

TRADING EDGE

31st August 2018

LUPIN LTD

Recommendation

Scrip:
LUPIN LTD

Entry:
939 / 880

Target:
1140 / 1360

Stop loss:
780

Risk Reward:
1:2.62

Technical Trigger

Daily 200 SMA:
828.50

Daily 89 EMA:
845.65

Daily RSI (14):
65.78

Weekly RSI (14):
58.37



- ✓ After confirming its breakdown from a weekly 'Double Top' pattern, stock entered into a multi-year bear market and lost more than 65% and made 52-weeks low of around 719 (weekly candle low of May 18, 2018).
- ✓ Subsequently, the fall got arrested near 722 as this level coincided with the 78.6% retracement of its entire move from the bottom of 345 (weekly candle low of February 25, 2011) to the top of 2093 (weekly candle high of October 09, 2015).
- ✓ Of late, stock consolidated in a range and formed an 'Inverse Head & Shoulder' pattern on weekly chart. In Friday's trade, Lupin eventually confirmed its breakout by penetrating the neckline which is peg near 930.
- ✓ The weekly 9-45 EMA on price is on the verge of a positive crossover which supports our bullish hypothesis. Also, stock broke the upward sloping trend line drawn on weekly arithmetic chart.
- ✓ On a quarterly chart, the last quarter candle resembles a formation of 'Bullish Engulfing' pattern. The said pattern needs confirmation in terms of closing above 919 on a quarterly basis and currently stock is holding above 919. Whereas on a daily chart, stock is trading well above the 89-EMA & 200-DMA respectively.
- ✓ Considering the above technical evidences, we advocate traders to buy 50% at current level of 939 and use any dip towards 880 to add another 50% with an upside price target of 1140 and in case of further optimism stock likely to rally till 1360. Strict stop loss should be placed at 780 below which our bullish view will be negated.

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