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BEL - BUY

Sky Is The Limit

The stock has been on our radar for the last few months. It ended a 3-year long bear market early last year, got into a transition phase for a few months and then started a new bull trend that continues to be in play. Chartically, the set-up is as good as it can get and hence we see super normal returns over the next few months.

Technically, a breakout from a massive reversal pattern can be spotted on the weekly charts. This is of the textbook variety ticking all the checkboxes. If this simple pattern were to play out as per script the stock could hit 200 sometime this year. The PSU theme is currently the flavour and it could act as a tailwind. Earnings and institutional action are supportive as well.

Conclusion: The stock could have started a multi-month uptrend. A rally to 160 and 190 is likely with strong support in the 120-125 area.

CMP	138
Entry Zone	134.5-138.5
Target 1	190
Target 2	250
Potential Upside	38% - 81%
Time Frame	6-12 Months

TECHNICAL PARAMETERS

200-EMA	105
Weekly RSI	72
Support	122, 105
Resistance	160, 174



Source: Goldilocks Premium Research



THE TRADITIONAL STUDIES

- Getting past the level of 122 brought in multiple positive triggers on the charts. The biggest of them being a “Dow Theory” buy signal. The stock has started a series of higher tops and higher bottoms after almost three years.
- A breakout from a massive multiple inverse “Head & Shoulders” pattern can be spotted on the daily/weekly chart. The breakout took place after months of consolidation. It had the backing of volumes as well.
- Post the initial run-up to 140 levels the stock witnessed a textbook style pullback to the neckline of the pattern. This was on much lower volumes, which was heartening to see. The momentum was also missing during the weakness.
- The RSI study on the weekly chart has moved into the overbought zone for the first time in 3.5 years. This is a huge supporting bullish development.
- The DM/ADX study on the weekly chart is in trending buy mode. The MACD study is in buy mode as well and at its highest point in many years. All of these factors hint at a monster move ahead.



Source: Goldilocks Premium Research



CONCLUSION

- On the ratio chart (vs the Nifty) the stock has been in a range. It has moved hand-in-hand with the Nifty which is no easy feat given the spectacular index rally recently. A breakout on the ratio is in the works.
- The moving averages on the weekly chart are all slanting upwards. The 200-WMA seems to have plateaued as well and currently provides strong support in the 105-110 area.
- The advanced proprietary systems that we follow are all in buy mode on the weekly and monthly chart. Bullish triggers have been seen only in the last few weeks. These are signals that usually carry on for months/quarters. A bullish “Flag” pattern breakout can also be spotted on the weekly. The volume profile is as good as it can get.
- Overall: With just about everything fitting beautifully in a bull trend, the stock could be one of the biggest winners in the PSU segment in 2021. The downside is limited while the upside potential is larger than one’s imagination.
- **STRATEGY:** We recommend a buy at current levels for a target of 190/250 and stopover resistance around 160.



Source: Goldilocks Premium Research



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