

Technical Result Preview Q2
2022-2023

Larsen & Toubro LTD



Strategy:

Given that there are good chances of breakout on both the sides but down side is normally remained limited in LT historically. It is advisable to be on bullish side.

Strategy	Recommendation	Levels	Stop loss	Target	REMARK
1	BUY LT FUTURE AND HEDGE WITH ATM PE	1731	1680	1961	Buy on dip will be the logic
2	BUY LT FUTURE AND HEDGE WITH ATM PE	1995	1895	2115	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

LT Weekly Chart

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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	1844.80	1735.15	Following the publication of the results, the stock had a surge followed by a tremendous buying and shattered the range on the higher end followed by the same functioning as support which was tested twice.
2	Q3: 21-22	2008.00	1850.45	Following the result, the stock had massive sell-offs, piercing both the Q3 and Q2 ranges, followed by moderate buying when the upper end of the Q2 range was challenged, followed by another correction breaking the range.
3	Q4: 21-22	1629.85	1502.00	Since the announcement of the Q3 results, this zone has provided critical support. The stock moved sideways in a choppy direction, with the lower end of the range acting as support and the upper end acting as resistance, which was breached, indicating pent-up demand.
4	Q1: 22-23	1832.50	1741.90	The range was overlapping the Q2 range. As the stock gained momentum following the Q4 results, it penetrated the upper end of the range, which has served as critical support for the company so far.

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	1834.54	UP	Bullish
2	50 EMA	Short-term-EMA	1760.77	UP	Bullish
3	100 EMA	Mid-Term-EMA	1644.75	UP	Bullish
4	200 EMA	Long-Term-EMA	1489.28	UP	Bullish
5	RSI (14)		58.47	UP	Bullish
6	9 EMA RSI		58.38	Down	Bearish

The table above indicates that the LT is above all of the EMAs (20, 50, 100, and 200), indicating bullishness. The stock is now taking support at the upper end of the overlapping zone of Q1 and may jump if the results are positive. The RSI is nearing 58, which is close to the bull trend zone.

Conclusion:

All of the key indications indicate to a bullish trend, with the price above all of the important moving averages. The stock is trading above the Q1 range, where the upper end of the overlapping zone is acting like a crucial support for the stock. LT is presenting a bullish setup from all angles, therefore a price increase is possible if the findings are good and if there are any negative shocks, the aim should be to BUY on the dip.

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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