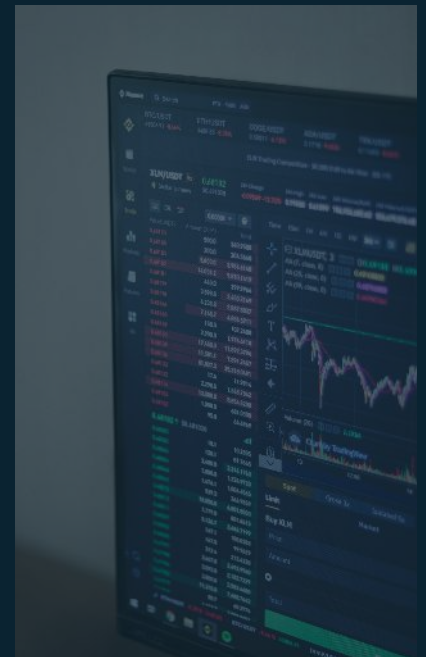


Chart-in-Focus

February 2023

Are We
Looking At
A Potential
Breakout
Here?

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Chart-in-Focus: Are We Looking At A Potential Breakout Here?

In this edition of Chart-in-Focus, we will talk of a great technical setup that has developed on this Industrial stock. **Linde Plc (LIN)**, listed on NYSE, manufactures industrial gases in a number of countries and regions. It operates in the following areas: the Americas, Europe, Middle East, and Africa (EMEA), Asia and the South Pacific (APAC), engineering, and other areas. Linde's America operations are located in the U.S., Canada, Mexico, and Brazil. EMEA produces industrial gases in Germany, France, Sweden, the Republic of South Africa, and the United Kingdom. APAC's production facilities are located in China, Australia, India, South Korea, and Thailand. Engineers design and produce industrial gas equipment in addition to air separation machines. In 1879, Guildford, United Kingdom, was the company's inception.



Despite strong fundamentals, **Linde PLC (Symbol: LIN)**, has not performed and has lacked a directional bias over the past many months. However, a few technical signs have emerged that can lead to some upward revision of the price over the coming weeks.

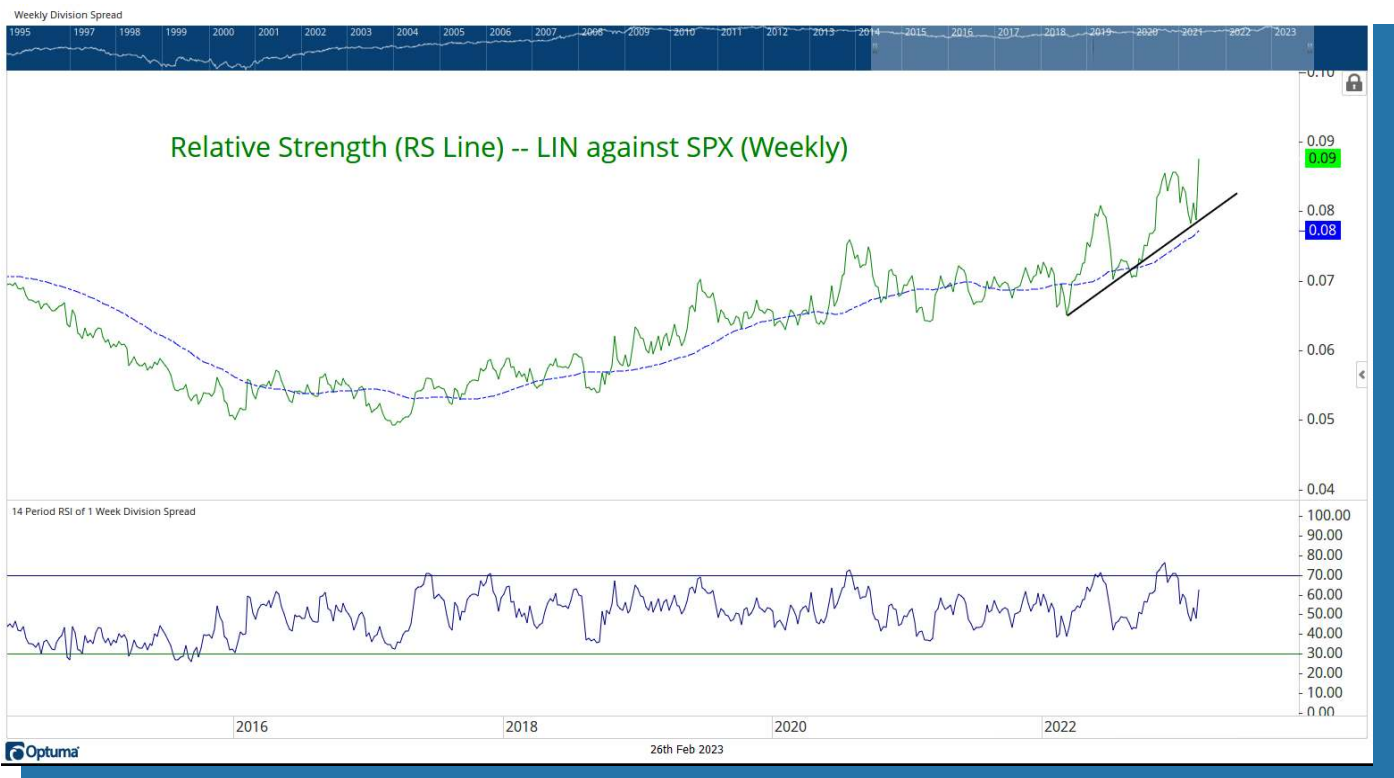


As it is clearly evident from the above Weekly chart of **LIN**, the stock has largely remained in an upward-rising channel until the end of 2021. In the intermittent corrective move that the stock witnessed in early 2020, it had taken a support on the 200-Week MA and had resumed its up-move after that. The rally in **LIN** peaked at 352.18 in early days of January 2022. After that, over the past fourteen months, the stock has traded in the sideways trajectory.

From the time it the rally saturated near 352.18 in January 2022, the price action has been quite defined; the back and forth oscillation of the price in a very defined range of 237-345 saw the development of a rectangle pattern on the chart. The most recent price action has seen the price trying to break out of this 14-month long technical formation.

There are other technical developments that lend weight of evidence to this attempted breakout on the chart. The weekly MACD has shown a positive crossover; it is now bullish and above the signal line. The MACD is also above the zero line; this gifts further potency to the crossover and the price action subsequently. The weekly RSI has also formed a fresh 14-period high; it remains neutral and does not show any divergence against the price.

The attempted breakout has come on higher-than-average volumes; this is reflected in the OBV that has also inched higher along with the price move. This indicates volume participation in the move.



The Relative Strength of the stock remain strong and in a firm uptrend when compared against the broad market S&P500 Index. As evident in the chart above, the RS line is rising and has marked a new high. It is also above its 50-period MA. The RS line being in a firm uptrend hints at a continued relative outperformance of the stock against the broader markets.

If the breakout from this technical pattern is confirmed going ahead from here, the stock has the potential to test 400-410 levels over the coming weeks. This would translate into a potential price appreciation of over 14% from the current levels. Any price move below 305 would negate this technical setup.

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