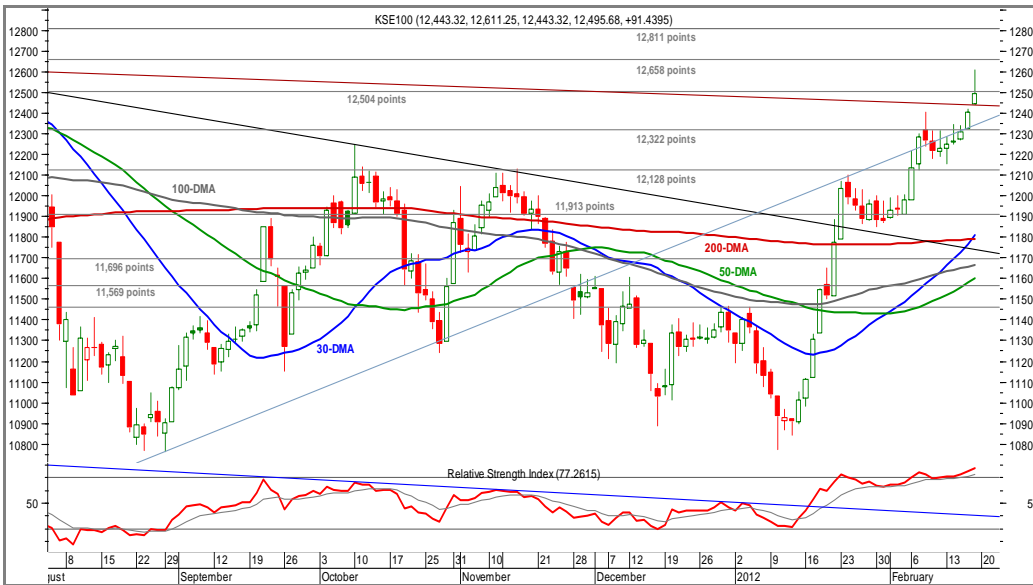


KSE-100: Breakout above critical resistance trendline is bullish

- The index has given a breakout above its critical resistance trendline. However gains were clipped as a result of its upper Bollinger Band. Although a retest of the said trendline cannot be ruled out, the overall trend remains bullish.
- The Stochastic Oscillator maintains its uptrend as well as buy signal while the RSI continues to rise as well. Additionally the 30-DMA maintains its strong uptrend and has now cut the 200-DMA from below. This is a medium-term bullish signal by itself.



**First support 12,419 points, second support 12,339 points;
First resistance 12,572 points, second resistance 12,651 points**

Analysis and Overview:

The index opened positive and remained strong throughout the day however witnessed profit selling around its day's high only to close in the green. Volumes increased by 13.48% and stood at 233.27 mln. Moreover KSE 30 index's volume posted yet another formidable gain of 39.45% and stood at 92.68 mln, which indicates that volumes continue to flow back into the first tier stocks. The index has given a breakout above its critical resistance trendline (maroon line) however gains were clipped as a result of its upper Bollinger Band. Although a retest of the said trendline cannot be ruled out, the overall trend remains bullish.

The Stochastic Oscillator maintains its uptrend as well as buy signal while the RSI continues to rise as well. Additionally the 30-DMA maintains its strong uptrend and has now cut the 200-DMA from below. This is a medium-term bullish signal by itself. Additionally as a composite, most of the index's key stocks have conformed to post-breakout uptrends thus augmenting the above view.

We suggest a buy in ENGRO, OGDC, POL, PSO, NBP and UBL.

The first support is at 12,419 points and the second support is at 12,339 points. The first resistance is at 12,572 points and the second resistance is at 12,651 points.

For 20 February, 2012

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KSE-100 Index: Key Highlights

	17-Feb	Change
Open	12,443.32	39.08
High	12,611.25	207.01
Low	12,443.32	39.08
Close	12,495.68	91.44
Volume	233,268,879	13.48%

Source: KSE

Key Technical Indicators

Date	17-Feb	16-Feb	Chg
30-DMA	11812	11766	45.68
50-DMA	11600	11579	20.62
200DMA	11792	11790	2.19
9-D RSI	83.85	80.92	2.93
14-D RSI	77.26	74.99	2.28
25-D RSI	68.19	66.63	1.56
SO* - %K	81.80	72.58	9.22
SO* - %D	69.37	58.98	10.39
SO View	Buy	Buy	

Source: KASB Technical Research

Synopsis

Stock	Recommendation
PTC	Buy on Weakness
PSO	Buy
POL	Buy
OGDC	Buy
PPL	Buy on Weakness
NML	Buy
NBP	Buy
MCB	Buy on Weakness
DGKC	Buy on Weakness
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	62.00	Buy	59.90	60.60	61.30	62.00	62.70	63.40	64.10	58.90	65.10
AHCL	30.11	Sell on Strength	27.81	28.80	29.46	30.45	31.11	32.10	32.76	28.60	31.62
AICL	52.46	Buy	49.99	51.09	51.78	52.88	53.57	54.67	55.36	49.84	55.08
AKBL	11.89	Buy	11.33	11.56	11.73	11.96	12.13	12.36	12.53	10.89	12.89
APL	449.42	Buy	415.58	423.41	436.42	444.25	457.26	465.09	478.10	426.95	471.89
ATRL	124.00	Buy	119.13	120.87	122.43	124.17	125.73	127.47	129.03	117.80	130.20
BAFL	13.20	Buy	12.60	12.82	13.01	13.23	13.42	13.64	13.83	12.20	14.20
BOP	7.10	Buy on Weakness	6.62	6.83	6.97	7.18	7.32	7.53	7.67	6.10	8.10
DGKC	25.16	Buy on Weakness	23.34	24.12	24.64	25.42	25.94	26.72	27.24	23.90	26.42
DOL	5.11	Buy on Weakness	4.72	4.87	4.99	5.14	5.26	5.41	5.53	4.11	6.11
ENGRO	133.99	Buy	131.51	132.10	133.05	133.64	134.59	135.18	136.13	127.29	140.69
FABL	10.50	Buy	9.97	10.13	10.32	10.48	10.67	10.83	11.02	9.50	11.50
FATIMA	23.93	Buy on Weakness	22.75	23.28	23.60	24.13	24.45	24.98	25.30	22.73	25.13
FFBL	46.69	Buy on Weakness	45.40	45.98	46.33	46.91	47.26	47.84	48.19	44.36	49.02
FFC	185.61	Buy on Weakness	181.77	183.48	184.55	186.26	187.33	189.04	190.11	176.33	194.89
HBL	118.94	Buy	114.48	115.99	117.47	118.98	120.46	121.97	123.45	112.99	124.89
HUBC	36.33	Buy on Weakness	35.69	35.94	36.14	36.39	36.59	36.84	37.04	34.51	38.15
ICI	142.55	Buy	138.53	140.32	141.43	143.22	144.33	146.12	147.23	135.42	149.68
KAPCO	43.09	Buy on Weakness	41.69	42.10	42.59	43.00	43.49	43.90	44.39	40.94	45.24
LOTPTA	8.57	Buy	8.07	8.30	8.43	8.66	8.79	9.02	9.15	7.57	9.57
LUCK	91.01	Buy	88.57	89.64	90.32	91.39	92.07	93.14	93.82	86.46	95.56
MCB	187.25	Buy on Weakness	179.65	182.63	184.94	187.92	190.23	193.21	195.52	177.89	196.61
MLCF	2.30	Buy on Weakness	1.86	2.05	2.18	2.37	2.50	2.69	2.82	1.30	3.30
NBP	49.08	Buy	45.59	46.45	47.77	48.63	49.95	50.81	52.13	46.63	51.53
NCL	20.41	Buy	19.78	19.94	20.18	20.34	20.58	20.74	20.98	19.39	21.43
NCPL	14.97	Buy	13.99	14.28	14.62	14.91	15.25	15.54	15.88	13.97	15.97
NETSOL	11.91	Buy on Weakness	11.09	11.47	11.69	12.07	12.29	12.67	12.89	10.91	12.91
NML	48.79	Buy	47.13	47.66	48.23	48.76	49.33	49.86	50.43	46.35	51.23
NPL	16.04	Buy	15.24	15.45	15.74	15.95	16.24	16.45	16.74	15.04	17.04
NRL	259.16	Buy on Weakness	248.77	253.39	256.27	260.89	263.77	268.39	271.27	246.20	272.12
OGDC	162.93	Buy	156.30	158.65	160.79	163.14	165.28	167.63	169.77	154.78	171.08
POL	371.11	Buy	359.49	363.17	367.14	370.82	374.79	378.47	382.44	352.55	389.67
PPL	174.55	Buy on Weakness	168.80	171.52	173.04	175.76	177.28	180.00	181.52	165.82	183.28
PSO	256.40	Buy	247.10	250.60	253.50	257.00	259.90	263.40	266.30	243.58	269.22
PTC	11.88	Buy on Weakness	11.45	11.63	11.75	11.93	12.05	12.23	12.35	10.88	12.88
SHEL	193.07	Buy on Weakness	190.55	191.78	192.42	193.65	194.29	195.52	196.16	183.42	202.72
UBL	62.09	Buy	58.69	59.62	60.85	61.78	63.01	63.94	65.17	58.99	65.19

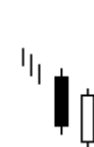
R1 = First Resistance
S1 = First Support

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 very good to gauge both the general direction and the volatility.

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