

**THEME: TECHNICAL ANALYSIS OF CONCORD BIOTECH.**

# CONCORD BIOTECH

**Submitted By- Veer Singh  
MBA (BA)  
IIM Amritsar**

**Submitted To- Vitt-Nivesh  
The Investment Club of  
NIBM, Pune**

**Email: [veer.mbaba03@iimamritsar.ac.in](mailto:veer.mbaba03@iimamritsar.ac.in)**

**Phone No: 7009953821**



**National Institute of  
Bank Management, Pune**

(An Autonomous Apex Institute Established by RBI & Banks)



**Vitt-Nivesh**  
Investment Club-NIBM

- **Historical Price Movement of the stock:**

**1. Using Candles Chart:** Concord Biotech's stock came into market in Aug'23, so the prior data is not available and the analysis is done on the basis of the past 10 months only. Here I have used 1 Day chart time frame for the analysis. Since the inception, this stock has seen a strong upward trend. From Aug till April price went to its highest ever of about 1700 from 900 at the beginning. Recently the stock observed some downtrend and have formed a support line and currently the stock price is in the neutral zone between the resistance line and the support line. The advantage of using candles chart is that sometimes it reveals reversal patterns.



**2. Using Line Chart:** The advantage of using the line chart is that it highlights the overall trend and an individual can easily identify it. Since the beginning the stock has experienced strong uptrend. Recently the stock experienced mild downtrend. In coming sections I will use different indicators along with I'll try to look for

some stock patterns for the future movement prediction.



3. **Using bar chart:** The main advantage of using bar chart for the analysis is that it provides daily information about the daily price ranges. Again the overall trend seemed to be a strong upwards until recently when the stock witnessed some downtrend. Further prediction would be based on using the different indicators and identifying the stock patterns.



- **Identification and Interpretation of Key Technical Indicators**

1. **Relative Strength Index (RSI):** RSI is a momentum oscillator that measures the speed and change of price movements. It oscillates between 0 and 100. RSI is considered to be overbought above 70 and oversold below 30. RSI near 50 indicates neutral conditions where an investor is advised to stay neutral and not to invest their money in such position. A major point to be noted is that it is just an indicator such that it just indicates where the future price can go in the future and it doesn't guarantee.



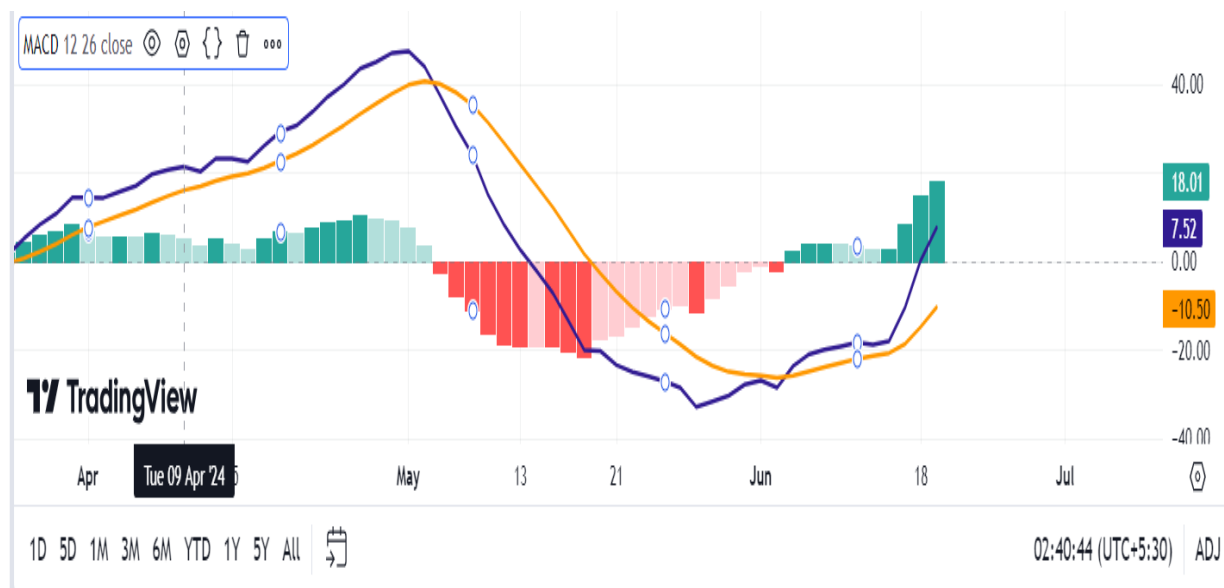
The RSI (purple line) is at around 63-64 mark which is just below the overbought threshold of 70. This indicates that the stock is currently

in the bullish phase and has been experiencing upward momentum. The RSI has not reached threshold of 70 which suggests that there may be still some room for price increase, however, it is not suggested to anyone to invest in such a position.

The yellow line here is the moving average of the RSI. The current moving average of RSI is between 48-49 which is just nearby neutral phase. The moving average of RSI also plays a big hand in indicating the future movement of the stock. If the RSI line is about to cross and move downwards the moving average of RSI then the price is expected to fall and if the RSI line is about to cross and move upwards the moving average of RSI then the price is expected to rise. The current RSI shows bullish momentum but the overall trend is lot more neutral to bearish recently. Another thing to keep in mind is that it is also good if one considers multiple indicators rather than being dependant on a single indicator.

2. **Moving Average Convergence Divergence (MACD)**: It is a trend following momentum indicator which shows the relationship between 2 moving averages of a stock's price. MACD is used to identify when bullish or bearish momentum is high in order to find the entry and exit points for trades.





Here the **Blue line** represents the MACD line. This line is the difference between a 12-day and 26-day exponential moving averages. Currently the MACD line is around 8 which has risen from negative values in recent past. This could signal a **weakening downtrend**. This also means that it could be initial stages of a trend reversal towards uptrend. Here in this case MACD curve has started to turn upward giving a stronger indication of upcoming bullish trend.

The **orange line** represents 9-days exponential moving average of the MACD line. It acts as a trigger for buy/sell signals. Here in above chart, this signal line is below 0 but recently it has started sloping upwards which again indicates future bullish trend.

When the MACD line crosses the signal line and moves downwards then the price is expected to go down and it usually goes down. Similarly, when MACD line crosses the signal line and moves upwards then price is expected to go upwards and it usually goes up.

These histograms represent the difference between MACD line and the signal line. It shows relationship between both lines.

3. **Moving Average:** It is a simple technical analysis tool that smoothen out the fluctuation in price and just indicates the short-term trend in the price. Here in this chart we are taking 2 moving averages, one for the 20-day average and the other for the 50-day average.



The **blue line** represents the 20-day moving average line and the **red line** represents the 50-day moving average. The moving average actually represents the average closing price of the stock. The 20-day simple moving average is more volatile than the 50-day moving average. The current value of the 20-day moving average is 1470 and the current value of 50-day moving average is 1520.

The 20-day simple moving average line is below the 50-day simple moving average which is actually a bearish signal and this reinforces that the downtrend would continue for some time. But on the other hand, there is upslope observed for the 20-day moving average and it is approaching the 50-day moving average line and can possibly cross the 50-day MA line in coming days. It is observed from the past trends that whenever the 20-day MA line crosses the 50-day MA line and moves upward, the price is expected to **rise** and when the 20-day MA line crosses the 50-day MA line and moves downwards, the price

is expected to fall. So, in this case the major interpretation is that we may see downtrend for a few days but after some days the price is expected to go up. 1 Major limitation for using the MA indicator is that it reacts to price changes after they happen.

It is always important to consider maximum number of indicators before making any decision. Our decision should be completely backed by our analysis which includes trends, indicators etc. Here in case of using 3 indicators, all of them gives us an idea that we should keep the stock on hold and should wait for few days before investing in it.

- **Analysis of Chart Patterns:**

1. **Head & Shoulder:** The head & shoulder pattern is characterised by 3 peaks: a higher peak (head) between 2 lower peaks (shoulders) and a neckline which is actually a support line. It indicates a reversal from bullish trend to a bearish trend.



**For this stock there is no classic head and should pattern.**

Even though there is a head formed around early may and



left should be formed around January but the right shoulder is not visible. However, one can argue that currently it looks like there would be a formation of the right shoulder but that is not guaranteed. If right shoulder is formed and the price falls somehow below the neckline then that suggests a trend reversal towards a downtrend.

2. **Double Bottoms/Tops:** The chart doesn't show a clear double bottoms or tops.
3. **Pennants:** Recently there is no clear pennant in this stock but in the past there has been an instance where a pennant was formed i.e. bullish pennant.



A bullish pennant is observed when the trend is upwards, price rises and then it forms a pennant shape and when the price crosses the pennant it will see a bullish trend and the price would further increase. Similar thing is observed in the chart. As the price crossed the pennant there was a strong upwards trend.

4. **Trendlines:** Recently there has been a downward trend in the price for the stock. The price fell for about 15-20 days where it fell from 1666 to 1426 per share. Since then there hasn't been any clear trend in the price. Before the downtrend there was a strong uptrend for a duration of more than 1 month (about 45 days). The price went up from 1370 to 1685 per share. Point to be noted is that only trendlines can't ensure that the price will change accordingly. Indicators and other tools are a must to use together.



5. **Volume Data:** Volume data can be effectively used to validate our findings. In the below chart attached we can see a trend reversal where the uptrend switched to a downtrend. Here I'm combining both volume data along with the RSI indicator to validate. As price started to come down, volume decreased each and every day. Even though the bars for volume data are small but still there are a significant volume being sold during this period. This thing is also validated by the RSI indicator as the RSI line approached towards 30-mark line that depicts that it is being sold in heavy volumes. The same thing is being observed before this downtrend. The stock was experiencing a strong uptrend and the volumes were increasing which is confirmed by the volume data depicting green bars. The same is seen by the RSI indicator where the RSI line approach 70-mark line which meant it is being overbought. So on the days where price

went up, the volume data saw green bars and vice versa for being sold.



- **Final Call:** Based on my fundamental and the technical analysis performed, my forecast is that in the coming month the price of the stock would increase. Company's fundamentals are strong in comparison to some of its competitors in the industry. According to the technical analysis, the company's stock price is doing decent nowadays. Using indicators, we got an idea that it is currently in the neutral zone and one should hold for some time before buying the stock. In coming month, the price is likely to increase but currently it is better to hold. According to the indicator like RSI, the stock is currently overbought at around 60. We should wait till it is sold by the investors and once it is sold in significant volume then is the correct time to buy the stock.