

## Liberty Shoes and Mirza: Two stocks that have completed the pullback

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When stocks breakout – they generally pullback to test previous resistance as support and then resume the upmove. Here are two stocks that seem to have completed this pattern.

### Where do you buy a pullback?

Traders generally buy near support in case of breakout or they wait for confirmation of support in case of pullback. It means sometimes traders look for bounce at the support to get convinced that the support is for real. Let us look at two examples:

### Liberty Shoes



Source: Chartalert.com

As you can see in the chart above: Liberty shoes broke out above 120 and managed a vertical move to 160. It then pulled back and seem to have tested 120 as support before bouncing back

yesterday to 125. This move will give confidence to traders to buy with closing stop loss below 118 and hope for breakout move in the future.

## Mirza International



Source: Chartalert.com

As you can see in the chart above: Mirza International broke out above 26 and then post vertical rise has pulled back to test 26 as support. A bounce yesterday makes the stock a buy with closing stop loss below 25.8.

*As always – Keep an eye on stop loss levels and market risk*

*Disclaimer – The state of the market notes is Deepak's perspective on the market. The column is purely for educational purpose. Nothing contained herein is a solicitation to trade or a recommendation of a specific trade. By reading this publication you agree to make no trade relying in whole or in part on the comments of the writers*

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