

## KSE-100: Closing above upper Bollinger Band triggers correction

- Although the index registered a higher high, its closing above the upper Bollinger Band for the third straight session triggered the correction. Though a retest of the trendline cannot be ruled out at this stage, the trend nonetheless remains bullish.
- The Stochastic Oscillator has leveled off and has generated a weak buy signal while the RSI maintains its buy signal.
- We maintain our stance of accumulating on weakness.



**First support 11,875 points, second support 11,789 points;**  
**First resistance 12,047 points, second resistance 12,133 points**

### Analysis and Overview:

The index opened positive and after touching its day's high remained under pressure throughout most of the session to close in the red. Volumes declined by 13.07% and stood at 200.06 mln. Although the index registered a higher high, its closing above the upper Bollinger Band for the third straight session triggered the correction. Though a retest of the trendline (the black line above which the index had given a breakout) cannot be ruled out at this stage, the trend nonetheless remains bullish.

The Stochastic Oscillator has leveled off and has generated a weak buy signal while the RSI maintains its buy signal. Moreover the MACD maintain its uptrend as well as buy signal.

We maintain our stance of accumulating on weakness.

The first support is at 11,875 points and the second support is at 11,789 points. The first resistance is at 12,047 points and the second resistance is at 12,133 points.

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### KSE-100 Index: Key Highlights

	24-Jan	Change
Open	12,064.63	26.97
High	12,100.18	62.52
Low	11,960.99	-76.67
Close	11,991.38	-46.28
Volume	200,055,395	-13.07%

Source: KSE

### Key Technical Indicators

Date	24-Jan	23-Jan	Chg
30-DMA	11300	11276	23.78
50-DMA	11437	11438	-0.95
200DMA	11766	11766	0.45
9-D RSI	77.50	80.89	-3.40
14-D RSI	70.28	72.45	-2.17
25-D RSI	61.59	62.75	-1.16
SO* - %K	90.39	89.27	1.12
SO* - %D	89.69	90.01	-0.33
SO View	Buy	Sell	

Source: KASB Technical Research

### Synopsis

Stock	Recommendation
PTC	Buy on Weakness
PSO	Buy on Weakness
POL	Buy on Weakness
OGDC	Buy on Weakness
PPL	Buy on Weakness
NML	Buy on Weakness
NBP	Buy
MCB	Buy on Weakness
DGKC	Buy
LUCK	Buy
FFBL	Buy on Weakness
ENGRO	Buy

Source: KASB Technical Research

## Pivot Analysis

	CLOSE	STRATEGY	S3	S2	S1	PIVOT	R1	R2	R3	Lower Limit	Upper Limit
ABL	60.60	Buy on Weakness	59.30	59.90	60.25	60.85	61.20	61.80	62.15	57.57	63.63
AHCL	29.16	Buy on Weakness	27.49	28.21	28.69	29.41	29.89	30.61	31.09	27.70	30.62
AICL	52.81	Buy on Weakness	50.86	51.68	52.25	53.07	53.64	54.46	55.03	50.17	55.45
AKBL	10.77	Buy	10.38	10.49	10.63	10.74	10.88	10.99	11.13	9.77	11.77
APL	437.55	Buy on Weakness	408.18	418.59	428.07	438.48	447.96	458.37	467.85	415.67	459.43
ATRL	121.81	Buy on Weakness	113.87	117.34	119.57	123.04	125.27	128.74	130.97	115.72	127.90
BAFL	12.15	Buy on Weakness	11.37	11.72	11.94	12.29	12.51	12.86	13.08	11.15	13.15
BOP	6.07	Buy	5.63	5.82	5.95	6.14	6.27	6.46	6.59	5.07	7.07
DGKC	22.11	Buy	21.26	21.58	21.85	22.17	22.44	22.76	23.03	21.00	23.22
DOL	4.32	Buy on Weakness	4.05	4.17	4.25	4.37	4.45	4.57	4.65	3.32	5.32
ENGRO	116.09	Buy	109.11	110.56	113.32	114.77	117.53	118.98	121.74	110.29	121.89
FABL	9.51	Buy	8.78	8.97	9.24	9.43	9.70	9.89	10.16	8.51	10.51
FATIMA	22.18	Buy	21.17	21.64	21.91	22.38	22.65	23.12	23.39	21.07	23.29
FFBL	50.03	Buy on Weakness	48.45	49.10	49.57	50.22	50.69	51.34	51.81	47.53	52.53
FFC	175.41	Buy on Weakness	167.16	170.84	173.13	176.81	179.10	182.78	185.07	166.64	184.18
HBL	116.41	Buy	108.99	111.24	113.83	116.08	118.67	120.92	123.51	110.59	122.23
HUBC	35.74	Buy on Weakness	34.64	34.95	35.34	35.65	36.04	36.35	36.74	33.95	37.53
ICI	148.13	Buy on Weakness	144.75	146.38	147.25	148.88	149.75	151.38	152.25	140.72	155.54
KAPCO	41.60	Buy on Weakness	40.60	40.90	41.25	41.55	41.90	42.20	42.55	39.52	43.68
LOTPTA	10.03	Buy on Weakness	8.96	9.48	9.75	10.27	10.54	11.06	11.33	9.03	11.03
LUCK	84.98	Buy	80.20	82.01	83.49	85.30	86.78	88.59	90.07	80.73	89.23
MCB	169.42	Buy on Weakness	162.28	165.40	167.41	170.53	172.54	175.66	177.67	160.95	177.89
MLCF	2.18	Buy on Weakness	1.97	2.03	2.11	2.17	2.25	2.31	2.39	1.18	3.18
NBP	45.36	Buy	42.94	43.72	44.54	45.32	46.14	46.92	47.74	43.09	47.63
NCL	19.51	Buy	18.69	18.97	19.24	19.52	19.79	20.07	20.34	18.51	20.51
NCPL	14.49	Buy on Weakness	12.42	13.00	13.74	14.32	15.06	15.64	16.38	13.49	15.49
NETSOL	9.44	Buy	9.07	9.20	9.32	9.45	9.57	9.70	9.82	8.44	10.44
NML	46.07	Buy on Weakness	43.18	44.49	45.28	46.59	47.38	48.69	49.48	43.77	48.37
NPL	14.33	Buy	13.25	13.58	13.95	14.28	14.65	14.98	15.35	13.33	15.33
NRL	244.32	Buy	232.63	237.44	240.88	245.69	249.13	253.94	257.38	232.10	256.54
OGDC	151.87	Buy on Weakness	145.66	147.93	149.90	152.17	154.14	156.41	158.38	144.28	159.46
POL	366.10	Buy on Weakness	357.07	361.03	363.57	367.53	370.07	374.03	376.57	347.80	384.41
PPL	180.82	Buy on Weakness	172.98	175.74	178.28	181.04	183.58	186.34	188.88	171.78	189.86
PSO	252.89	Buy on Weakness	244.86	248.33	250.61	254.08	256.36	259.83	262.11	240.25	265.53
PTC	11.65	Buy on Weakness	11.05	11.20	11.43	11.58	11.81	11.96	12.19	10.65	12.65
SHEL	201.00	Buy	198.02	199.01	200.01	201.00	202.00	202.99	203.99	190.95	211.05
UBL	58.63	Buy	53.47	54.68	56.66	57.87	59.85	61.06	63.04	55.70	61.56

**R1 = First Resistance**  
**S1 = First Support**

**R2 = Second Resistance**  
**S2 = Second Support**

**R3 = Third Resistance**  
**S3 = Third Support**

## Glossary of Terms

- **Doji Star:** a *Spinning Top* which gaps above or below the previous candle. It is a reversal signal, which requires a confirmation from the next candle. If the Doji star gaps above the previous green candle, it is a bearish signal indicating a top and vice versa.
- **Dark Cloud Cover:** A long white candlestick is followed by a black candlestick. The black candlestick opens above the white candlestick's high and closes well into the white candlestick's body.
- **Inverted Hammer:** A candlestick with a long upper shadow and a small body formed in a downtrend. The long upper shadow and small real body at the bottom of the trading range are cause for concern by the bears. They wonder if this is the end of the downtrend and take measures to protect their gains. If the next day opens above the body of the Inverted Hammer, then expectations could be for shorts to cover and propel a reversal rally.
- **Bullish Piercing Line:** A bottom reversal signal. A red candlestick followed by a green candlestick that opens lower than the red candlestick's low, but closes more than halfway into the red body. The gap down on the 2nd day perpetuates the downtrend. However, the 2nd day's close is above the midpoint of the 1st day's body. This suggests to the bears that a bottom could be forming. The more penetration of the close on the 2nd day to the 1st day's body, the stronger the reversal signal.
- **Hanging Man:** A small body (white or black) near the high with a long lower shadow with little or no upper shadow. The lower shadow should be two or three times the height of the body. It is a bearish formation during an uptrend.
- **Shooting Star:** A single day pattern that can appear in an uptrend. It opens higher, trades much higher, then closes near its open. It looks just like the Inverted Hammer except that it is bearish.
- **Spinning Top:** a candle with a small gap, negative or positive, between the open and close. Spinning tops usually indicate a trend reversal, but require a confirmation from the next candle. If they are formed at the peak of a rally, they usually indicate a top and vice versa.
- **Engulfing Bearish Formation:** A small green candle followed by and contained within a large red candle. This is usually an indication of a top.
- **Engulfing Bullish Formation:** A small red body followed by and contained within a large green body.
- **Bullish Divergence:** occurs when prices reach a new low but an oscillator or RSI reaches a higher bottom than it reached during its previous decline. This is known as a Class A bullish divergences. Class A bullish divergences are often the best signals of an impending sharp rally.
- **Relative Strength Index (RSI):** The Relative Strength Index (RSI) is a popular oscillator used by traders. The name "Relative Strength Index" is slightly misleading as the RSI does not compare the relative strength of two securities, but rather the internal strength of a single security. A more appropriate name might be "Internal Strength Index." The RSI is a fairly simple formula, but is difficult to explain without pages of examples.
- **The Moving Average Convergence/Divergence indicator (MACD):** is calculated by subtracting 26-period exponential moving average from 12-period exponential moving average. A 9-period dotted exponential moving average (the "signal line") is automatically displayed on top of the MACD indicator line.
- **The Stochastic Oscillator (SO):** is based on stochastic mathematics. It compares where a security's price closed relative to its trading range over the last x-time periods. The Stochastic Oscillator always ranges between 0% and 100%. A reading of 0% shows that the security's close was the lowest price that the security has traded during the preceding x-time periods. A reading of 100% shows that the security's close was the highest price that the security has traded during the preceding x-time periods. The Stochastic Oscillator indicates an oversold state below 20% and an overbought state above 80%.



- **Bollinger Bands:** is a type of envelope developed by John Bollinger. Bollinger Bands are plotted at standard deviation levels above and below a moving average. The moving average generally taken is a 20-DMA, while the standard deviation count is 2. This is a very good to gauge both the general direction and the volatility.

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