

TECHNICAL CALL

**BUY HDFC LTD AT CMP ₹668.6; STOPLOSS ₹640; TARGETS ₹720 & ₹750.
(Medium Term Holding Period 1-2 Months).**



DAILY CHART

- The stock since February'12 had declined in a descending channel pattern which was successfully breached recently with tall white candle formations.
- The stock prior to the breakout formed a higher bottom which was successfully defended couple of times around the ₹630-₹635 levels. The prices have managed to exceed their May'12 high which is a bullish Dow signal indicating a start of a higher high and low formations.
- The MACD has given a bullish crossover and has entered into the bullish territory. The indicator has also exceeded the descending trend line drawn from the January'12 highs which is bullish.
- The RSI indicator is currently rising and is above its March-April'12 highs indicating bullish momentum in the stock.
- The prices in short term are likely to test the falling window pattern which coincides with the short term rising channel drawn from the May'12 low which is around the ₹690-₹695 levels.
- Decisive close above the ₹700 levels would fill the falling gap and would increase the possibility for the stock to test its previous all time high.

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STOCK TRENDZ – 3 July 2012



WEEKLY CHART

- The stock after a sharp rise from the March'09 lows has been consolidating its gains and has formed a rectangle pattern. A Rectangle is a continuation pattern that forms as a trading range during a pause in the trend. The highs and lows can be connected to form two parallel lines that make up the top and bottom of a rectangle
- The duration of the current pattern is over 18 months. There is a long-term overhead resistance at ₹730-₹735 levels and strong support resides at ₹605-₹610 levels on the downside.
- The counter in the past after forming bullish candlestick pattern at the support zone has rallied by over 20% towards the resistance area.
- There was an emergence of Bullish Hammer pattern near the crucial support zone in May'12 which has been successfully defended which further validates the pattern.
- The RSI has maintained its Bullish support range of 40 levels since late 2010. There is an uptick recorded in the indicator from the support levels confirmed by the break of the falling trend line drawn.
- The overall picture looks bullish and indicates supported from both the time frames and one should maintain a positive outlook in the stock

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