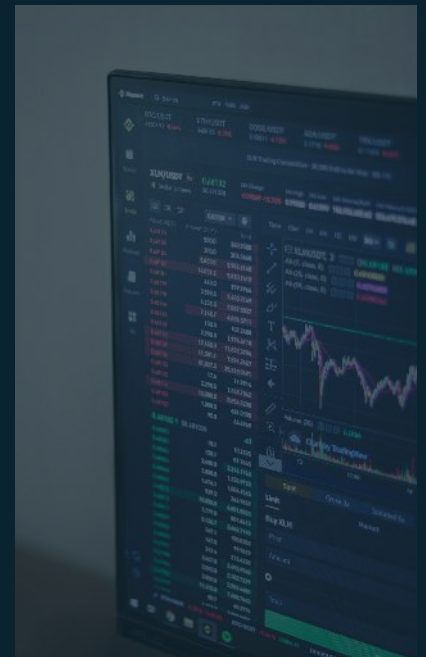


Chart-in-Focus

January 2024

Adding This Media Stock's Trend Reversal To The Portfolio

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Chart-in-Focus: Adding This Media Stock's Trend Reversal To The Portfolio

Welcome to Chart-in-Focus, where we navigate the dynamic landscape of investment opportunities. In today's discussion, we delve into the intriguing analysis of this media stock's recent trend reversal from the technical standpoint and explore the potential it holds for your investment portfolio. As astute investors seek to optimize their holdings, understanding the underlying factors of market shifts becomes crucial.

Equities have got on a good start; they have started 2024 on a buoyant note. So far in January, all three key indices are in the positive. While NASDAQ has performed best returning 4.67%, the broader S&P500 index and Dow Jones Industrials (DJIA) have returned 3.12% and 1.05% respective.

Walt Disney Co. (Symbol: DIS)



However, Walt Disney Co., hasn't had a great time recently. The stock has returned negative returns over the past three years. From its peak to its recent bottom, the stock has lost its considerable value. That being said, this stock too has started off 2024 on an optimistic note. It has not only outperformed the broader markets by rising 5.13% so far in January, but its promising technical setup hints at much more to come for this stock. Talking from a technical perspective, DIS is showing strong signs of a potential trend-reversal

getting confirmed over the coming weeks. If this happens on the analyzed lines, the stock has the potential to open up a respectable room for itself on the upside leading to strong and resilient gains from its current levels. This, by any case, makes a good addition to the investment portfolio as the stock trades much cheaper to its peers at present.

The Walt Disney Co. is a globally recognized family entertainment and media enterprise. The company is involved in the ownership and operation of television and radio production, distribution, broadcasting stations, direct-to-consumer services, amusement parks, and hotels. Its business operations are structured into three key segments: Disney Entertainment, ESPN, and Disney Parks, Experiences, and Products. Founded by Walter Elias Disney on October 16, 1923, the company is headquartered in Burbank, CA.

Walt Disney Co., (DIS) is integrated into various sectors, extending beyond the S&P 500 and S&P 100 indices. The company operates within the Services-Miscellaneous Amusement & Recreation sector (SIC-7990), contributing to its diversified portfolio. Additionally, Disney is part of the Media Conglomerates sector, aligning with its extensive involvement in the entertainment and media industry. Furthermore, the company is represented in various key indices, including the Indices Industrials, S&P 100, S&P 500, S&P 500 Telecommunications, Russell 1000, Russell 3000, S&P 500 ESG, and S&P 500 Value. This broad sectoral and index inclusion reflects Disney's significant presence and influence in both domestic and global markets.



Weekly Chart of Walt Disney Co., (DIS)

A closer look at the technical chart of DIS reveals the kind of moves the stock has seen over the past three years. The rally that started in March 2020 from 80 levels saw the stock testing a high of 203.02 in March 2021. This steep uptrend saw the stock gaining over 157% in a year's time. The correction that followed saw the stock wiping off all of its gains over the following two years. From the high of 203.02 seen in March 2021, DIS went on to see its low at 79.23 in October last year. While staying under this intense corrective retracement, the stock ended up losing 60.97% from its peak valuations.

However, few signs of the charts suggests that speaking from a technical perspective, the past few months have contributed to the stock forming a bottom for itself. The testing of the 79-80 levels in October last year led to what can be called a classical double-bottom support for the stock. The stock has also subsequently rebounded from those levels.

It is important to note that the last phase of the decline while the stock tested its double-bottom support has come with a bullish divergence of the RSI against the price. While the stock continued forming lower bottoms, the RSI did not, and in fact, made a higher bottom. This led to the emergence of the bullish divergence of the RSI against the price.

The weekly MACD is positive and remains above the signal line. What adds weight to this reading is the widening Histogram which shows incremental momentum and acceleration in the upmove. If we examine the Relative Strength of the stock, the RS line against the broader S&P 500 index which has been declining has flattened and is trying to inch higher.

After a brief deliberation, the price has managed to cross above the 50-week MA which currently stands at 90.84. This has also led to the stock piercing a falling trendline resistance as well.

The stock is on the verge of confirming a trend-reversal. If the price extends its upmove on the expected lines, the stock has the potential to move higher. Going by the classical price measurement implications, the DIS can test 112-114 levels over the coming weeks. This can translate into potential returns of over 21% from the current levels. A move below 80 would negate this technical setup.

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