



MAHINDRA AND MAHINDRA TECHNICAL ANALYSIS (25th March; 2011 onwards)



It is recommended to take a long position in this stock. As per the data analysis the level of 665 has acted as a first good resistance for this stock to close below it and when it has crossed that level Rs.673 acted as the another resistance target for the stock which it had hit. On 1st march 2011 when the stock jumped from the high of 640 to take the high of Rs.670, to close at 662, then the next session witnessed the stock to go up to the 674 levels. Even on 11th feb;2011, the stock gave up the rampant breakout from 669 to 689 even breaching off the levels of Rs.674. On 13th sep;2010 also the stock gave a breakout around the same levels to take another high of Rs.678 after 2 days. On 30th April; 2008 also the stock gave a significant breakout from the high of Rs.648 till Rs.689 passing by the Rs.680 mark. On 25th Jan; 2008, 27th Feb; 2008 and 19th march; 2008 the similar breakout took place. Similar breakout was on 30th Aug; 2007. Even on 26th sep;2006 the stock followed the similar pattern which it had been following currently evidencing the fact that even if the up move couldn't be sustained by the stock testing 673-674 levels has nowhere gone. On 4th may; 2006 also the upside breakout took place in this stock carrying the prices higher up to 674 from the high level of 660 on the previous day.



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Hence the data patterns are suggesting the increasing chances of the stock to go to the high levels of Rs.673-674. But since the volumes are moderate, another breakout cannot be seen so soon. The stochastic and RSI are showing the increased chances of the stock to continue with its up move in today's session as well. Moreover, the stock seems to have been forming up the right head of the inverted head and shoulders pattern which it completed on 26th Feb; 2010 during the event of the turnaround of the 20DMA. At present the 20DMA has started showing the signs of turning around showing that the stock is expected to reach till its neckline which is resorting at 680 levels. So if the stock continues its up move today also, Rs.680 would be the level to decide the extent of the optimism in the stock.

Another pattern to closely watch out for this stock is that of the ascending flag pattern and the imminent upside breakout after consolidating for some time is enough evidence of the ongoing bullish sentiments of the participants in this stock. The length of the flagpole is ranging at around 40 points and the expected target price is also considered to be at Rs.690 from Rs.650 levels where the breakout took place (a movement of at least 40 points). Hence the stock is expected to hit the target levels of Rs.690 to give due justice to the inverted head and shoulders pattern. Right now a LONG position can be taken from the current levels till Rs.690 as the first target.

Hence if the stock carries along with its breakout, another target would be that of Rs.690 to firmly watch out for this stock.