

TRADING EDGE

26th June 2018

MCDOWELL-N

Recommendation

Scrip:
Mcdowell-N

Entry:
At 700

Target:
914

Stop loss:
600

Risk Reward:
1:2.14

Technical Trigger

Daily 200 SMA:
638

Daily 89 EMA:
662.60

Daily RSI (14):
60.31

Weekly RSI (14):
58.88



- ✓ After forming a strong base near the level of 350 - 370; stock has seen spectacular rally which lasted till early January 2018. In that optimism, stock registered a high of around 801 which was tad below its previous all-time high of around 816 (March 05, 2015).
- ✓ Failure to cross its previous peak attracted fresh sell-off and stock descend towards 590 - 600 zones. The level of 600 - 590 precisely coincided with the 61.8% retracement of its previous weekly swing move joined from the bottom of 468 (October 13, 2017 low) to the top of 801 (January 05, 2018).
- ✓ Weekly 45-EMA precisely came near 600 levels and resultant, stock managed to recover sharply and rallied towards 731. Subsequently, it slipped into consolidation and formed a 'Symmetrical Triangle' pattern.
- ✓ In Tuesday's trade, stock penetrated the upper band of symmetrical triangle pattern which eventually confirmed its breakout. Also, stock is showing signs of medium to long term 'Positive Reversal' on weekly RSI (14).
- ✓ Weekly Bollinger Band has contracted significantly after prolonged up move in price. Hence, the volatility is likely to increase from current level.
- ✓ Combining the above technical parameters along with the placement of weekly RSI (14), we recommend traders to buy Mcdowells at current level of 700 with a price target of 914. Stop loss should be placed at 600 below which our bullish view will be voided.

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