

Short-term Investment Buy

Larsen & Toubro Ltd (P. Close: 1440.60, down: 1.79%)

Buying Range	Stop-Loss	Target	
		1	2
1440 - 1420	1360	1520	1600

Risk/Reward Ratio- around 1:3
Projected Loss- around 4.25%
Projected Profit- around 12.50%
Projected Timeframe- 2 to 3 Months

Analysis:

After reacting down from the ascending trend line resistance of the rising wedge the stock has been stuck in since several months, it is approaching towards previous established double top around 1440. Despite severe correction from the recent top around 1600 levels currently the stock is still trading above all the critical EMAs, which makes it a buy-on-dips. 30 EMA is placed around 1420 on the weekly chart.

RSI on the weekly chart is still in higher high - higher low formation, which implies the stock may again see buying on dips around critical supports placed around 1440 and 1420 levels.

On the daily chart, the stock is trading below the 30 EMA placed around 1520 while declining RSI is trending below 40, which suggests this corrective downward move against the broader uptrend is likely to retest critical support zone placed around 1440-1420 levels. A descending trend line connecting previous established tops placed around 1420 is likely to play a critical role in an extreme scenario. 200 EMA is placed around 1400 levels.

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Weekly Chart-



Daily Chart-



Based on above findings we recommend buying LARSEN & TOUBRO on dips in the price range of 1440-1420. The stock might get into consolidation in the price range of 1420-1520 before next leg of up-move towards 1600.

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