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While trading in stocks, how do you survive in a choppy market and make profits? Here's how I do it ■

Choppy markets are difficult to trade. When there's an uptrend like it was in mid-2020 and 2021, it's easy to find out stocks in different ways. (1/18)

And when it is in a clear downtrend, we can simply avoid trading in cash scrips and can take the benefit of selling in F&O.
We don't know for how long the market will be choppy - could be a few days, 2 months, 6 months or a year. (2/18)

You just can't sit with 100% cash for trading in stocks that long. A way to trade needs to be figured out.
After a clear uptrend, market changes the trend and sometimes goes sideways/consolidate for the time being. (3/18)

When it falls after an uptrend, there will be so many supports midway - sometimes it doesn't fall freely. The question is... how can we take trades at this time in cash scrips?
Method One:
When Nifty and small-cap/midcap Index comes at major support keep a watchlist ready. (4/18)

This watchlist is of stocks which are at major support too or at 20, 50 EMA (generally stocks bounces from here if the market supports). Try to find stocks from a strong sector/theme. The next day, if we get a bounce, trade Intraday in that stocks. (5/18)



If watchlist isn't working, find top gainers with small SL. Carry only if there's strong closing with limited quantity OR book half/carry half. Or take trade till next imp. resistance - basically, reversal trades but with strict exit rule.
(Read prev. Swing Trading thread)(6/18)

Method Two:
(Have written about it in the previous thread and my personal favourite)

If there is any major reason behind changing trend or the sudden fall, we have to figure out what sector can benefit from that reason. (7/18)

In covid time, initially, the pharma sector shot up. After covid, it was the textiles and once Nifty made a lifetime high, every other sector started buzzing.
This time, Russia Ukraine war had directly affected 2-3 sectors - Metals, Chemicals and Energy. (8/18)

From oil to wheat to chemicals, every commodity was seeing a spurt in its prices amidst the clogged supply chains. If you check, they were defensive sectors. Even when the market was falling, they were coming up. (9/18)



Avoid sectors where the Index breaks support and goes downtrend Eg. IT sector, FMCG. Use them for selling in F&O. Chemical theme cash scrips gave good move and returns. Focus on outperforming stocks first, then move to others -GNFC, Polyplex, Gujarat Alkalies and many more(10/18)



Energy Index gave breakout when Nifty was falling. A clear indication of outperforming sector. A few stocks like NTPC, Reliance and some cash scrips gave a good move. We can't get a good accuracy all the time, but we can increase our chances to be right with this method. (11/18)



In a choppy market, many stocks give fake breakouts every now and then. They can't sustain without market support. If you choose a weak sector breakout stock, chances are you will get stuck in a fake breakout.
Alertness is important in a choppy market. (12/18)

If you enter breakout stock and not getting follow up move the next day; if Nifty is down too- exit immediately. When market is in uptrend, we think it might take retest and we wait even if it falls. Don't take risks in choppy markets - chances of fake breakouts are more. (13/18)

Getting out of the stock is important. Accidents like Chambal, Polycab, Adaniports can always happen.

Check the charts for more understanding: (14/18)



In F&O, sell the weak sectors' stocks. Buy the strong sectors' stocks. You can always keep diversification like this. OR, if you're buying defensive stocks and Nifty is weak, you can always hedge them with Nifty. I did this a lot in April month. (15/18)

When IT index started falling, it fell one-sided and so were stocks. When stocks reach major supports, take an exit once or trail strictly. While selling, always sell underperforming stocks first then come to outperforming ones that too if market is clearly in downtrend. (16/18)

FMCG too was in clear downtrend till March. Auto was sideways to bullish - use such a sector in either Intraday or avoid it for time being.
Don't trade too much in choppy markets.. keep your positions limited, keep maximum positions in defensive stocks. (17/18)

Keep strict exit rules. Be prepared for multiple entries and exits without any frustration. Our motive is to survive this market, can always make good money in trending markets. Trust me, if you strictly follow the mentioned rules you will most likely have good profits. (18/18)