

Technical Result Preview Q2
2022-2023
BAJAJ FINANCE LTD




Bonanza
make money. not mistakes.

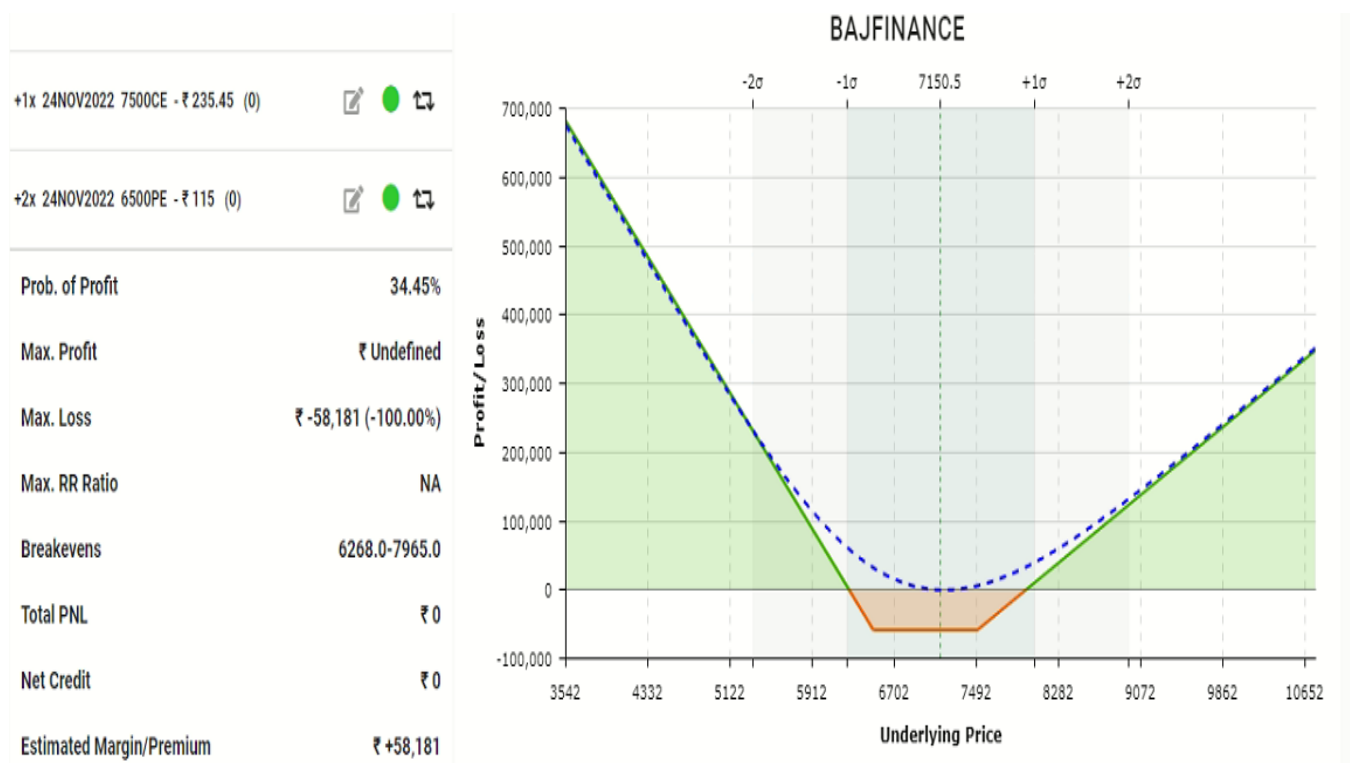
Strategy:

Given that there are higher chances of topping in the Bajfinance so, the ratio strategy will work with better returns and reduction of risk.

Strategy	Recommendation	Levels	Stop loss	Target	REMARK
1	BUY PE 6500 AND BUY CE 7500 NOV EXPIRY IN 2:1 RATIO	235.45 & 115 TOTAL PREMIUM 465.45	200	800+	As technical setup is signaling resumption of down trend.

- 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

Strategy Payoff



BAJFINANCE 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 come after that, next week's ranges are taken under consideration. As observed, these results ranges usually act 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	7919.95	7313.05	The prices remained below the higher range but post Q3 results prices managed to test the higher end of the range leading to formation of Double Top pattern.
2	Q3: 21-22	8045.00	7305.85	Following the Q3 results, there was a confirmation of a double top pattern in with a substantial sell-off acting as a confirmation.
3	Q4: 21-22	7262.95	6580.00	Prices tested lower range of Q2 and Q3 just before the result. Bear were able to tighten their grip again when the results were released.
4	Q1: 22-23	7260.00	6185.00	Prices retested higher levels of the Q4 result range and lower levels of the Q2 and Q3 result ranges following the announcement of Q1 results. More than 60% of the Q1 range overlapped with the Q4 range. Three efforts to go into the Q3 upper range were unsuccessful were observed.

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	6950.04	UP	Bullish
2	50 EMA	Short-term-EMA	6710.40	UP	Bullish
3	100 EMA	Mid-Term-EMA	6166.97	UP	Bullish
4	200 EMA	Long-Term-EMA	5094.77	UP	Bullish
5	RSI (14)		58.16	Down	Bearish
6	9 EMA RSI		58.28	Down	Bearish

The table above shows that the Bajfinace is above all important moving averages with a positive slope i.e. the 20, 50, 100, and 200 EMA, but on the RSI front, there is strong resistance around 60 with a negative slope, much as its moving average. It suggests that higher side is limited, and there are many rejections at the lower range of Q2 and Q3. As a result, there is a greater likelihood of a return of a negative trend, although an acceleration of additional losses will occur below the lower range of Q1.

Conclusion:

Prices have shown rejection at the overlapping Q2 and Q3 levels and bearishness in the RSI is indicating profit booking, which cannot be ignored. As prices began to damage the double top formation and at the same price range became the resistance, there is a probability that the next downward rally will wipe out the 5220 lows.

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