

For July 26, 2010

Aiyaz M. Hassan

(92 21)111-222-000 Ext. 379

aiyaz.hassan@kasb.com

		Change
Open	10,248.09	19.23
High	10,327.37	98.51
Low	10,234.42	5.56
Close	10,296.04	67.18
Volume	67,388,145	11.90%

Date	23-Jul-10	Change
30-DMA	9,832.74	27.50
50-DMA	9,763.26	0.49
200-DMA	9,744.46	3.26
9-D RSI	75.01	3.51
14-D RSI	68.42	2.39
25-D RSI	60.31	1.46

Date	22-Jul-10	Change
30-DMA	9,805.24	
50-DMA	9,762.78	
200-DMA	9,741.20	
9-D RSI	71.50	
14-D RSI	66.03	
25-D RSI	58.85	

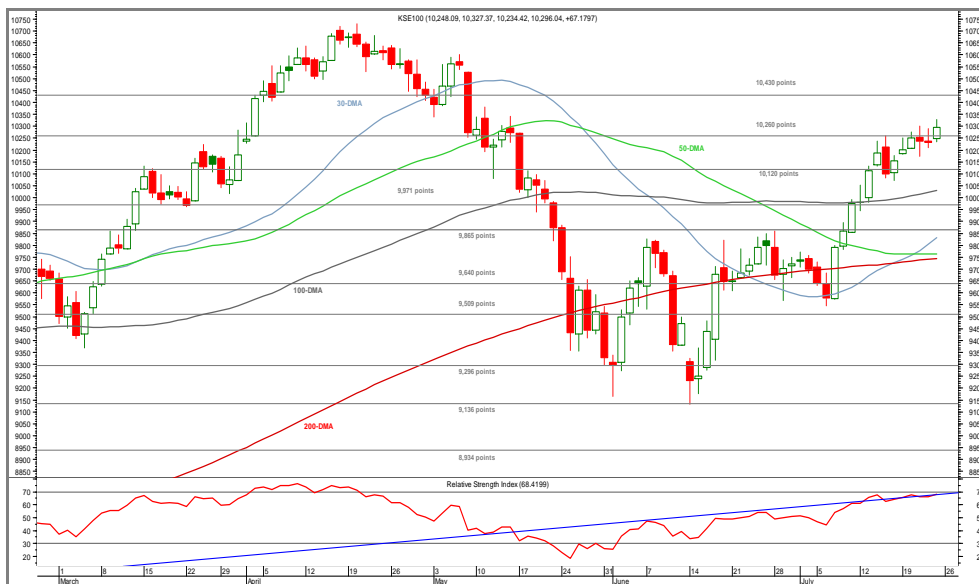
Intraday Graph



Synopsis

- PTC **Sell on Strength**
- PSO **Sell on Strength**
- POL **Sell**
- OGDC **Sell on Strength**
- PPL **Sell**
- NML **Sell**
- NBP **Sell**
- MCB **Sell on Strength**
- DGKC **Sell**
- LUCK **Sell**
- AICL **Sell on Strength**
- ENGRO **Sell**

KSE-100 Index: Indicators Maintain Sell Signal Despite Positive Closing; Indicators Topping Out In The Overbought Region



First support 10,234 points, second support 10,177 points; First resistance 10,363 points, second resistance 10,434 points

Analysis and Overview:

The index opened positive and remained strong throughout the day to close in the green. Volumes increased by 11.90% and stood at 67.39 mln. Average weekly volumes marginally declined by 1.63% and stood at 79 mln, while the index gained 111 points. The index on the daily chart managed to sustain above its critical resistance of 10,260 points. On the weekly chart, though, it has started to stall.

The Stochastic Oscillator on the daily chart maintains its sell signal, which makes Friday's formation a bearish divergence. Moreover on the weekly chart the Stochastic Oscillator on the weekly chart has started to stall in the overbought region. The RSI on the daily chart is gradually approaching the overbought region.

The above factors suggest that the index's uptrend is nearing completion. Hence any upside should be capitalized upon to sell.

The first support is at 10,234 points and the second support is at 10,177 points. The first resistance is at 10,363 points and the second resistance is at 10,434 points.

This report has been prepared by KASB Securities Ltd. ("KASB") and is provided for information purposes only. Under no circumstances is to be used or considered as an offer to sell or solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time KASB and any of its officers or directors may, to the extent permitted by law, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided solely for the information of professional advisers who are expected to make their own investment decisions without undue reliance on this report and the company accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. In particular, the report takes no account of the investment objectives, financial situation and particular need of individuals, who should seek further advice before making any investment. This report may not be reproduced, distributed or published by any recipient for any purpose. The views expressed in this document are those of the KASB Securities & Economic Research Department and do not necessarily reflect those of KASB or its directors.

		Change
Open	18.99	0.17
High	19.09	0.27
Low	18.56	-0.26
Close	18.64	-0.18
Volume	4,010,609	

Date	23-Jul-10	Change
30-DMA	18.16	0.03
50-DMA	18.34	-0.02
200-DMA	18.02	-0.01
9-D RSI	54.67	-6.34
14-D RSI	57.14	0.00
25-D RSI	51.54	-1.61

Date	22-Jul-10
30-DMA	18.14
50-DMA	18.36
200-DMA	18.03
9-D RSI	61.01
14-D RSI	57.14
25-D RSI	53.14

Pakistan Telecommunication Company Limited



Strategy: Sell on Strength

PTCL has created an Engulfing Bearish formation after a Doji star. Moreover it failed to sustain above its resistance trendline (purple line) as well as its 100-DMA. This is bearish and is indicative of a top. The Stochastic Oscillator on the daily chart maintains its sell signal, while on the weekly chart it has become overbought. It is suggested to sell between Rs. 18.96 – Rs. 19.29 with stops above Rs. 19.62. The first support is at Rs. 18.23 and the second support is at Rs. 17.83.

		Change
Open	275.50	0.26
High	276.80	1.56
Low	272.00	-3.24
Close	275.05	-0.19
Volume	639,903	

Date	23-Jul-10	Change
30-DMA	265.46	0.54
50-DMA	268.87	-0.53
200-DMA	296.89	-0.28
9-D RSI	68.30	-0.64
14-D RSI	60.33	-0.33
25-D RSI	51.65	-0.14

Date	22-Jul-10
30-DMA	264.91
50-DMA	269.40
200-DMA	297.17
9-D RSI	68.95
14-D RSI	60.66
25-D RSI	51.79

Pakistan State Oil



Strategy: Sell on Strength

PSO reacted negatively from its critical resistance at Rs. 280.15 on Thursday and on Friday remained under pressure. The Stochastic Oscillator on the daily chart is on the verge of generating a sell signal just below the overbought region, while the RSI has started to show weakness. On the weekly chart the MACD maintains its sell signal. It is suggested to sell between Rs. 277.50 – Rs. 280.47 with stops above Rs. 283.43. The first support is at Rs. 272.27 and the second support is at Rs. 269.03.

		Change
Open	233.40	0.81
High	235.74	3.15
Low	230.50	-2.09
Close	231.00	-1.59
Volume	1,893,073	

Date	23-Jul-10	Change
30-DMA	219.99	0.52
50-DMA	220.80	-0.05
200-DMA	223.57	0.15
9-D RSI	64.89	-6.04
14-D RSI	62.64	-3.63
25-D RSI	56.68	-1.74

Date	22-Jul-10	Change
30-DMA	219.48	
50-DMA	220.85	
200-DMA	223.42	
9-D RSI	70.92	
14-D RSI	66.26	
25-D RSI	58.42	

Pakistan Oilfields Limited



Strategy: Sell

POL formed a double-top at its critical resistance of Rs. 236.00 following which it took to a sharp downtrend. On the weekly chart it has created a shooting star which is indicative of a top. The Stochastic Oscillator on the daily chart has generated a sell signal after becoming overbought, while on the weekly chart it has become overbought. It is suggested to sell between Rs. 233.74 – Rs. 236.21 with stops above Rs. 238.98. The first support is at Rs. 227.88 and the second support is at Rs. 224.79.

		Change
Open	148.99	0.80
High	151.89	3.70
Low	147.50	-0.69
Close	150.89	2.70
Volume	8,694,934	

Date	23-Jul-10	Change
30-DMA	141.01	0.74
50-DMA	137.10	0.29
200-DMA	120.28	0.22
9-D RSI	75.20	7.42
14-D RSI	72.02	4.67
25-D RSI	67.72	2.77

Date	22-Jul-10	Change
30-DMA	140.27	
50-DMA	136.81	
200-DMA	120.06	
9-D RSI	67.78	
14-D RSI	67.35	
25-D RSI	64.95	

Oil & Gas Development Company Limited



Strategy: Sell on Strength

OGDC managed to close above its recent peak of Rs. 150.44. OGDC is likely to face strong resistance from its lifetime adjusted high of Rs 153.35. The Stochastic Oscillator on the daily chart is approaching the overbought region, while on the weekly chart it is well overbought and has now started to stall. It is suggested to sell between Rs. 151.89 – Rs. 153.57 with stops above Rs. 155.24. The first support is at Rs. 149.69 and the second support is at Rs. 148.14.

		Change
Open	197.51	0.41
High	198.50	1.40
Low	196.55	-0.55
Close	197.79	0.69
Volume	606,669	

Date	23-Jul-10	Change
30-DMA	188.50	0.59
50-DMA	187.89	0.09
200-DMA	187.97	0.05
9-D RSI	68.70	1.64
14-D RSI	64.22	1.06
25-D RSI	57.99	0.62

Date	22-Jul-10	Change
30-DMA	187.91	
50-DMA	187.80	
200-DMA	187.92	
9-D RSI	67.05	
14-D RSI	63.16	
25-D RSI	57.37	

Pakistan Petroleum Limited



Strategy: Sell

PPL has started to stall. Moreover its critical resistance of Rs. 199.95 looms overhead, which could create strong resistance. The Stochastic Oscillator on the daily chart has now generated a sell signal, while on the weekly chart has become overbought. It is suggested to sell between Rs. 198.78 – Rs. 199.98 with stops above Rs. 201.19. The first support is at Rs. 196.66 and the second support is at Rs. 195.34.

		Change
Open	51.00	0.33
High	51.70	1.03
Low	50.00	-0.67
Close	50.36	-0.31
Volume	2,160,305	

Date	23-Jul-10	Change
30-DMA	46.05	0.16
50-DMA	46.33	-0.07
200-DMA	53.60	-0.03
9-D RSI	67.82	-2.69
14-D RSI	63.04	-1.57
25-D RSI	55.78	-0.75

Date	22-Jul-10	Change
30-DMA	45.89	
50-DMA	46.41	
200-DMA	53.63	
9-D RSI	70.51	
14-D RSI	64.62	
25-D RSI	56.53	

Nishat Mills Limited



Strategy: Sell

NML took strong resistance from its 100-DMA and closed in the red, in the process creating somewhat of a double-top. The Stochastic Oscillator on the daily chart has taken to a downtrend generating a sell signal, while on the weekly chart it is now overbought. It is suggested to sell between Rs. 50.85 – Rs. 51.80 with stops above Rs. 52.75. The first support is at Rs. 49.50 and the second support is at Rs. 48.70.

		Change
Open	69.89	0.34
High	70.35	0.80
Low	68.92	-0.63
Close	69.27	-0.28
Volume	1,225,816	

Date	23-Jul-10	Change
30-DMA	65.69	0.21
50-DMA	65.24	-0.03
200-DMA	63.14	0.04
9-D RSI	64.31	-3.19
14-D RSI	62.41	-1.84
25-D RSI	56.73	-0.83

Date	22-Jul-10
30-DMA	65.48
50-DMA	65.27
200-DMA	63.10
9-D RSI	67.50
14-D RSI	64.25
25-D RSI	57.55

National Bank of Pakistan



Strategy: Sell

NBP created a double-top at its critical bank resistance level of Rs. 71.65 and has now taken to a steady downtrend. The Stochastic Oscillator on the daily chart maintains its downtrend as well as sell signal, while on the weekly chart is on the verge of generating a sell signal in the overbought region. It is suggested to sell between Rs. 70.01 – Rs. 70.69 with stops above Rs. 71.44. The first support is at Rs. 68.37 and the second support is at Rs. 67.49.

		Change
Open	208.00	0.75
High	210.34	3.09
Low	207.50	0.25
Close	209.94	2.69
Volume	1,183,483	

Date	23-Jul-10	Change
30-DMA	195.86	0.57
50-DMA	194.31	0.12
200-DMA	196.03	0.08
9-D RSI	72.89	4.10
14-D RSI	65.91	2.79
25-D RSI	58.78	1.66

Date	22-Jul-10
30-DMA	195.30
50-DMA	194.19
200-DMA	195.95
9-D RSI	68.79
14-D RSI	63.12
25-D RSI	57.13

MCB Bank Limited



Strategy: Sell on Strength

MCB has now filled the gap between Rs. 209 and Rs. 210 which it had left when it had taken to a downtrend. The Stochastic Oscillator on the daily chart has started to stall in the overbought region, while on the weekly chart is already well overbought. Also the RSI is gradually approaching the overbought region as well. It is suggested to sell between Rs. 211.42 – Rs. 213.18 with stops above Rs. 214.93. The first support is at Rs. 207.91 and the second support is at Rs. 205.74.

		Change
Open	27.80	0.13
High	27.95	0.28
Low	27.44	-0.23
Close	27.64	-0.03
Volume	1,040,851	

Date	23-Jul-10	Change
30-DMA	25.51	0.14
50-DMA	24.54	0.03
200-DMA	27.59	-0.03
9-D RSI	65.47	-0.58
14-D RSI	63.57	-0.32
25-D RSI	57.95	-0.15

Date	22-Jul-10
30-DMA	25.37
50-DMA	24.51
200-DMA	27.62
9-D RSI	66.05
14-D RSI	63.89
25-D RSI	58.09

DG Khan Cement Limited



Strategy: Sell

DGKC continued to take resistance from its critical resistance trendline (blue line) and is likely to break below the 200-DMA. Moreover on the weekly chart DGKC faced strong resistance from the 50-week average, in the process creating a doji star, which is indicative of a top. The Stochastic Oscillator on the daily chart maintains its downtrend as well as sell signal, while on the weekly chart has become well overbought. It is suggested to sell between Rs. 27.95 – Rs. 28.34 with stops above Rs. 28.72. The first support is at Rs. 27.24 and the second support is at Rs. 26.85.

		Change
Open	68.90	0.12
High	69.50	0.72
Low	68.61	-0.17
Close	68.81	0.03
Volume	867,664	

Date	23-Jul-10	Change
30-DMA	65.01	0.17
50-DMA	64.92	-0.02
200-DMA	69.37	-0.04
9-D RSI	63.96	0.16
14-D RSI	60.13	0.10
25-D RSI	54.20	0.05

Date	22-Jul-10
30-DMA	64.84
50-DMA	64.94
200-DMA	69.41
9-D RSI	63.80
14-D RSI	60.04
25-D RSI	54.14

Lucky Cement



Strategy: Sell

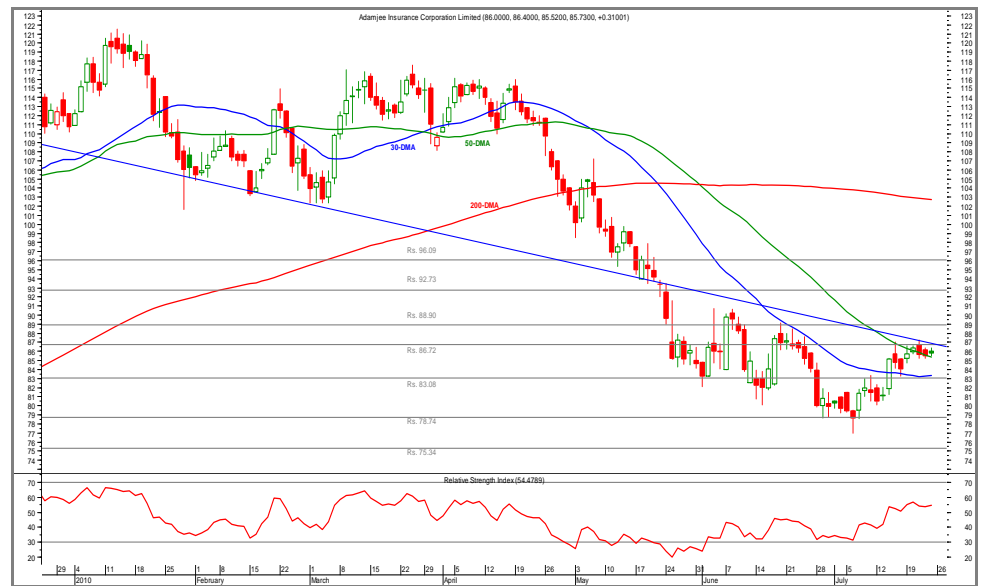
LUCK continued to take resistance from the 200-DMA and on Friday created a spinning top, which confirms the view of a top. The Stochastic Oscillator on the daily chart maintains its sell signal, while on the weekly chart has become overbought. Moreover the MACD and RSI on the daily chart have started to stall. It is suggested to sell between Rs. 69.50 – Rs. 70.26 with stops above Rs. 71.07. The first support is at Rs. 68.06 and the second support is at Rs. 67.17.

Adamjee Insurance Company Limited

		Change
Open	86.00	0.58
High	86.40	0.98
Low	85.52	0.10
Close	85.73	0.31
Volume	194,503	

Date	23-Jul-10	Change
30-DMA	83.31	0.03
50-DMA	85.37	-0.24
200-DMA	102.72	-0.09
9-D RSI	60.60	1.46
14-D RSI	54.48	0.94
25-D RSI	47.57	0.52

Date	22-Jul-10
30-DMA	83.29
50-DMA	85.61
200-DMA	102.81
9-D RSI	59.15
14-D RSI	53.54
25-D RSI	47.05



Strategy: Sell on Strength

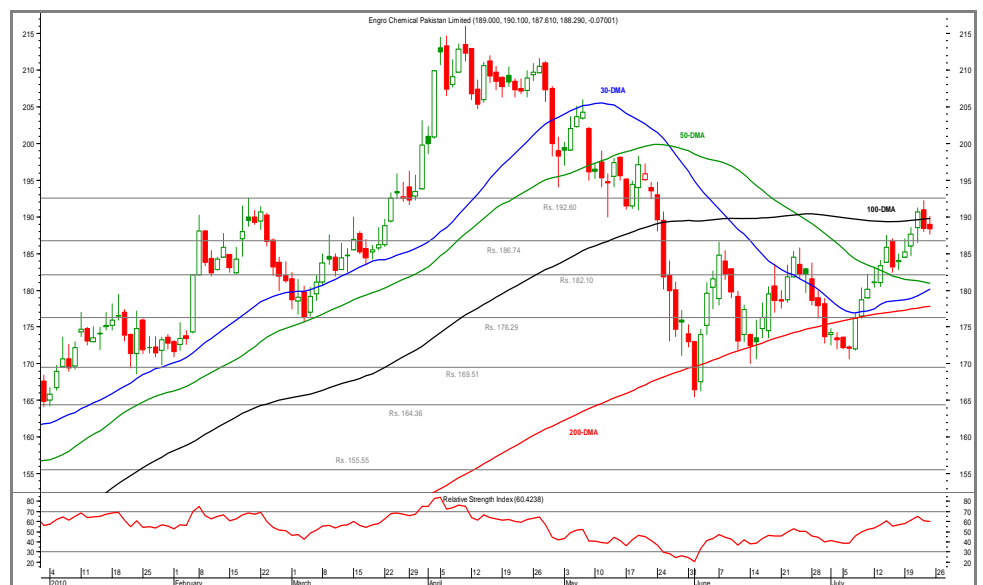
AICL continued to take resistance from its critical resistance trendline (blue line). It is likely to break below the 50-DMA as the Stochastic Oscillator on the daily chart has generated a sell signal after becoming overbought, while the RSI too has leveled off and could potentially assume a downtrend. It is suggested to sell between Rs. 86.74 – Rs. 87.72 with stops above Rs. 88.70. The first support is at Rs. 84.64 and the second support is at Rs. 83.55.

		Change
Open	189.00	0.64
High	190.10	1.74
Low	187.61	-0.75
Close	188.29	-0.07
Volume	608,331	

Date	23-Jul-10	Change
30-DMA	180.09	0.36
50-DMA	180.95	-0.14
200-DMA	177.84	0.14
9-D RSI	65.16	-0.27
14-D RSI	60.42	-0.15
25-D RSI	54.44	-0.07

Date	22-Jul-10
30-DMA	179.73
50-DMA	181.10
200-DMA	177.71
9-D RSI	65.43
14-D RSI	60.57
25-D RSI	54.51

Engro Corporation Limited



Strategy: Sell

Engro took resistance from its critical resistance level of Rs. 192.60 on Thursday to close well into the red. The pressure continued on Friday and Engro registered a lower high and a lower low. The formation created in the process is indicative of a top. The Stochastic Oscillator on the daily chart has generated a sell signal after becoming overbought, while the RSI has started to show weakness. It is suggested to sell between Rs. 190.69 – Rs. 192.59 with stops above Rs. 194.49. The first support is at Rs. 186.07 and the second support is at Rs. 183.87.

Pivot Analysis

SCRIP	CLOSE	STRATEGY	S3	S2	S1	PIVOT	R1	R2	R3	Lower Limit	Upper Limit
ABL	56.02	Sell	55.21	55.61	55.81	56.21	56.41	56.81	57.01	53.22	58.82
AHSL	34.14	Sell	33.54	33.79	33.97	34.22	34.40	34.65	34.83	32.43	35.85
AICL	85.73	Sell on Strength	84.49	85.00	85.37	85.88	86.25	86.76	87.13	81.44	90.02
AKBL	16.77	Sell	16.07	16.29	16.53	16.75	16.99	17.21	17.45	15.77	17.77
APL	306.02	Sell on Strength	296.75	300.15	303.08	306.48	309.41	312.81	315.74	290.72	321.32
ATRL	88.85	Sell	86.36	87.48	88.17	89.29	89.98	91.10	91.79	84.41	93.29
BAFL	9.34	Sell	9.07	9.17	9.25	9.35	9.43	9.53	9.61	8.34	10.34
BOP	10.54	Sell	10.13	10.31	10.43	10.61	10.73	10.91	11.03	9.54	11.54
DGKC	27.64	Sell	26.89	27.17	27.40	27.68	27.91	28.19	28.42	26.26	29.02
DOL	4.87	Sell	4.58	4.69	4.78	4.89	4.98	5.09	5.18	3.87	5.87
ENGRO	188.29	Sell	184.74	186.18	187.23	188.67	189.72	191.16	192.21	178.88	197.70
FABL	15.24	Buy on Weakness	14.83	14.91	15.08	15.16	15.33	15.41	15.58	14.24	16.24
FCCL	5.05	Sell	4.77	4.88	4.97	5.08	5.17	5.28	5.37	4.05	6.05
FFBL	29.65	Buy	28.03	28.40	29.02	29.39	30.01	30.38	31.00	28.17	31.13
FFC	108.76	Sell	107.74	108.12	108.44	108.82	109.14	109.52	109.84	103.32	114.20
HBL	105.08	Sell	101.23	102.37	103.72	104.86	106.21	107.35	108.70	99.83	110.33
HUBC	34.28	Sell	32.82	33.16	33.72	34.06	34.62	34.96	35.52	32.57	35.99
ICI	118.50	Sell on Strength	115.83	116.57	117.53	118.27	119.23	119.97	120.93	112.58	124.43
KAPCO	43.13	Sell	40.59	41.54	42.34	43.29	44.09	45.04	45.84	40.97	45.29
LOTPTA	8.39	Buy	8.09	8.18	8.29	8.38	8.49	8.58	8.69	7.39	9.39
LUCK	68.81	Sell	67.56	68.08	68.45	68.97	69.34	69.86	70.23	65.37	72.25
MCB	209.94	Sell on Strength	205.34	206.42	208.18	209.26	211.02	212.10	213.86	199.44	220.44
MLCF	3.55	Sell	3.10	3.25	3.40	3.55	3.70	3.85	4.00	2.55	4.55
NBP	69.27	Sell	67.25	68.08	68.68	69.51	70.11	70.94	71.54	65.81	72.73
NETSOL	27.34	Buy on Weakness	26.60	26.93	27.13	27.46	27.66	27.99	28.19	25.97	28.71
NIB	3.30	Buy	3.15	3.19	3.24	3.28	3.33	3.37	3.42	2.30	4.30
NML	50.36	Sell	47.97	48.99	49.67	50.69	51.37	52.39	53.07	47.84	52.88
NRL	194.25	Sell	184.30	188.15	191.20	195.05	198.10	201.95	205.00	184.54	203.96
OGDC	150.89	Sell on Strength	143.91	145.70	148.30	150.09	152.69	154.48	157.08	143.35	158.43
PICT	76.51	Buy on Weakness	71.27	73.31	74.91	76.95	78.55	80.59	82.19	72.68	80.34
PKGS	119.50	Buy on Weakness	118.02	118.51	119.01	119.50	120.00	120.49	120.99	113.53	125.48
POL	231.00	Sell	223.85	227.17	229.09	232.41	234.33	237.65	239.57	219.45	242.55
PPL	197.79	Sell	194.78	195.66	196.73	197.61	198.68	199.56	200.63	187.90	207.68
PSO	275.05	Sell on Strength	267.63	269.82	272.43	274.62	277.23	279.42	282.03	261.30	288.80
PTC	18.64	Sell on Strength	17.91	18.23	18.44	18.76	18.97	19.29	19.50	17.64	19.64
SHEL	234.74	Buy on Weakness	227.49	229.25	231.99	233.75	236.49	238.25	240.99	223.00	246.48
UBL	57.77	Buy	54.69	55.60	56.68	57.59	58.67	59.58	60.66	54.88	60.66

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 Mar:** 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 basic formula is:

$$RSI = 100 - \{100 - [1 + (U/D)]\}$$
 Where: U = an average of upward price change.
 D = an average of downward price change.
- **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:** 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.

