

## United Breweries Holdings (Rs 272)

Medium-term investors can consider buying the stock of United Breweries Holdings. The company owns and operates breweries in India. It also manufactures leather footwear and processed foods.

The stock has been on an intermediate-term uptrend since the March 2009 low of Rs 60. However, the stock encountered significant long-term resistance at Rs 345 in December 2009 and started to decline until it found support at its 200-day moving average that is positioned around Rs 230 in late February.

This decline retraced approximately 38 per cent of its prior up move. The stock, subsequently bounced up resuming the uptrend by gaining 20 per cent during the first week of March 2010, with good volume. A positive divergence in the daily relative strength index supports this resumption. Further, on March 19 the stock gained 6 per cent accompanied with above average volume and is trading well above 21- and 50-day moving averages. The daily RSI is on the brink of entering the positive zone from the neutral region and weekly RSI is rising in the neutral region. The daily moving average convergence and divergence also displayed



positive divergence and has entered the positive territory.

Our medium-term forecast on the stock is bullish. We believe that the stock has the prospect of heading higher to its previous peak of Rs 330 in the medium term following a temporary halt around Rs 300.

Investors with medium-term perspective can consider buying the stock with Rs 245 as stop-loss. Short-term investors can

also buy maintaining stop-loss at Rs 258 and target of Rs 300.

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The stock declined 1.7 per cent last week and is hovering just below the recommended price level. We reiterate our bullish short- and medium-term outlook for this stock. Investors can hold or buy this stock with the targets and stop-loss specified last week.

(This recommendation is based on technical analysis. There is a risk of loss in trading.)

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