



#### Editorial

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Thursday expiry blues not yet over followed by Friday mania. Once down 1000 s3nsex closed at 850 + means from a low 1850+ recovery.

Why???

Culprit is media and social media. After 200 250 points down in Dow media and social media spread that market rally is over it will crash below 24000. So traders were forced and compelled to short when Sensex was down 500 600 points. Their shorting along with some stop losses took Sensex 1000 down.

Those who knew data like CNI thru dis not short but bought at 800 down and enjoyed the day. On Thursday Fpi increased shorts by 20000 contracts to reach 68000 size and along with pro and dii reached a shott of 135 lac contacts which is a decent short to suggest market will not fall.

After 12.30 market recovered on CNI buy call and once it came in green all day traders had to come forward for short covering and as a result markets closed 850 +.

Now my point is clear with 135 lac shorts in Nifty I do not think there is big scope for market to fall. Hence just wait and watch patiently and allow Nifty to cross psychological barrier of 25000. Once that is done then 26000 is on cards.

Next 30 days is pre budget rally. Budget will be extremely good. Buy packaging and textiles shares at will and hold. India story is just catching fire hence expect bold and major reforms.

I dp not know what will happen to stocks which you are have bought at peak but certainly know that cni found stocks will make your life sooner than later.

Friday's market is a perfect pitch of creating fear and then suddenly market makes u turn. This will keep. on happening for a while till the time we cross 26600. After 26600 we will see euphoric rally till 30000 +. Hence try to duck on these bouncers and hit shots when you get loose balls. Fii were 2300 crs + and clearly such hits were pre cursor to their cutting short and going long.

#### Change of the week

	21-Dec-24	Rise /Gain
Sensex	78041	3886
Nifty	23587	1125

#### Net Investments ( ` Cr)

	FII	DII
16-Dec-2024	(278.7)	(234.2)
17-Dec-2024	(6400)	2706.4
18-Dec-2024	(1316)	4084/0
19-Dec-2024	(4224)	3943.2
20-Dec-2024	(3597.8)	1374.3
<b>Total</b>	<b>(15815)</b>	<b>11873</b>

#### Turnover ( ` Cr)

	FII	DII	Combined
<b>20-Dec-24</b>	<b>1,82,974</b>	<b>1,27,164</b>	<b>3,10,138</b>

20-Dec-24	Advances	Declines	Ratio
BSE	958	3044	0.31

Every day market open negative, sgx also remains negative most of the time but market goes up. Why ????

Fpi and pro put together is short 135 lac contacts which is clear indication of market not falling big for sure.

24800 25000 is kept as resistance zone to confuse you. Once 25000 crossed there is no stopping. I am repeating again 16600 has to come and will come.

Emmbi was under strong action and emmbi is one of the packaging co which we had identified. Any day we will see bigger action in rdb rasayan also. Shetron Hindustan tin hitech corporation are other packaging picks which will perform on the top.

I'm very positive for engg space gtv engg and dhindia looks playing on strong pitch. Dh India is an engg marvel.

A leading small cap investment advisor also clearly suggested that wealth can be created through only Micro cap stocks. He has given example of hdfc bank which nor given any returns over last 4 years whereas I micro caps have given minimum 100% returns. We can expect 1000+ returns. Those hold will enjoy the process and those who have no confidence will always cry.

Sail bhel tapo tamo are great stocks but will test your patience but shetron hind tin dh India akar will not. It is demand vs supply. A gr stocks are known and owned by 18 crs investors universe whereas the later once are only CNI finds. Only 29k members knows these stocks but sooner than later 18 crs will come to know and the price creation will happen.

Lot of members ask questions about triveni glass. Please note this is a construction co and I do know when would they complete projects and announce big numbers. They have 74 acre land for sure and if you are feeling frustrated you can exit any time as stock is well above our initiation price. Also it is natural to see such reactions as none of you have gone through the research report

Same is true for lahoti. It is a great textiles stock. It will move like AKAR some or other day. But again those feeling frustrated can exit and decide own stock.

Always keep in mind all stocks cannot perform simultaneously. It is like 5 brothers of same family. But they have potential to explode on given day. Can see similar reaction for SAIL where worth is Rs 1000 but stock is taking time.

5 Top Gainers			
Stock	20-12-2024	16-12-2024	% Gain
VAKRANGEE	32.7	27.7	18.0
FIVE STAR BUSIN	764.2	649.2	17.7
GENERAL INSU	502.7	429.8	16.9
AVALON TECH	992.5	859.8	15.4
ZEN TECH	2500.7	2169.0	15.2

5 Top Losers			
Stock	20-12-2024	16-12-2024	% Loss
SANDUR M&I	407.9	487.9	16.4
JAI CORP	317.2	374.2	15.2
ANGEL ONE	2879.8	3389.2	15.0
DEEPAK FER	1146.3	1330.8	13.8
ADANI GREEN	1033.5	1199.7	13.8

Top 5 Picks By CNI 'A' Group	
Company	
RELIANCE	
TATA STEEL	
HCL TECH	
TATA POWER	
HDFC BANK	

Top 5 Picks By CNI 'B' Group	
Company	
SHETRON	
ADSL	
CTE	
MK EXIM	
INTEGRA ENGINEERING	

Who is drawing cards in market? Yesterday 2 big announcement came which saw market spook more than 1000 points. First it was for Fpi that they are not allowed to short in derivatives against stock holding ?? Why this notification came and when ? As per original rule fpi were not allowed to short in stocks but they are allowed to short 40% of their exposure in Nifty which I have mentioned many times in my column. I do not when this rule was relaxed ??? See following link

<https://x.com/redboxindia/status/1868983373160759360?s=48>

This indicate someone is controlling the market with specific purpose and they want Fpi to sell heavily. As against this see another notification which is in favour of Dii which again indicate that what was negative for FPI is positive for dii.

The Specified Investment Fund (SIF) a new MF category has been notified today by Sebi. Min 10 lakhs ticket size. Can be open ended, close ended or interval scheme (opens & closes on particular dates).

Opens doors to:

1) More concentration

AMC can own 15% of single company (up from 10%), via SIF

2) Credit Risk Strategies

AMC can invest up to 20% in debt of single issuer for investment grade debt (25% with board approval). This is up from 10% allowed for ordinary MFs & that too for AAA. The limit is lower for lower grade.

3) REIT & InVIT

20% in REITs & InVITs. Up from 10% AMCs currently invest.

Max 10% in single REIT or InVIT

These coupled with Reliance failure suggest that the time is to avoid f and o stocks for the time being.

However mid-caps are not on roll. We have seen many textiles stocks rocketing including mafatlal and we should rapid action in riba and lahoti soon. A k spintex has crossed 650 and not ready to stop even once.

The impact of the circular on Fpi odi positions could be as under..

1) current shorts in stocks will be converted to delivery as shorting is banned

2) there will not be shorts from Jan series in stocks

3) there will not be any need of v wap selling as during the settlement selling itself is delivery selling now

4) though fpi are banned dii are also banned hni and market operators are not banned

5) initial reaction till this expiry will be negative but from jan series the impact will be positive e g fpi will have to sell shares with 100% delivery which means their sales will get reduced by 80% ( assuming margin of 20% in futures selling )

6) hni can go long what fpi sell it by paying just 20% margin means entire fpi selling of 20% csn be bought by hni at just 4% margin ( 20% of 20%)

7) in zero sum game manipulating prices will become simpler and easy as volumes will collapse due to no shorting

Yet for retail we suggest avoid f and o stocks and buy cash stocks. E g Reliance fell 25% in last 3 months and mafatlal rose 50% now you decide which trade is better

I am expecting massive action in vipul organics lahoti overseas dh India shetron national plastic rdb rasayan Hindustan tin akar auto sparc riba lgb Forging and many many stocks which we have discussed many times.

One word I will describe current markets are consolidation. Spring is getting pressed with fpi and pro shorts at 1.35 lsc contracts. No doubt policy announcements are bearish in short term and bulling on long term we cannot forget that markets have digested all major policy changes in last 90 days.

Who knew Mafatlal will rise 50%. This means patience has delivered. This will happen with each and every stock picked by CNI. In fact all the stocks are above buy initiation price means all 29k members are in green. This is out performance of CNI team. Else you look at A gr shares they are off 20 to 60% of the peak.

### **Budget will be extremely pragmatics for three reasons**

1) will try and lift gdp towards 7.5% and thanks to robust tax collections

2) will announce major sops for exports which is a must to correct the balance of trade and stabilize Re. Aim of reaching 835 bn \$ exports is just not possible without giving sops to exports. Exports are currently out of gst and if goes out of income tax we can expect exports to zoom 1000%

3) if we achieve 4.9% Fiscal deficit we will be on course to reach 4% and that could be the biggest + of this Budget

Now given big consolidation of 90 days there could be big big rally now pre budget and post budget because we are 1090 Eps which will scale to 1205 by end of Q4.

With even current pe of 22.5 we should trade at 27112. This is 24-25 valuation. Now take this at 25 pe the Nifty value comes at 30125.

What should be fair valuation for 25\_26 if eps is 1380 ??? At 22.5 31050 and at 25 34500.

These are the broad valuation matrix and you all will do if you keep in mind these while investing. Hold and wait are the only two possible scenario for all optimistic investors. Every stock have its day and many frustrated investors sell shared exactly when it's turn comes that is biggest individual mistakes committed for which you cannot blame anyone.

Those who followed me for years have enjoyed many multi baggers. The thumb rule of enjoying multi baggers is that you have have exposure to all the stocks. Those who did not have AK spintex and arihant foundation or Windsor are most unlucky and frustrated investors who sell shares in just 10% profits.

Will realise my words when vipul will deliver 40 50 crs profit and 1400 crs revenue and price will be Rs 2000+ which is almost 10x from current price. Same will be true for shetron Hindustan tin dh India rdb rasayan gtv engg and many micro caps identified by cni. Once they become small caps our role will be over. The journey of small cap to mid cap is long process and only those who have 5 years vision can enjoy. E g cera wimplact vip etc.

Don't panic. Accumulate stocks. QW will end today. DOW will rise and nifty will follow. There is no reason to stay short.

Buy Reliance and Tata motors. GO long on IT.

In midcap buy MK exim , AKAR auto , shetron.

LGB forge we had recommended at 10 has doubled in just 2 months. Same way shetron will be the bull eye. Keep watch on the stock.

## Special feature

Tuesday market fell 1000 points and a media story appeared that sebi has banned odi against stocks. In chakry comments cni though had clarified that this is not true as there were underlying odi in derivatives. Next day though sebi clarified street was again down 400 points and FPI shorts in Nifty crossed 85 k and with pro crossed 150 k. See what sebi clarified...

Clarification from SEBI

An article has been carried in a section of media suggesting that SEBI has prohibited FPIs from issuing Overseas Derivative Instruments (ODIs). This is incorrect.

It is clarified that FPIs have only been barred from issuing ODIs with derivative instruments as the underlying. As on date, there are no ODIs with derivative instruments as the underlying.

It is further clarified that ODIs referencing cash market securities can continue to be issued.

Dow had been falling for last 10 days that is almost 2000 points fall came WHY?? Street ignores this event every quarter but CNI can't. Yes you are right on 20th Dec 2024 in US there is QW that is 5.5 trillion \$ expiry across all stock exchanges.

So today when we draw you attention probably markets are bottoming with QE and from Monday we will see fresh positions getting build in US which will take Dow again past 45000.

In India after Tuesday and Wed fall all charges have generated negative divergence and sell signals. A day before all chartists were extremely bullish. This is man's creation and coffin for day traders. When all the charts give negative divergence markets will start rising. Because 26th is expiry and only 4 sessions left and for rolls men create positive divergence trigger chart based buying which helps distribution and then comes the negative divergence followed by stop losses which help street drivers roll over their big positions.

To explain again to all those who are new members how are the positions rolled from Dec to Jan????

Before we explain this please understand that this was the basic difference between old badla system pre 2000 and new derivatives system post 2000. In old badla system traders had no role in rolling over positions. This was automatic and Exchange used to decide the badla charges based on shortage if any in zero sum matching game. If shorts exceeded long traders long used to get undha badla. Means instead of paying carry cost they used to get credit for carrying long.

In new system the rollover has to be done by trader and exchange has no role to play. You have to sell in Dec and buy in Jan. So cost is system adjusted. If there is excess short here too trader will get credit but through screen based bids. If anyone forget to roll over then long or short will turn out to be delivery trade due to physical settlement.

So if you are long say 1 contract of tisco you will ask broker to sell one in Dec and buy 1 in Jan and difference could be 1%. Means you are paying 12% carry cost. This is because you are part of system. Now imagine you are part of system driver. Say you are RJ and have 5 mn tisco long in total 20 mn o l position. Will you pay 12% cost or will try to take 24% undha badla and carry the positions??? And if yes then how it works? Though we have discussed this many times in our previous notes we are repeating this again here for their sake of understanding of many new members.

And this actually happened this week. Last week there was a big big break out and entire street gone bullish. Then came correction on Tuesday and Wednesday and entire street became bearish with sell signals. How did this happen..? When with veracity certain levels are broken we call it BREAK OUT. There are more chartists than investors. No of investing community is now 18 crs and traders are 15 to 16 crs then we can safely presume there are more than 1 Crs chartists. This includes FPI chartist's media chartists which influence large number of traders. So when break out comes there is sudden euphoric buying which comes following volumes. So selling 5 mn shares become easy cake and street drivers do it sort of premium say 4 to 5% to market price. So Dec selling done. Then comes correction and stop losses gets triggered at 5 to 7% losses which become tipping point for buying in Jan futures. Call and put volumes add oil to fire.

This is in other words called manipulations and traders always become victims and later gets consoled saying it was false break out. We must understand street drivers use super algorithm to beat you and hence they trigger selling when your charts give break out. They engage specified team to create false volume false break out and professionally distribute their positions

and cut in next settlement. This is how we always tell our members that human being and mind is there behind charts. Machines only read data and fixing could be managed.

The bottom-line is fixed. Traders play for Rs 2 profit and street drivers are there permanently for more than the price of the stock. They are least affected by small time volatility. Thus the real reasons for volatility are expiry considerations and Q W once in three months.

Dow fell 1100 points on Wed just ahead QW though it was assigned to Fed decision on rates. Well with this fall a perfect pitch is created for big rally again from Monday as Dow RSI has fallen to 29 which is now in oversold state. So Dow three events are there which will see Dow rising 2000 points from Monday 1) over expectation from Fed 2) dow is oversold 3 ) fresh settlement starting through trump assuming charge.

Nifty rsi is at 45 on Thursday morning and buy the time this report reach you it could be 30 or less putting again in oversold zone. Hence even Nifty should follow Dow trend from Monday.

In any case only 4 sessions are left for toll over and we feel markets will rise again 1500 2000 points and we hold our target 26600. But you should try to milk money through mid-caps and small caps. E g LGB Forging the stock we spotted at 9 just few weeks back has given 100% returns in this difficult time. Stock was Rs 18 + giving unexpected returns. We had explained the future of LGB and told you action will start once the cct limit is changed to 20%. Another stock waiting to rise 100% in next few weeks is CTE. We have already explained its connections with NVIDIA in our note. If you are still not convinced then only God can help you. But for sure it will rise 100% once cct limit is changed to 20%.

This goes well with all other stocks which will become 20% cct limits. In the past also we had seen such moves e g ttml from 53 to 108.

We do not discuss valuations at this stage as Govt of India has given indication through tax collection numbers that the economy is in the pink of the health. Hence use dips for accumulation of quality stocks.

