

Technical Stock Note – Tata Steel

September 25, 2009

Buy Tata Steel between Rs.499 and Rs.493 for sequential targets of 523 and 575 within 2-3 weeks. Stop Loss = Rs.485 on closing basis.



Tisco made an intermediate top at 496 on 3rd June 09. For the next 28 trading sessions it made lower top lower bottom formation. It finally made an intermediate bottom on 13th July 09 at 331. From there onwards this downward move got fully retraced on 4th August 09 and it made “Double Top” like situation by creating intra day high at 492 on Aug 04, 2009.

Later the upmove from 331 to 492 got retraced exactly by 50% (an important technical ratio) - as marked on the chart above. The move from 492 to 409 took 21 days which is an important Fibonacci time factor. The up move from 409 to 545 took 11 trading sessions so the down move from 492 to 409 got fully retraced faster which is a bullish signal in the medium term.

On 15th Sep 09, Tisco created a “ Western Gap Up” between 493 and 497 which almost coincides with the previous intermediate top of 496.

On September 25, 2009, Tisco has entered this gap area by registering an intraday low at 493.60. **If Tisco manages to close above Rs. 497 it could be a good medium term buy.**

Buy Tisco between Rs.499 and Rs.493 with a stoploss at Rs.485 and sequential targets of 523 and 575 within 2-3 weeks.



For last 2 years, the level of 575 is acting as a support as well as resistance. This concept is known as “Change of Polarity”. According to this concept, once Tisco breaches 513, we expect Tisco to head towards the level of 575.

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