

STATE OF THE MARKET

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Twins: Technically Similar and Good Looking Chart



APRIL 24, 2016 BY [DEEPAK SINGH](#) — [LEAVE A COMMENT \(EDIT\)](#)

Here are two stocks with similar looking charts -

1. Finolex Cables
2. Finolex Industries

Finolex Cables



Source: Chartalert.com

As you can see in the chart above: Finolex Cables stock has recently broken out above 267 and seems to be in consolidation mode since then. A breakout is always an attractive chart setup and the only issue right now: How long the consolidation will happen?



Sometimes - it can last for long time like 1.5-3 months but you never know - consolidation can end and stock might rally immediately too.

Finolex Cables is a leading player in cables and wires space and company is planning a major foray into Switchgears. Also, attractive Valuations a key driver - as per one leading brokerage: *Finolex Cables is trading at 12.6x FY17E core EPS - a 49% discount to Havells and VGuard*

Finolex Ind



Source: Chartalert.com

As you can see in the chart above: Finolex Ind stock has broken out to new high above 340 after 18 long months. The stock seems to have gone into consolidation mode after 'breakout. A pullback to 350 will make the stock an attractive buy.



Fundamentally - Govt focus to expand irrigation network and bring more land under irrigation will only increase the demand for Finolex Ind PVC pipes and fittings. The company will also benefit from good monsoon and increased focus on low cost housing.

Finolex Cables and Finolex Ind - both stocks have recently broken out. The fundamentals are also supportive and hence one cannot rule out good days ahead for both the stock. Having said that - in markets nothing is certain and one should always have exit strategy if stock fails to perform as per expectation.

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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