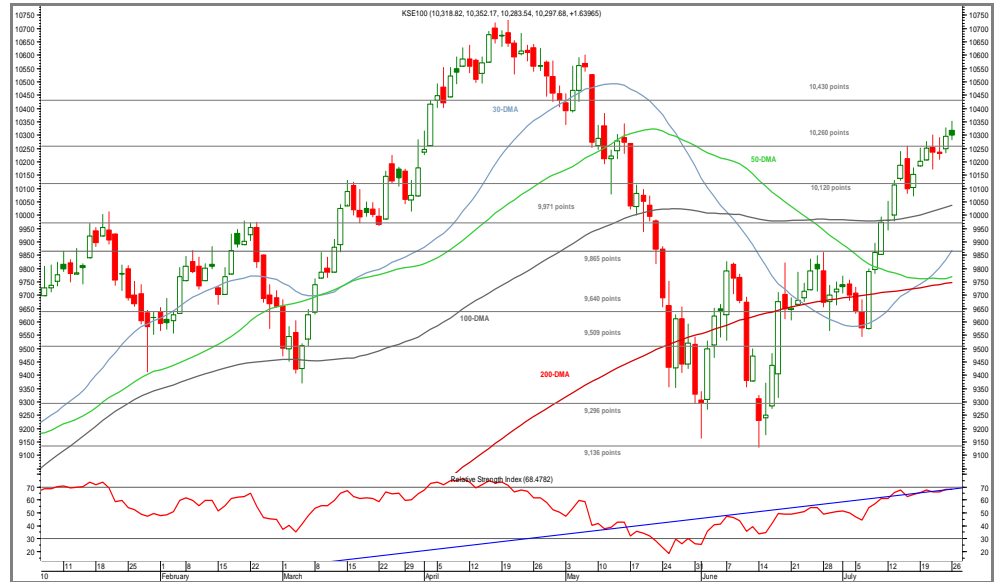




For July 27, 2010

**KSE-100 Index: Formation Suggests Uptrend Losing Momentum; Indicators Gradually Turning Negative**



**First support 10,241 points, second support 10,172 points;**  
**First resistance 10,362 points, second resistance 10,431 points**

**Analysis and Overview:**

The index opened positive and after touching its day's high, remained range-bound throughout the day to close marginally in the green. Volumes witnessed a sharp decline of 40.33% and stood at 40.21 mln. The index's formation is a spinning top, while its cluster of formations suggests that the uptrend is losing momentum.

The Stochastic Oscillator on the daily chart maintains its sell signal, while the RSI is almost overbought. Moreover the MACD too is starting to lose steam and could generate a sell signal in the near term.

Taking the above factors into consideration, any upside should be capitalized upon to sell as the index is due for a short-term correction.

The first support is at 10,241 points and the second support is at 10,172 points. The first resistance is at 10,362 points and the second resistance is at 10,431 points.

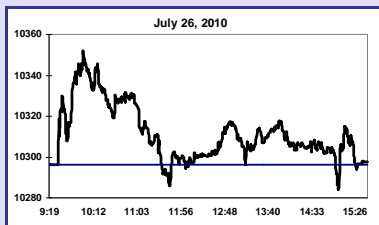
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|        |            | Change  |
|--------|------------|---------|
| Open   | 10,318.82  | 22.78   |
| High   | 10,352.17  | 56.13   |
| Low    | 10,283.54  | -12.50  |
| Close  | 10,297.68  | 1.64    |
| Volume | 40,209,551 | -40.33% |

| Date     | 26-Jul-10 | Change |
|----------|-----------|--------|
| 30-DMA   | 9,868.34  | 35.60  |
| 50-DMA   | 9,768.54  | 5.28   |
| 200-DMA  | 9,746.77  | 2.31   |
| 9-D RSI  | 75.09     | 0.08   |
| 14-D RSI | 68.48     | 0.06   |
| 25-D RSI | 60.35     | 0.04   |

| Date     | 23-Jul-10 |  |
|----------|-----------|--|
| 30-DMA   | 9,832.74  |  |
| 50-DMA   | 9,763.26  |  |
| 200-DMA  | 9,744.46  |  |
| 9-D RSI  | 75.01     |  |
| 14-D RSI | 68.42     |  |
| 25-D RSI | 60.31     |  |

**Intraday Graph**



**Synopsis**

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

- Gold **Buy on Weakness**
- WTI **Buy on Weakness**

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|                    |                  |               |
|--------------------|------------------|---------------|
| <b>Data as of:</b> | <b>26-Jul-10</b> | <b>Change</b> |
| <b>Open</b>        | 1,188.90         | -0.30         |
| <b>High</b>        | 1,195.01         | 5.81          |
| <b>Low</b>         | 1,185.70         | -3.50         |
| <b>Close</b>       | 1,186.95         | -2.25         |

|             |                  |               |
|-------------|------------------|---------------|
| <b>Date</b> | <b>26-Jul-10</b> | <b>Change</b> |
| 30-DMA      | 1,215.73         | -1.14         |
| 50-DMA      | 1,215.03         | -0.71         |
| 200-DMA     | 1,147.54         | 0.61          |
| 9-D RSI     | 40.66            | -1.20         |
| 14-D RSI    | 42.59            | -0.75         |
| 25-D RSI    | 46.27            | -0.44         |

|             |                  |  |
|-------------|------------------|--|
| <b>Date</b> | <b>23-Jul-10</b> |  |
| 30-DMA      | 1,216.87         |  |
| 50-DMA      | 1,215.74         |  |
| 200-DMA     | 1,146.93         |  |
| 9-D RSI     | 41.86            |  |
| 14-D RSI    | 43.34            |  |
| 25-D RSI    | 46.71            |  |

### Gold Spot



#### Strategy: Buy on Weakness

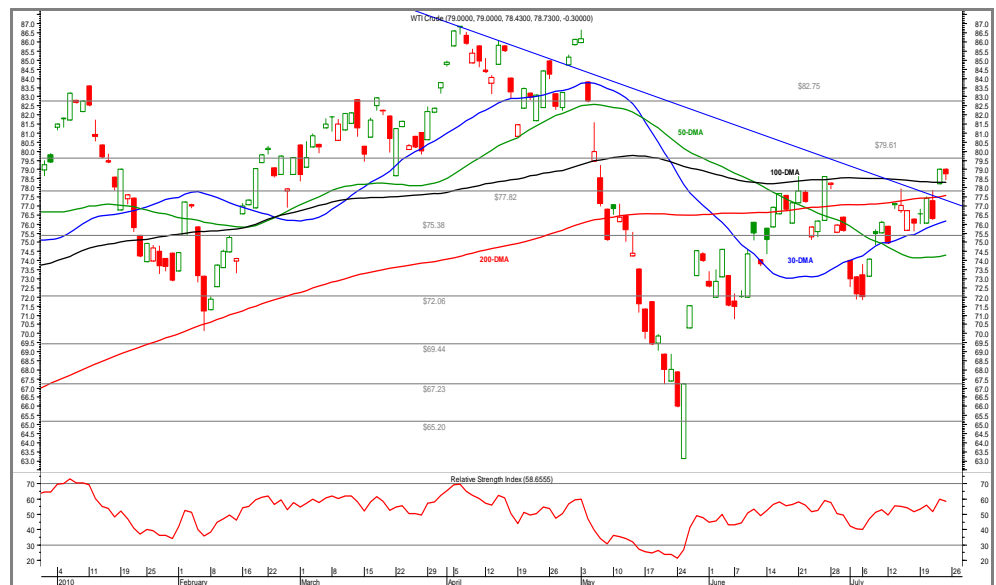
Gold is trading within a narrow range and was seen maintaining itself above the 100-DMA. The Stochastic Oscillator maintains its buy signal, which makes the formation a bullish divergence. Moreover the RSI has started to bottom out and could potentially assume an uptrend. It is suggested to buy between \$ 1,179.95 and \$ 1,184.35 with stops below \$ 1,175.55. The first resistance is at \$ 1,193.65 and the second resistance is at \$ 1,198.57.

|                    |                  |               |
|--------------------|------------------|---------------|
| <b>Data as of:</b> | <b>21-Jul-10</b> | <b>Change</b> |
| <b>Open</b>        | 77.28            | -0.16         |
| <b>High</b>        | 77.85            | 0.41          |
| <b>Low</b>         | 76.23            | -1.21         |
| <b>Close</b>       | 76.26            | -1.18         |

|             |                  |               |
|-------------|------------------|---------------|
| <b>Date</b> | <b>21-Jul-10</b> | <b>Change</b> |
| 30-DMA      | 75.92            | 0.14          |
| 50-DMA      | 74.19            | -0.01         |
| 200-DMA     | 77.48            | 0.03          |
| 9-D RSI     | 51.80            | -7.89         |
| 14-D RSI    | 51.76            | -4.44         |
| 25-D RSI    | 50.51            | -2.16         |

|             |                  |  |
|-------------|------------------|--|
| <b>Date</b> | <b>20-Jul-10</b> |  |
| 30-DMA      | 75.78            |  |
| 50-DMA      | 74.20            |  |
| 200-DMA     | 77.45            |  |
| 9-D RSI     | 59.69            |  |
| 14-D RSI    | 56.20            |  |
| 25-D RSI    | 52.68            |  |

### West Texas Intermediate (WTI) Spot (Crude Oil)



#### Strategy: Buy on Weakness

WTI gave a breakout above the 100-DMA and the 200-DMA on Thursday. Friday's formation was more of an adjustment post breakout. The Stochastic Oscillator maintains its uptrend as well as its buy signal, which makes Friday's formation a bullish divergence. Moreover the MACD maintains its buy signal. It is suggested to buy between \$ 77.50 and \$ 78.08 with stops below \$ 76.94. The first resistance is at \$ 79.35 and the second resistance is at \$ 79.92.

### Pivot Analysis






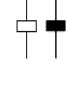
| SCRIP  | CLOSE  | STRATEGY         | S3     | S2     | S1     | PIVOT  | R1     | R2     | R3     | Lower Limit | Upper Limit |
|--------|--------|------------------|--------|--------|--------|--------|--------|--------|--------|-------------|-------------|
| ABL    | 56.00  | Sell             | 54.33  | 54.94  | 55.47  | 56.08  | 56.61  | 57.22  | 57.75  | 53.20       | 58.80       |
| AHSL   | 33.96  | Sell             | 33.20  | 33.53  | 33.74  | 34.07  | 34.28  | 34.61  | 34.82  | 32.26       | 35.66       |
| AICL   | 85.17  | Sell             | 82.86  | 83.96  | 84.56  | 85.66  | 86.26  | 87.36  | 87.96  | 80.91       | 89.43       |
| AKBL   | 16.38  | Sell             | 15.63  | 15.94  | 16.16  | 16.47  | 16.69  | 17.00  | 17.22  | 15.38       | 17.38       |
| APL    | 303.54 | Sell             | 296.11 | 299.58 | 301.56 | 305.03 | 307.01 | 310.48 | 312.46 | 288.36      | 318.72      |
| ATRL   | 87.78  | Sell             | 85.20  | 86.40  | 87.09  | 88.29  | 88.98  | 90.18  | 90.87  | 83.39       | 92.17       |
| BAFL   | 9.18   | Sell             | 8.84   | 8.99   | 9.09   | 9.24   | 9.34   | 9.49   | 9.59   | 8.18        | 10.18       |
| BOP    | 10.46  | Sell             | 10.22  | 10.33  | 10.40  | 10.51  | 10.58  | 10.69  | 10.76  | 9.46        | 11.46       |
| DGKC   | 27.22  | Sell             | 26.20  | 26.67  | 26.95  | 27.42  | 27.70  | 28.17  | 28.45  | 25.86       | 28.58       |
| DOL    | 4.88   | Sell             | 4.43   | 4.57   | 4.72   | 4.86   | 5.01   | 5.15   | 5.30   | 3.88        | 5.88        |
| ENGRO  | 187.25 | Sell             | 183.68 | 185.30 | 186.27 | 187.89 | 188.86 | 190.48 | 191.45 | 177.89      | 196.61      |
| FABL   | 15.19  | Buy on Weakness  | 14.53  | 14.76  | 14.98  | 15.21  | 15.43  | 15.66  | 15.88  | 14.19       | 16.19       |
| FCCL   | 4.91   | Sell             | 4.62   | 4.76   | 4.83   | 4.97   | 5.04   | 5.18   | 5.25   | 3.91        | 5.91        |
| FFBL   | 29.56  | Buy              | 28.83  | 29.07  | 29.31  | 29.55  | 29.79  | 30.03  | 30.27  | 28.08       | 31.04       |
| FFC    | 108.74 | Buy on Weakness  | 107.34 | 107.92 | 108.33 | 108.91 | 109.32 | 109.90 | 110.31 | 103.30      | 114.18      |
| HBL    | 107.30 | Buy on Weakness  | 102.10 | 103.30 | 105.30 | 106.50 | 108.50 | 109.70 | 111.70 | 101.94      | 112.67      |
| HUBC   | 34.53  | Sell on Strength | 33.92  | 34.11  | 34.32  | 34.51  | 34.72  | 34.91  | 35.12  | 32.80       | 36.26       |
| ICI    | 118.13 | Sell on Strength | 116.20 | 116.85 | 117.49 | 118.14 | 118.78 | 119.43 | 120.07 | 112.22      | 124.04      |
| KAPCO  | 42.98  | Sell             | 42.44  | 42.67  | 42.83  | 43.06  | 43.22  | 43.45  | 43.61  | 40.83       | 45.13       |
| LOTPTA | 8.27   | Buy              | 7.92   | 8.08   | 8.17   | 8.33   | 8.42   | 8.58   | 8.67   | 7.27        | 9.27        |
| LUCK   | 67.85  | Sell             | 65.53  | 66.52  | 67.19  | 68.18  | 68.85  | 69.84  | 70.51  | 64.46       | 71.24       |
| MCB    | 212.09 | Sell on Strength | 207.89 | 209.20 | 210.64 | 211.95 | 213.39 | 214.70 | 216.14 | 201.49      | 222.69      |
| MLCF   | 3.49   | Sell             | 3.24   | 3.36   | 3.43   | 3.55   | 3.62   | 3.74   | 3.81   | 2.49        | 4.49        |
| NBP    | 69.06  | Sell             | 67.91  | 68.45  | 68.76  | 69.30  | 69.61  | 70.15  | 70.46  | 65.61       | 72.51       |
| NETSOL | 26.59  | Sell on Strength | 25.26  | 25.86  | 26.23  | 26.83  | 27.20  | 27.80  | 28.17  | 25.26       | 27.92       |
| NIB    | 3.28   | Buy              | 3.05   | 3.13   | 3.20   | 3.28   | 3.35   | 3.43   | 3.50   | 2.28        | 4.28        |
| NML    | 50.49  | Sell on Strength | 48.88  | 49.50  | 49.99  | 50.61  | 51.10  | 51.72  | 52.21  | 47.97       | 53.01       |
| NRL    | 193.64 | Sell             | 191.89 | 192.75 | 193.19 | 194.05 | 194.49 | 195.35 | 195.79 | 183.96      | 203.32      |
| OGDC   | 151.92 | Sell on Strength | 149.24 | 150.12 | 151.02 | 151.90 | 152.80 | 153.68 | 154.58 | 144.32      | 159.52      |
| PICT   | 76.23  | Buy on Weakness  | 74.50  | 75.15  | 75.69  | 76.34  | 76.88  | 77.53  | 78.07  | 72.42       | 80.04       |
| PKGS   | 119.97 | Buy              | 116.85 | 117.48 | 118.72 | 119.35 | 120.59 | 121.22 | 122.46 | 113.97      | 125.97      |
| POL    | 229.84 | Sell             | 226.37 | 227.89 | 228.86 | 230.38 | 231.35 | 232.87 | 233.84 | 218.35      | 241.33      |
| PPL    | 197.72 | Sell             | 194.66 | 195.75 | 196.73 | 197.82 | 198.80 | 199.89 | 200.87 | 187.83      | 207.61      |
| PSO    | 273.81 | Sell             | 269.31 | 271.20 | 272.51 | 274.40 | 275.71 | 277.60 | 278.91 | 260.12      | 287.50      |
| PTC    | 18.37  | Sell             | 17.85  | 18.08  | 18.23  | 18.46  | 18.61  | 18.84  | 18.99  | 17.37       | 19.37       |
| SHEL   | 232.01 | Buy on Weakness  | 224.14 | 228.07 | 230.04 | 233.97 | 235.94 | 239.87 | 241.84 | 220.41      | 243.61      |
| UBL    | 57.79  | Buy              | 56.69  | 57.17  | 57.48  | 57.96  | 58.27  | 58.75  | 59.06  | 54.90       | 60.68       |

*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 gauge both the general direction and the volatility.