

# TRADING EDGE

27<sup>th</sup> November 2017

## DCB BANK LTD

### Recommendation

Scrip:  
DCB BANK LTD

Entry:  
At 188.50

Target:  
226

Stop loss:  
170

Risk Reward:  
1:2.03

### Technical Trigger

Daily 200 SMA:  
182.15

Daily 89 EMA:  
183.80

Daily RSI (14):  
61.01

Weekly RSI (14):  
55.72



- ✓ Looking at the daily chart, DCB Bank has seen spectacular run-up from the bottom of around 100 and hit a fresh all-time high of 213 during mid June, 2017.
- ✓ Subsequently, the bullish momentum faded, and stock witnessed sharp profit booking. However, the fall got arrested near 166 which coincided with the weekly 45-EMA.
- ✓ Broadly speaking, after sharp fall; stock entered in consolidation phase and form a 'Descending Triangle' pattern which is a continuation pattern.
- ✓ In today's session, stock confirmed its breakout from said triangle which was supported by the daily RSI (14) that broke the bearish divergence trend line (please find the exhibit).
- ✓ The weekly 9-45 EMA is positive and indicates that the overall correction was merely a pullback of its primary uptrend.
- ✓ On a monthly chart, we are seeing exhaustion and the current month candle is likely to form a positive candle after four consecutive negative candles.
- ✓ Considering the above technical parameters, we expect resumption of primary trend hence we advocate positional traders to buy this stock at current level of 188.50 with an upside price target of 226. Strict stop loss should be placed at 170 below which our positive view will be negated.

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## TEAM

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