us "simplify past information" rather than using it directly to predict future price. By simplifying the

Equity Indices	Monthly Close	Monthly Change %	2024%	2023%
S & P	5138	3.9%	8.4%	23.5%
Nasdaq	16275	4.3%	10.2%	41.1%
FTSE 100	7682	0.9%	2.6%	0.5%
Shanghai Compsite	3027	12.0%	2.4%	-4.3%
NIFTY	22378	2.8%	3.7%	18.9%
Nairobi SE 20	1511	0.0%	0.1%	-10.0%
Egypt SE 30	29147	5.4%	14.4%	73.9%
Tanzania All Shares	1770	1.8%	-15.4%	11.2%
Nigeria SE 30	3899	0.0%	37.3%	54.1%
Morrocco All Shares	13010	4.6%	7.2%	12.1%
Bangladesh DSE 30	2127	-0.3%	1.7%	-4.7%

Commodity	Monthly Close	Monthly Change %	2024%	2023%
Gold	2091	2.5%	0.9%	13.2%
Crude Oil	83.46	7.1%	10.8%	-12.4%
WTI Oil	79.81	9.5%	13.5%	-12.3%
Copper	3.85	2.1%	-0.5%	1.0%
Irone Ore	113.9	-11.4%	-16.5%	22.6%
Aluminium	2240	1.6%	-3.2%	-2.8%

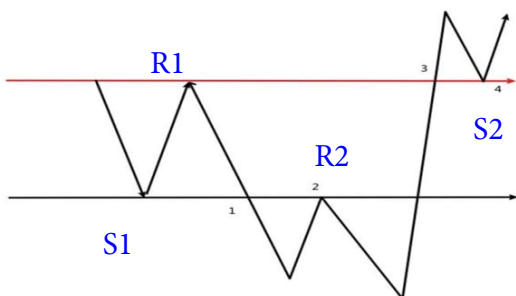
interpretation of information, it can be used as an analytical basis to judge future situations and improve reliability.

First Tip : Candle Stick Pattern

Always use candlestick pattern for stock chart. The colour, length and width of the candle stick and the wick attached to the candlestick (at the top/bottom) helps to understand the pattern and trend for the future price movement. The net purchase is represented by Green candle and net sale is denominated by red candle.

Support and Resistance in Candle stick

This is the most basic starting point of Technical Analysis understanding the support and resistance price levels in the Chart of the stock.



Resistance Level: when a stock is overbought, then bear traders start selling the stock. if a resistance level is broken the stock will go up till its next resistance level.

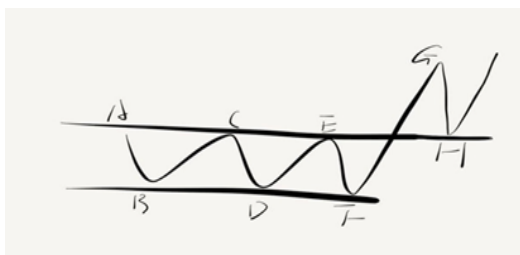
Support Level : when a stock is oversold, then bullish traders start buying the stock. if a support level is broken the stock may fall till its next Support level.

In the figure, the red line is Resistance line and the Black line is the Support Line in general. The stock price found buying support at S1 and resistance support at R1 via selling. It has broken support at point 1 and tested resistance at R2 which is erstwhile support line. The price created a double bottom (W) and broken the resistance level twice

with a rally. Thus, W is a signal if it breaks the resistance. Similarly, the price tested support at S2 which is erstwhile resistance line.

What does Support & resistance tell ?

- Support and resistance determine supply and demand areas.
- Understanding this, it only makes sense to buy at support levels and sell at resistance levels.
- **If price breaks through these areas, support can turn into resistance and resistance can turn into support.**
- From a **bull market** perspective, *when the market falls to its previous lows, it is more important than when the market falls to its previous highs.*
- On the **bear market** side, it matters more when the market trades to previous highs than when the market trades to previous lows.
- In other words, the more times an area of support or resistance is "hit," the more important it becomes. Support and resistance zones are very important for a consistent set **up**.



interchangeable principles of support and resistance is required to be understood. We shall discuss in the next newsletter.

Happy investing.

COUNTRY DATA

Countries	GDP (USD Bn)	Market Cap (USD Bn)	GDP Growth 2024p %	Inflation 2024p %
USA	27966	50781	2.1%	2.50%
China	17963	10889	4.6%	1.7%
India	3732	4330	6.6%	4.0%
Egypt	500	45	3.9%	26.20%
Kenya	115	10	5.3%	6.6%
Tanzania	79	7	5.5%	4.0%
Morocco	138	11	3.1%	2.60%
	187	54	3.50%	24.0%
Bangladesh	486	68	6.0%	7.90%

Forex	Monthly Close	Monthly Change %	2024%	2023%
EUR USD	1.084	0.93%	-0.6%	2.0%
GBP USD	1.266	0.96%	0.2%	4.9%
USD INR	82.910	0.18%	0.5%	-0.7%
USD KES	147.00	9.18%	6.5%	-21.6%
USD EG POUND	30.90	-0.03%	0.1%	-19.9%
USD TZS	2550.00	-0.98%	-1.4%	-7.5%
USD NAIRA	1611.53	-45.03%	-81.9%	-49.5%
USD TAKA	109.71	0.20%	0.2%	-6.1%



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Recommendation by	Name of the Company	Date of Purchase	Entry Price	Actual Gain Published in March 2022	Actual Gain Published in June 2023	Actual Gain Published in Dec 2023
Debashish	NGL Fine Chem	13-Mar-20	302	729%	572%	631%
Debashish	Tata Elxsi	27-Apr-20	790	646%	883%	1024%
Debashish	RACL Geartech	4-Aug-20	65	897%	2085%	1817%
Debashish	Arman Financial	8-Feb-17	243	327%	826%	952%
Saugata	Shivalik Bimetal	5-Feb-21	69	697%	933%	770%
Saugata	Newgen Software	7-Apr-20	116	477%	610%	1279%
Saugata	Trident	1-Oct-20	6.55	740%	419%	648%
Saugata	Indian Bank	11-Jan-21	87	94%	287%	422%



Debashish



Saugata

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VALUE INVESTING

Debashish Neogi

“A 100x Multi bagger will be generally in the small cap, sector agnostic, multiplies in a short time span but may be over 10 years, - a right to win is a must but you require a megatrend as tail wind”

No One Knows the Future in the short run (part 1)

Context : Indian market has been in a golden bull run for the last 6 years since 2018 - Indices have doubled with a return of 104.7%. So the obvious question is what is the future of the Indian stock market?

An interesting discussion with close friends and my answer to them ignited this thought provoking article.

No one knows what in short term market will be, no one has accountability, especially the guys who came on TV Business channels. If they are right they will say “see I told you” but how many of times you have seen them saying “I was wrong”.

The Question has an inner question : Whether the Indian market will correct in 2024?

Out of last 20 years, market have corrected in 18 years more than 10%. Hence, I expect that market (read Nifty /Sensex)will correct in 2024 by at least 8-10% anytime , only issue: **we don't know exactly when.**

However, as per my Value Investing conviction and experience, I believe that if we are invested in quality stocks it's better to be always remain invested instead of timing it.

For PMS, I can understand, it is different as they are always in “collection and then investment mode”. However many of the top PMS managers in the market have stopped collecting further money hence stopped investment.

Having said that I would also like to mention that **for first time in history of Indian market the forward earnings growth is keeping momentum with forward PE and huge retail money (read DII) remaining to be invested, hence every correction is getting bought into.**

The biggest negative is there are huge **new gen investors** who have come after Covid and they have not seen any bear cycle and hence any major macro related correction / black swan event can be scary like Covid because of unwinding.

No one knows, so what you do?

At this point it is better to dig on to some value investing motivator and icon like Charlei Munger.

What he does in such a situation in the market? He does not even blink.



No one knows, so what you do?

Holding companies is an art and who better know than Warren buffet or Charlie Munger .

- Buy good companies at good valuations
- Do maintenance due diligence
- Stay invested

Look where India will be in Future

Secondly, I would suggest to consider a very long horizon to understand the Trend of India's growth.

This is from Goldman Sachs research the world largest Investment Banking firm

At this point, the developed world is looking at India and China. Since the developed world has the ingestible surplus, their assessments of the very long term future has some meaning.

So as per the projection, India around 2050 will be third largest economy after China and USA. This implies there will be huge interest and investment in Indian economy in the next 25 years.

Every Fed Rate Hike Cycle Has Ended With A Crisis



DSP

Source: Bloomberg, DSP; Data as on Dec 2023

There will also be Macro headwind –which was there before ,there will be now and there will be in future also

Like the kind of analysis (as above) which shows that every US Fed rate hike cycle has ended with a crisis.

The world politics are passing through a very volatile phase and on any day any of these developments can create hindrance for Global trade or can create issue with Supply chain, disrupt trade and create cost for the economy.

The Istanbul-Jakarta axis — the integration of the Eurasian continent

Iran, Saudi Arabia, UAE and Oman to form a joint navy

India-Iran-Armenia launch trilateral to create corridor to Russia & Europe

China 'Green Lights' A Whopping ¥ 400 Billion BRI Project To Pakistan; Aims To Connect Kashgar To Gwadar Via Kashmir

Saudi Arabia takes step to join China-led security bloc, as ties with Beijing strengthen

Russia and Iran sign rail deal for corridor intended to rival Suez Canal

'Iran may consider extension of sub-sea natural gas pipeline from Oman to India'

India and Russia in 'advanced talks' over free trade agreement

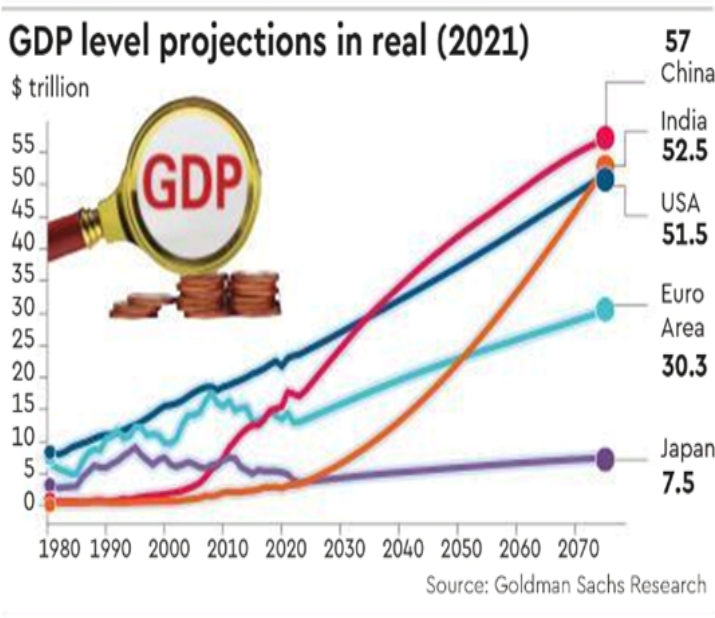
Erdoğan says Turkey and Russia to study Putin's gas hub proposal

Sources: news headline clippings

Thus in a stock market there will be macro headwinds all along the way, but a value investor would focus on the very long term trend on the market and economy while stay focused on the growth path of your stock.

Happy Investment!!

(to be continued)



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- **ZERO FEES or UPFRONT PAYMENT :** only transfer to Digitian Capital after you earned an upside (only on realisation) All control is in your hand
- **A separate Digital Account with Digitian Capital :** This will track trading results for easy reference.

What is the structure of **SURROGATE INVESTMENT Platinum** ?

- **Minimum Investment Requirement :** USD 500,000 or INR 3 crores
- Markets : INDIA & USA
- **Open a dedicated Brokerage Account with any Large banking Brokerage**
- **Minimum Investment : 12 months for each stock**
- **Allow Digitian Capital processors to Buy and sell shares in your account**
- **Quarterly Review of Investment performance and upside payment to Digitian Capital**



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