

TCS can test key support

To strengthen the momentum, the stock needs to breach the resistance at ₹2,550

YOGANAND D

Here are answers to readers' queries on the performance of their stock holdings.

I bought shares of TCS at ₹2,520. What is your outlook for this stock.

R Subramanian

Tata Consultancy Services (₹2,431.1): The stock of Tata Consultancy Services (TCS) found support at around ₹2,100 in November 2016 and started to trend upwards.

While trending up, the stock emphatically breached a key resistance at ₹2,400 this February.

However, in mid-March, the stock encountered a key resistance at around ₹2,350 and began to decline.

It now trades above the key support level of ₹2,400, with a

negative bias. An emphatic tumble below this level can pull the stock down to ₹2,320 and then to ₹2,200.

Further decline below ₹2,200 can pull the stock down to ₹2,100 or ₹2,050 levels in the medium term.

On the other hand, if the stock manages to reverse higher from ₹2,400 levels, it can retest resistance at ₹2,550. To strengthen the bullish momentum, the stock needs to decisively breach this resistance. Then, it can trend up to ₹2,630 and ₹2,750 levels in the medium term.

Strong rally beyond ₹2,750 can take the stock higher to ₹2,834 and to new highs thereafter in the long run.

Investors with a long-term perspective can hold the stock with a stop-loss at ₹2,000. They can start accumulating the stock if it slips below ₹2,320 levels.



Can I hold the stock of Cholamandalam Investment and Finance purchased at ₹394?

Karnam Prabhakar Rao

Cholamandalam Investment and Finance Company (₹964.4): The long-term trend continues to be up for the stock. However, after recording a new high of ₹1,243 in October 2016, the stock started to decline triggered by negative divergence in the weekly indicators. Since then, it has been on an interme-

diated-term downtrend. Key resistance at ₹1,050 limited the upside in early February and the stock resumed its downtrend.

Last week, witnessing selling pressure, the stock fell 3 per cent, breaching its 50-day moving average. The stock trades well below its 50 and 200-day moving averages.

The daily and weekly relative strength indices feature in the neutral region with a negative bias.

Further, the daily price rate of

change indicator has entered the negative territory, implying selling interest.

The short-term downtrend can extend and test the immediate support level of ₹900.

But a conclusive plunge below ₹900 can strengthen the downtrend and pull the stock down to ₹850 or ₹800 in the medium term.

The long-term uptrend will be in place as long as the stock trades above the key support band between ₹650 and ₹700. Conversely, if the stock breaches the immediate resistance level of ₹1,000, it can test resistance at ₹1,050, which is a key medium-term hurdle.

Further break above ₹1,050 can take the stock higher to ₹1,150 and ₹1,240 in the long term. You can probably book partial profits at the current levels and stay invested with a stop-loss at ₹650.



Quickly

- Short-term trend is down
- Key support at ₹900
- Key resistance at ₹1,000

Send your queries to techtrail@thehindu.co.in