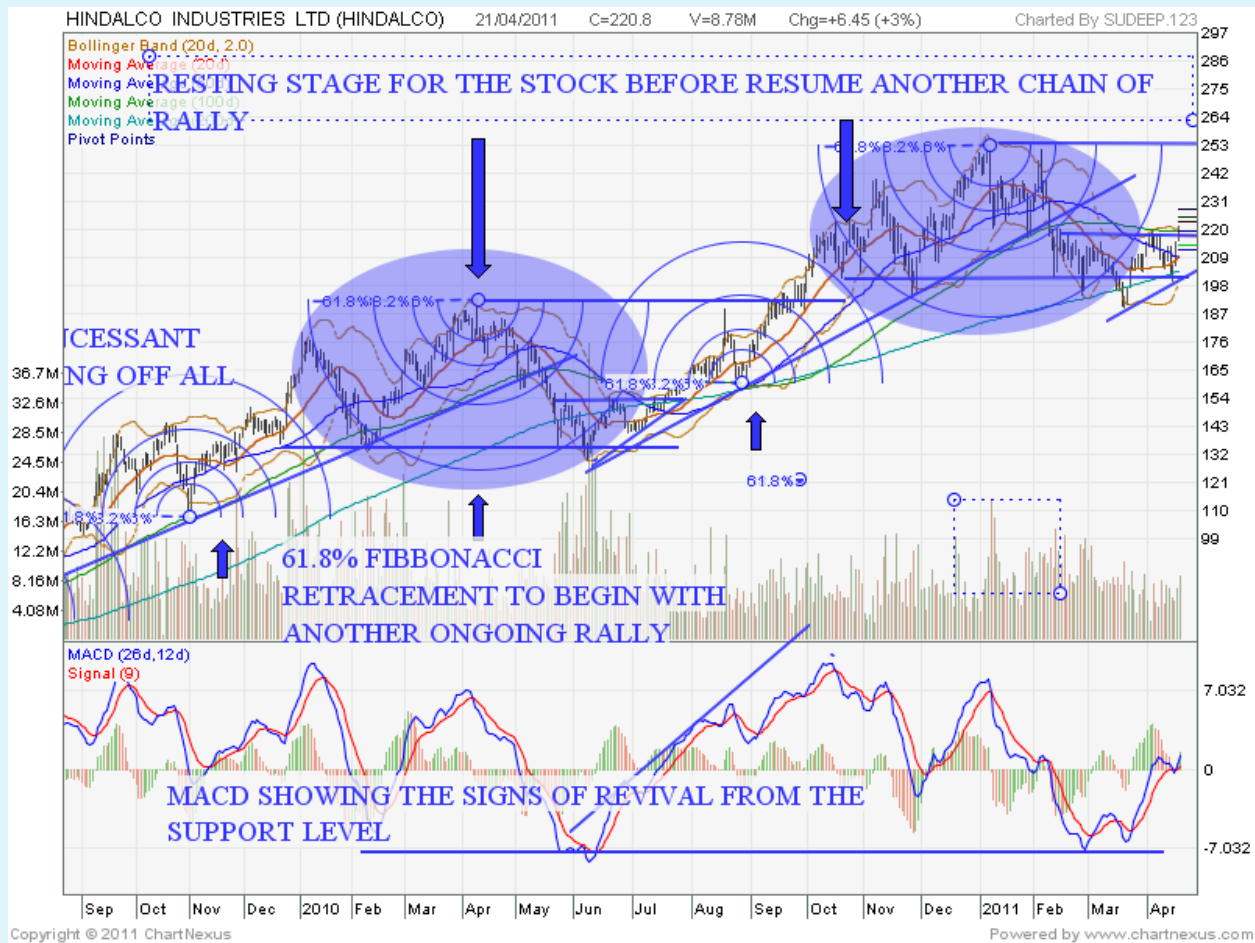




FIBONACCI ARCS HAVE BEEN PLAYING A MAJOR ROLE IN HINDALCO





Right from 4th March; 2009 onwards where the stock had swooped to its lower levels, it had shown up a sharp rally adopting a rowdy behavior making higher highs after the minor retracements. Drawing the Fibonacci arcs are suggesting the activity of the stock to breach all the adjoining arcs and making another high. An upward sloping support line has been in complete conformity of the fact that the uptrend of the stock was truly intact.

After taking an extreme high of Rs.193 as on 12th april;2010, the rally subsided in the stock for some time and the stock retraced by about 61.8% Fibonacci retracement and taking the resistance from the terminal arc at Rs.136 before it finally picked up the rally again and making another set newer higher highs. The retention of the support level at from 22nd dec; 2009 onwards taking a stiff support at Rs.136 seemed to be the resting stages for the stock after such a rampant and vigorous rally. The stock formed an **head and shoulders pattern** over those levels with Rs.136 acting as the neckline for the stock. But the 100 and 200DMA were in a rising mode leaving no scope for the stock to fall down. 200DMA was imparting a stiff support to the stock right from 4th march; 2009 when the upside rally in the stock finally begun. While the stock was in a breath taking mode from 22nd dec; 2009 onwards and took up the support at Rs.136, it slightly tried broke off the 200DMA, but formation of the **morning star** gave enough respite and strength to the stock to begin its rally which happened with the stock attempting to



make another set of higher highs in the later stages till it finally reached to the another extreme level of Rs.253 on 6th july;2011.

Again the stock seems to be in its resting stage and have laid down the formation of the **multiple head and shoulders pattern** (the same it did so from 22nd dev; 2009 onwards). The neckline and the support level have been imparted by Rs.200 this time with the retracement again seems to have begun from the last leg of Fibonacci arc retracement (61.8%). The stock again tried to breakaway the 200DMA to the downside but the formation of the **bullish haraami cross pattern** kept the stock truly boisterous to resume the support again. The formation of the **golden cross over of the 20DMA with 50DMA** on the verge of completion is spawning the rosy picture for the stock to pick up the rally again after the rest and expect to go up to the minimum target level of Rs.253 (which was the highest high of the stock right from when the rally started in it).

Even the dividend growth model is suggesting that the stock is still undervalued by the market and is still to go up lot more to break off the 300 levels in future, with the intrinsic value of it coming at around Rs.357, which seems to be truly in conformity with the technical charts and patterns.

However, it is advisable to take your positions at **Rs.220 levels** with an expected minimum target of **Rs.253** for the time range of about a month or so. After the successful achievement of the aforesaid target level the next conceivable target would be **Rs.300**.

MACD indicator has not yet left out its support level (-7.27) and is rising up giving way for the stock to continue with its rally with minor retracements in the interim and retesting Rs.253 levels again in the forthcoming trading sessions and staying in close support with the 20DMA.

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