

From long term perspective it was found that Dena Bank after testing a low of 24.25 (30/10/08) it was following the lower part of the channel and is trying to test pseudo regression line from below (channel originated from the Andrew's Pitch Fork drawn from low of 20.35 levels (week ending 28/07/06), high of 98.25 levels (week ending 04/01/08) and low of 24 levels (week ending 31/10/08)).

On close examining the weekly chart it was also observed that it is sustaining above the 77 levels (23.60% retracement levels drawn from the low of 27 levels (week ending 6/03/09) and a high of 93 levels (week ending 11/12/09) which may induce it to move towards 90 levels in coming weeks.

Below 77 levels Dena Bank has major support zone in the range of 70 and 67 levels (61.80 % retracement level drawn from the high of 98 levels (week ending 04/01/08) and a low of 24.25 levels (week ending 31/10/08) and 38.20 % of above mentioned retracement levels).

Market Strength Indicators- Weekly RSI is at 56.01 levels; stochastic is at 31.24 levels while 14 periods stochastic RSI is at 17.87 levels.

Price, Open Interest and Volume - Last week the volume decrease by 58.09 % with an increase in the price of Dena Bank by 2.34 % but a decrease in the open position by 65.69 %. This scenario suggests that the Market is running out of traders willing to open or hold an open long. Trades are liquidating both losing short position and closing winning long positions. A higher probability the market is set to retrace in price lower at some point forward.

Section II – Implications and Interpretation of the Observation

Movement oscillator are suggesting that Dena Bank is trading in oversold zone with large price swing in mid-term perspective. Price, OI and Volume indicator is suggesting for positive consolidation.

Technically, sustainability above 77 levels (23.60 % of above mentioned retracement levels) will be supportive for 84/87/91 levels in weeks to come. Below 77 levels it has good support at 70/67 levels.

Section III – Strategy

Accumulate Dena Bank (CMP-78.6) on dips for the target of 84/87/91 (Time Frame- 5-7 weeks)

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