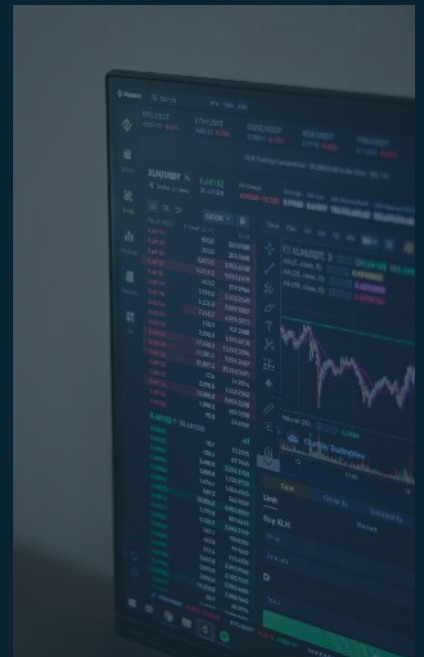


# Chart-in-Focus

June 2024

## Data Center Stock Poised To Move Higher

Milan Vaishnav, CMT, MSTA



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## Chart-in-Focus: Digital Realty Trust, Inc (DLR) (NYSE)

In the June edition of our newsletter "Chart-in-Focus," we delve into the stock of Digital Realty Trust, Inc. (DLR). This stock is poised for a significant upward movement, driven by robust fundamental strength and a compelling technical structure. As one of the leading global providers of data center, colocation, and interconnection solutions, Digital Realty Trust stands out not only for its market position but also for the promising signals its chart is currently exhibiting. Investors should take note of this opportunity, as the convergence of strong fundamentals and favorable technical indicators suggests a potential for substantial gains.

Digital Realty Trust, Inc., established in 2004, and headquartered in Austin, TX, specializes in providing data center, colocation, and interconnection solutions, essential components for the seamless operation of today's digital infrastructure. Digital Realty's services cater to a diverse array of industries, including artificial intelligence (AI), networks, cloud computing, digital media, mobile communications, financial services, healthcare, and gaming,

reflecting its broad reach and critical role in the digital economy.

From a technical standpoint, the stock is currently retesting its multi-year resistance levels.

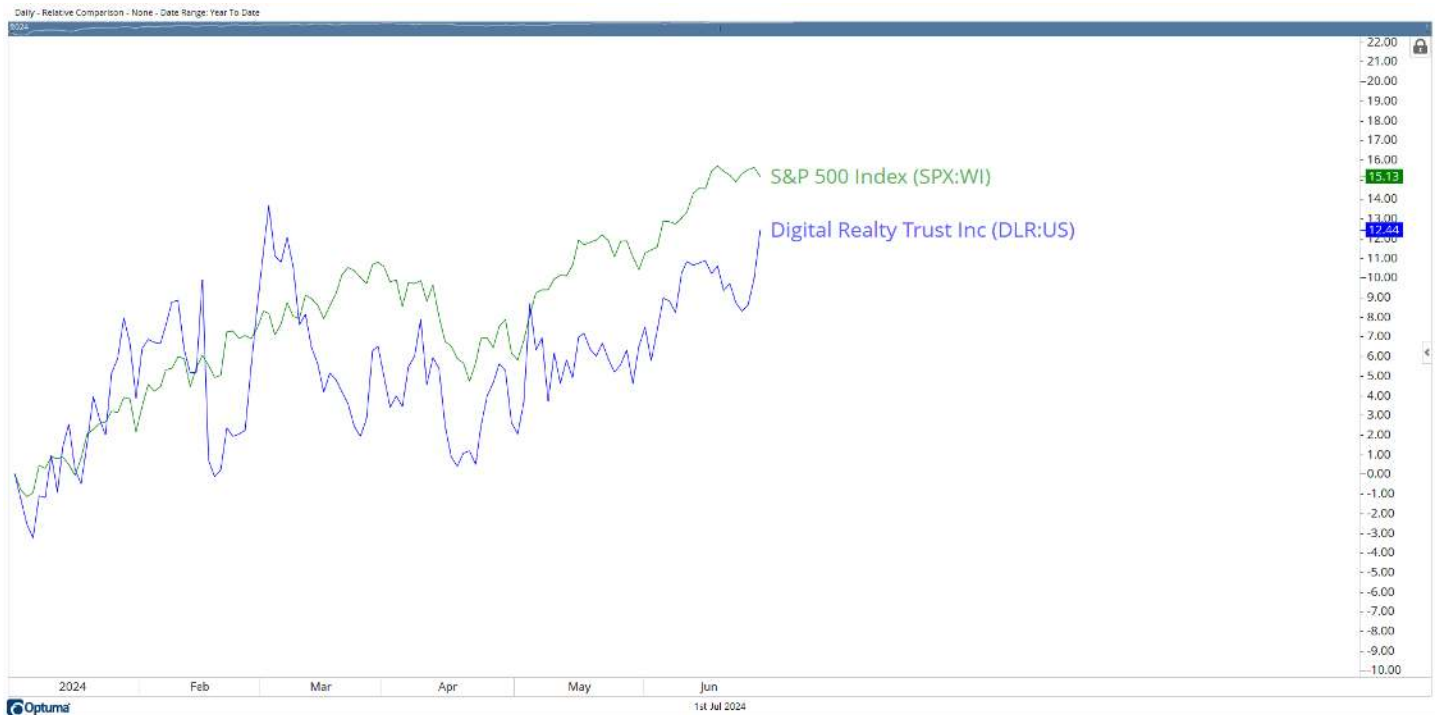
Technical indicators suggest

that the stock is favorably positioned to experience a significant upward movement from its current levels.

As a global leader in its field, Digital Realty Trust is uniquely positioned to meet the growing demands of the digital age. The company's extensive portfolio and innovative solutions enable it to support the rapid expansion and evolving needs of its clients. By ensuring reliable and scalable infrastructure, Digital Realty empowers businesses to harness the full potential of digital transformation. This strategic positioning, coupled with strong market fundamentals, underscores the stock's promising technical structure and potential for future growth.



## Digital Realty Trust, Inc. (DLR) (NYSE)



The analysis of the relative comparison charts reveals that DLR has experienced periods of both outperformance and underperformance relative to the broader S&P 500 index. On a year-to-date basis, however, the stock has underperformed the broader index in 2024. While the S&P 500 Index has gained 15.13% YTD, DLR has returned 12.44% over the same period. Nonetheless, the stock has shown signs of catching up over the past few weeks.

This positions DLR as a great short-term investment opportunity, as it is poised to gain significantly in the coming weeks.

**DLR is exceptionally well-positioned due to its significant exposure to wholesale and hyper-scale data centers. In this sector, the demand for data centers far exceeds the ability to build new supply, making DLR one of the most favorably placed stocks.**



### Weekly Chart of iShares Digital Realty Trust, Inc. (DLR)

The weekly chart of DLR reveals a promising technical setup. While maintaining a stable uptrend, DLR reached the 178 level in December 2021. However, this rally was halted, leading to a corrective decline.

This decline saw the stock lose over 51% of its value, testing a low of 85.76 in October 2022. A technical rebound ensued, but the stock faced resistance at the 50-week moving average (MA) and declined again to retest the 85.76 level in May 2023, forming a classical double bottom support. Since then, the stock has made a strong attempt to reverse its trend. The subsequent rally has propelled the stock above the 50-, 100-, and 200-week MAs, and it currently trades above these key moving averages.

Recently, the stock experienced a "Golden Crossover," where the 50-week MA crossed above the 200-week MA, laying a strong foundation for a stable uptrend. The weekly MACD has shown a positive crossover, remaining bullish and above its signal line.

Additionally, the stock has entered the improving quadrant of the Relative Rotation Graph (RRG) when benchmarked against the broader Nifty 500 Index, potentially indicating a phase of relative outperformance in the coming weeks.

The RSI has marked a new 14-period high, which is bullish. However, it remains neutral and does not show any divergence against the price.

The current technical setup suggests that a breakout could propel the stock higher towards the 180 level. However, a close below 135 would negate this setup.

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