Twitter Thread by Gaurav Sanghavi

Gaurav Sanghavi
@iGauravSanghavi

Hi Sourabh, I'm sure you would be overwhelmed by getting a long list of random picks, so I thought to share a methodical approach. Please see my notes. I'd be happy to run my Python script and get a small list of stocks for your review sometime tomorrow.

- Universe: F&O stocks / NSE200 stocks

- I then use the below screener from Mark Minervini Trend Template to avoid weak stocks under the label of reasonable valuations. I've omitted some of his rules due to various reasons.
  - Last Close > 150 SMA AND 200 SMA
  - 150 SMA > 200 SMA
  - 200 SMA (last) > 200 SMA (21d ago)
  - 50 SMA > 150 SMA AND 200 SMA
  - Last Close >= 1.3X of 252d Low (Close basis)
  - Last Close >= 0.75X of 252d High (Close basis)

- And then most importantly, I look for stocks having the lowest absolute and relative volatility in the last 252 days using an indicator I've modeled in Python. It is not Mark's VCP but calculated objectively using price data. I've been closely observing this volatility element and found that the probability of a relatively large move is significantly higher when volatility is at its lowest in the last 252 days. This method also helps to avoid over-stretched stocks and get stocks that offer good R:R.

- Then you can add a fundamental / valuation filter on the stock list obtained from the above steps.