

Technical Result Preview  
Q2

2022-2023

TCS



DATE – 07 OCT 2022

**TATA CONSULTANCY SERVICES**

CMP 3064.90. Result date: 10-10-2022.

**Strategy:**

Given that there is an equal chance of momentum on both sides but higher side seem limited till 50 EMA and the current trend is bearish, we advise sticking with the trend for the duration of its existence and using two strategies.

Strategy	Recommendation	Levels	Stop loss	Target	REMARK
1	SELL TCS FUTURE AND HEDGE WITH ATM CALL	3220	3440	2996	If there is a rebound, then 50 EMA will serve as resistance.
2	SELL TCS FUTURE AND HEDGE WITH ATM CALL BELOW	2996	3225	2600	There will be a sharp decline below Q1 22-23 range until open gap

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

**TCS 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	3757.50	3608.20	The stock stayed below the range for six weeks following the announcement before breaking above the range right before the Q3 results, after which the lower range served as a crucial support.
2	Q3: 21-22	3978	3836	After the announcement of the result a bearish engulfing pattern was formed followed by range breakout wherein lower range of Q3 acted as significant resistance before Q4 results.
3	Q4: 21-22	3739	3648.35	The result range remained inside Q2 results. After the results, there is consistent supply in the stocks and no major bounce seen before Q1 22-23 results.
4	Q1: 22-23	3225	2953	Post-Result prices indicated buying with a 'Bullish Harami' candlestick pattern, but they eventually diminished and significant resistance faced near to 50EMA. The range finally tested the lower side, and as of now it isn't broken. There is double bottom pattern in progress just near to lows of the Q1 range.

### 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	3221.62	Down	Bearish
2	50 EMA	Short-term-EMA	3330.38	Down	Bearish
3	100 EMA	Mid-Term-EMA	3204.57	Down	Bearish
4	200 EMA	Long-Term-EMA	2821.19	Flattening	Bullish
5	RSI (14)		41.75	UP	No. Clarity
6	9 EMA RSI		41.67	UP	No. Clarity

The table above demonstrates that the 20, 50, and 100 EMA are continuing to be above the current market price (CMP) and the 200 EMA is below CMP, whereas the 20, 50 and 100 EMA are sloping downward while 200 EMA is moving sideways. The RSI is sustaining above its EMA and is below 50 which is not conclusive. With the exception of the 200 EMA, all indicators point to a bearish trend, TCS is entering before Q2 22–23.

## Conclusion:

Technical indicators (moving averages) are indicating a bearish view and the current price still remains within Q1 price range with a double bottom formation with a Lower low, lower high, bearish chart formation. EMA 50 has been consistently working as resistance for the stock. Q2: 22-23 range is seem to be within the Q1 range hence Q1 range inevitably becomes crucial to identifying any specific trend. The price may move upward towards the 50 EMA, which is currently around 3220, if the range brakes on the higher side. If it breaks lower end, the next support area is identified between 2540 and 2600, which corresponds to an open gap that was formed in October 2020.

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