

13th August 2020

Larsen & Toubro Limited



Monthly Candlestick Chart



Daily Candlestick Chart

Recommendation

Symbol:

LT

Entry Point:

967

Target:

1175

Stop loss:

859

Risk Reward:

1: 1.93

- ✓ After posting a fresh all-time high of ~1554 during May, 2019; LT took sharp U-turn and nosedived. In that pessimism stock tumbled till ~655.
- ✓ The selling pressure exhausted near 655 as said level precisely coincided with the monthly 200-MA. The previous monthly swing highs of October, 2007 and September, 2010 (please find the horizontal trend line) had reversed its role post breakout and acted as a strong support. Also, stock precisely tested its 'Rising Trend line' drawn on a monthly closing basis chart by connecting its swing lows of February, 2009 and August, 2014.
- ✓ The monthly RSI (14) registered a low of 32.74 which was a historical low as it was well below its previous lows of February 2016, December 2011 and February 2009 therefore it indicated that the price was into a deep oversold zone.
- ✓ In line with technical, stock witnessed a sharp pullback from 655 to 986 and formed 'Higher Top Higher Bottom' formation on daily chart. Of late, stock slipped into a long consolidation and eventually formed a 'Triangle Pattern' on daily chart.
- ✓ During this week, stock confirmed its breakout from 'Triangle' pattern along with a sharp rise in volume activities. The daily RSI (14) remained in a bulls range throughout the consolidation and started heading northward. **Considering the above technical evidences, we expect LT to outperform in the medium term hence we recommend buying at current level of 967 with an upside price target of 1175. Stop loss to be place at 859.**

TRADING EDGE

TEAM

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