

*For Subscribers Only*

## TATA ELXSI - BUY

### A New Bull Market

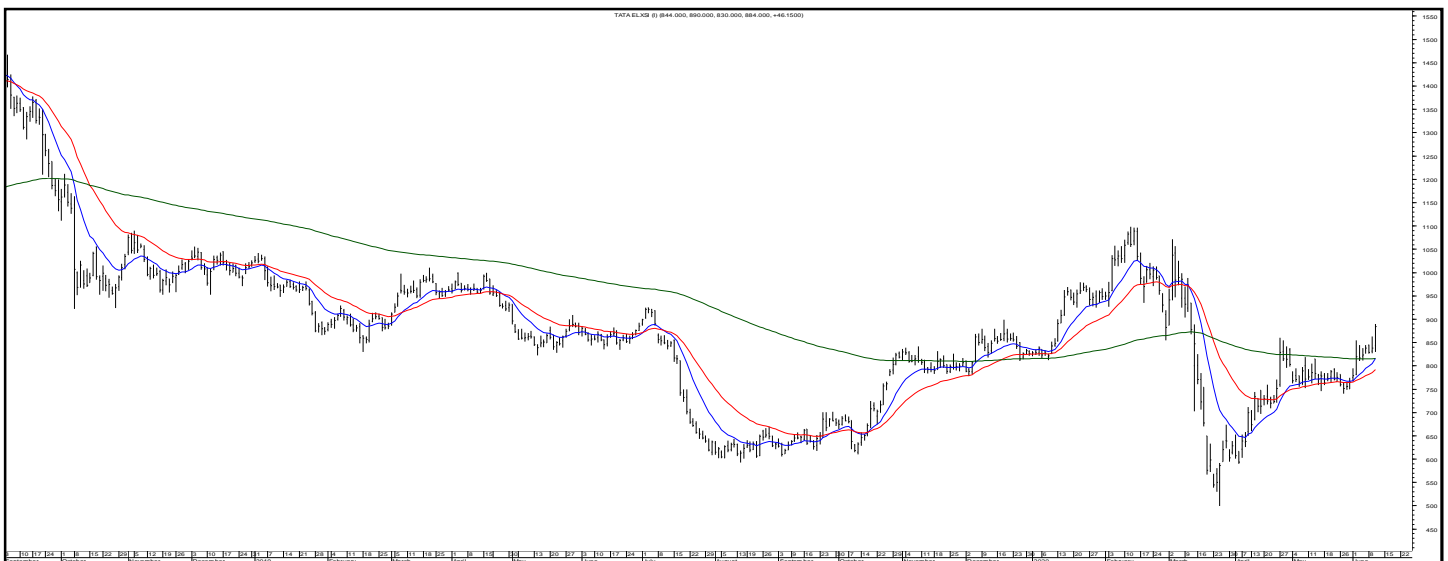
For the last three months the stock was in the process of developing a foundation and that seems to have got completed. The bear market that started in Sep '18 could have ended in Mar '20 and now a new bull market could have started. We see this bull trend continuing for the rest of the year leading to super normal gains.

Technically, we have a number of triggers on the daily and weekly charts that hint at a strong base in the 750-800 area. The close yesterday on excellent volumes confirms strength and quality momentum that should take it higher over time. While the initial target could be the Feb '20 high of 1100, we see an extended run to 1190 and even 1320 over the long-term.

**Conclusion:** The stock has one of the better set-ups in its segment. Irrespective of the index behaviour it looks on course for 1190 levels.

<b>CMP</b>	884
<b>Entry Zone</b>	870-885
<b>Target 1</b>	1190
<b>Target 2</b>	1320
<b>Potential Upside</b>	35% - 50%
<b>Time Frame</b>	6-12 Months

TECHNICAL PARAMETERS	
<b>200-EMA</b>	817
<b>Weekly RSI</b>	56
<b>Support</b>	850, 795
<b>Resistance</b>	935, 990



*Source: Goldilocks Premium Research*



## All Well On The Traditional Studies

- The simplest bullish trigger can be seen on the weekly RSI chart. Notice how the stock has exhibited quality divergence that confirms that the low in the month of Mar '20 was indeed a bottom.
- The recovery from the lows of Mar '20 was "V" shaped to start with and was followed by a sideways consolidation for a period of 6 weeks. This is exactly what you want to see when new bull trends begin.
- The break beyond the 850 level qualifies as a breakout from a "Cup & Handle" on the daily charts. The volume activity yesterday was clearly a highlight.
- The pattern breakout explained above has a target closer to 1200. This could be achieved over the next few months. Strong support now seen in the 800-850 area.
- We see a confluence of moving averages (short and long-term) around the level of 800. This development clearly suggests that a foundation has been laid with the downside limited and upside completely open.



Source: Goldilocks Premium Research



## Filtered Advance Signals Look Good

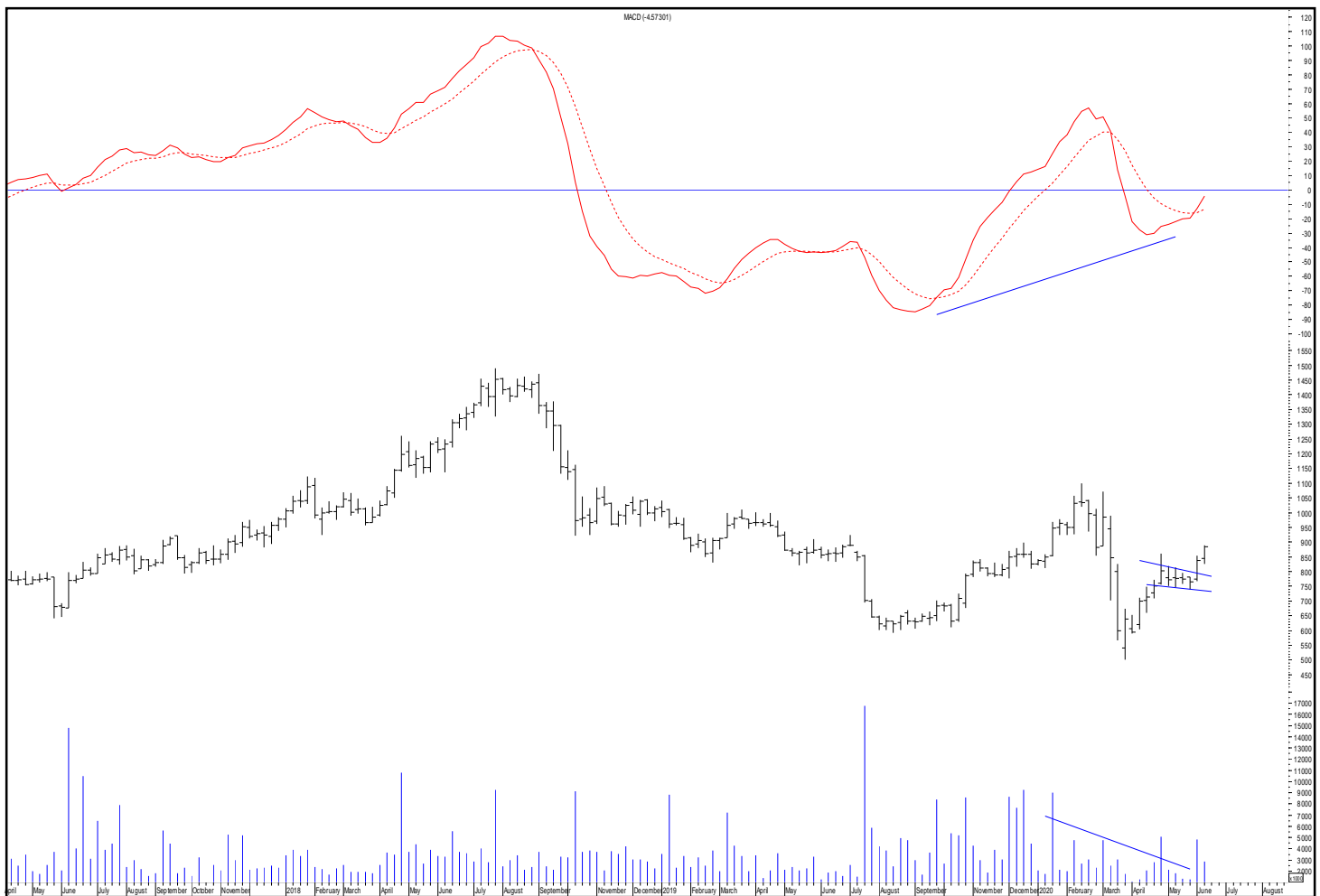
- The relative strength chart vs the Nifty has seen a massive divergence in the last few months. Notice how the RS study made a substantially higher low while the price action hit the level of 500. This has happened for the first time since the stock started correcting in Sep '18.
- A trendline breakout can also be spotted on the same RS study making the set-up further reliable.
- On the daily DM/ADX study we see a trending buy signal. This again suggests that the trending move is here to stay. Usually such trends carry on for many weeks before exhaustion is seen.
- The volume activity of the recent past is something to take note off. During the recent consolidation/corrective patch in the period of May, volume activity dried up almost completely. The upmove in the last one week attracted above averages volumes.
- Overall, we see a bullish medium-term set-up that is unlikely to be reversed easily.



Source: Goldilocks Premium Research

## Blue Sky Set-up

- **The Dow Theory Buy** : The move past the 850 level has confirmed a "Dow Theory" buy after a gap of almost 2 years. Do recall that the stock saw a mammoth bull market in the 2014-2018 period.
- **The Monthly Moving Averages** : The stock has got back above the monthly moving averages, which is a major development from a long-term perspective. This has taken a lot of effort and hence would not reverse easily.
- **The Recent Resting Phase** : The activity in the month of May '20 seemed like a "resting phase of the bulls". Do note the stock witnessed a sharp upmove prior to the same. Now with the breakout confirmed above 810 the basic target for this move stands at 1100.
- **Volume At Price Study** : This study too looks well placed at this juncture. The major commitment/congestion area has been crossed last week and should provide excellent support on any pullback.
- **Conclusion** : An excellent set-up to buy and hold for the long-term. We see 35-50% upside over many months.



Source: Goldilocks Premium Research



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