

Technical Result Preview Q2
2022-2023
Asian Paints




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DATE – 14 OCT 2022

Asian Paints Ltd

CMP 31885. Result date: 20-10-2022.

Strategy:

Given that there is a significant possibility of both side breakouts, but the downside has historically been inhibited in Asianpaint, it is advisable to be on the bullish side.

Strategy	Recommendation	Levels	Stop loss	Target	REMARK
1	BUY ASIANPAINT FUTURE AND HEDGE WITH ATM PE	3160	2970	3585	Buy on dip will be the logic
2	BUY ASIANPAINT FUTURE AND HEDGE WITH ATM PE	3355	3120	3600+	Buy on breakout be the logic

- Note: The aforementioned strategies will stay in effect until their expiration in Nov 2022. The cash market prices were taken into consideration when determining the stop losses and objective

Asianpaints Weekly Chart



Four weekly ranges are identified in the preceding chart by the color sky blue. These are the weeks that the organization, under consideration releases its quarterly results. For calculation purposes, those results declared from Friday to Thursday have been taken into consideration with the calendar weekly range. If results comes after that, next week's ranges are taken under consideration. As observed, these results ranges usually acts as support and resistance in the future. Table 1 contains information about the same in detail. Additionally, there are significant moving averages like the 20, 50, 100, and 200 on the price, as well as the momentum indicator RSI (14,9) at the bottom. Table 2 contains information about the same in detail.

Table1: Ranges for the last four quarters' results and their observations

No.	Results	Range High	Range Low	Momentum till the date
1	Q2: 21-22	3283.95	2912.15	Post result a big range was identified and in last one year the prices traded within this range for more than 50% of the time.
2	Q3: 21-22	3270.00	3010.85	The range remained within the range of Q2. There was one whipsaw before the Q4 result and prices again got into the range.
3	Q4: 21-22	3138.75	2975.00	The range remained entirely within the Q2 range and partially inside the Q3 range. Following the announcement of the results, prices repeated the Lower Low, Lower High bearish pattern for four weeks before showing a significant bounce back.
4	Q1: 22-23	3354.35	3051.65	Prices broke out of overlapping ranges with the release of Q1 results and have remained in higher levels with the exception of the current week.

Current Technical setup:

Table 2: Technical indicators reading on the weekly chart as attached above.

No.	Indicator	Time frame	Value	Slope	Interpretation
1	20 EMA	Very short Term-EMA	3230.87	Down	Bearish
2	50 EMA	Short-term-EMA	3124.54	UP	Bullish
3	100 EMA	Mid-Term-EMA	2895.22	UP	Bullish
4	200 EMA	Long-Term-EMA	2459.22	UP	Bullish
5	RSI (14)		49.26	Down	Bearish
6	9 EMA RSI		54.27	Down	Bearish

The table above shows that the Asianpaint is above the 50, 100, and 200 EMAs, but below the 20 EMA. Except for the 20 EMA, which has pierced, all EMAs have bullish slopes, indicating a slight profit booking before the outcome. The chart formation is sideways, and poll-flag formation is now underway. As a result, a breakout might be predicted following the results. Though, the RSI is below 50 mark, signaling small profit booking.

Conclusion:

The poll-flag pattern, together with the strong support of overlapping result ranges, provides adequate evidence to support a bullish outlook. The RSI has exhibited some profit booking, but it will insignificant till the prices remain above the 50 EMA.

Research Head

Vishal Vasant Wagh

vishal.w@bonanzaonline.com

022-68363700 (742)

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M/s. Bonanza Portfolio Ltd at Bonanza House, Plot No. M-2,
Cama Industrial Estate. Walbhat Road, Goregaon (E),
Mumbai – 400063



<https://www.bonanzaonline.com>

Research Analyst Regn No. INH100001666

SEBI Regn. No.: INZ000212137

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