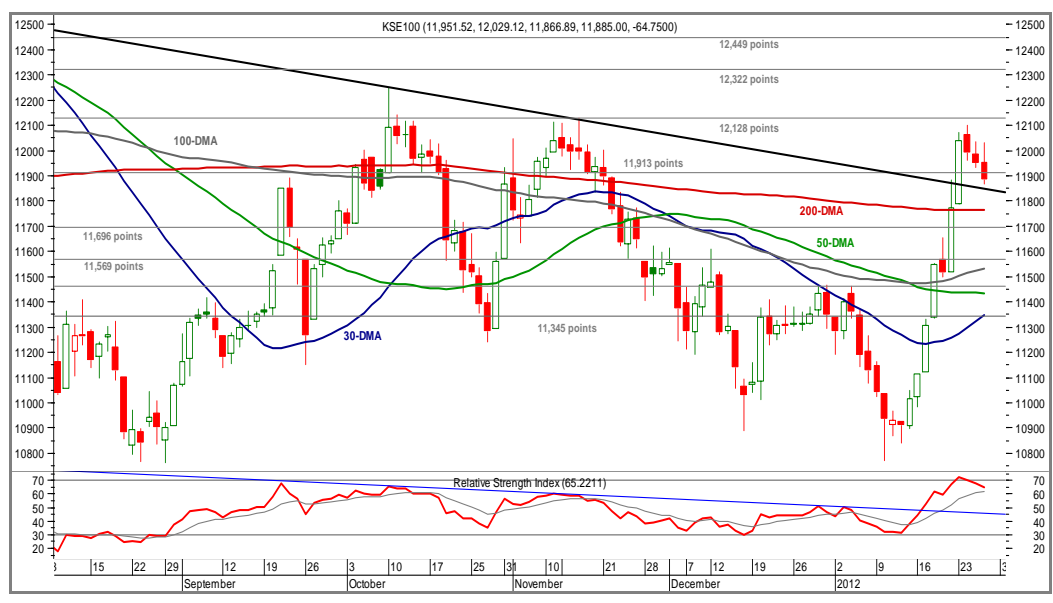


KSE-100: Coming down to test its trendline

- The index is gradually approaching its trendline above which it had recently given a breakout. This would serve as a retest. Further down, the 200-DMA (currently at 11,767 points) is likely to create support.
- The Stochastic Oscillator continues to decline and maintains its sell signal. On the other hand, the MACD maintains its uptrend as well as buy signal.
- We maintain our stance of accumulation on weakness.



First support 11,805 points, second support 11,728 points;
First resistance 11,967 points, second resistance 12,053 points

Analysis and Overview:

The index opened marginally positive and after registering its day's high in the initial hours, took to a steady downtrend to close in the red. Volumes declined by 23.48% and stood at 95.53 mln. The index registered a lower high and a lower low and is gradually approaching its trendline above which it had recently given a breakout. This would serve as a retest. Further down, the 200-DMA (currently at 11,767 points) is likely to create support.

The Stochastic Oscillator continues to decline and maintains its sell signal while the RSI has shown weakness and has edged down from its overbought region as well. On the other hand, the MACD maintains its uptrend as well as buy signal.

We maintain our stance of accumulation on weakness.

The first support is at 11,804 points and the second support is at 11,728 points. The first resistance is at 11,967 points and the second resistance is at 12,053 points.

For 27 January, 2012

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KSE-100 Index: Key Highlights

	26-Jan	Change
Open	11,951.52	1.77
High	12,029.12	79.37
Low	11,866.89	-82.86
Close	11,883.92	-65.83
Volume	95,533,865	-23.48%

Source: KSE

Key Technical Indicators

Date	26-Jan	25-Jan	Chg
30-DMA	11346	11321	24.81
50-DMA	11434	11436	-2.20
200DMA	11767	11766	0.17
9-D RSI	69.30	74.34	-5.03
14-D RSI	65.17	68.30	-3.13
25-D RSI	58.90	60.55	-1.65
SO* - %K	75.56	87.35	-11.79
SO* - %D	84.43	89.00	-4.57
SO View	Sell	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
NML	Buy on Weakness
NBP	Buy on Weakness
MCB	Buy on Weakness
DGKC	Buy on Weakness
LUCK	Buy on Weakness
FFBL	Buy on Weakness
ENGRO	Buy on Weakness

Source: KASB Technical Research

Pivot Analysis

	CLOSE	STRATEGY	S3	S2	S1	PIVOT	R1	R2	R3	Lower Limit	Upper Limit
ABL	61.04	Buy on Weakness	59.74	60.32	60.68	61.26	61.62	62.20	62.56	57.99	64.09
AHCL	28.06	Buy on Weakness	26.34	27.15	27.61	28.42	28.88	29.69	30.15	26.66	29.46
AICL	51.02	Buy on Weakness	47.08	48.54	49.78	51.24	52.48	53.94	55.18	48.47	53.57
AKBL	10.66	Buy on Weakness	10.04	10.32	10.49	10.77	10.94	11.22	11.39	9.66	11.66
APL	435.72	Buy on Weakness	425.25	428.87	432.30	435.92	439.35	442.97	446.40	413.93	457.51
ATRL	121.11	Buy on Weakness	114.79	117.77	119.44	122.42	124.09	127.07	128.74	115.05	127.17
BAFL	12.21	Buy on Weakness	11.77	11.98	12.09	12.30	12.41	12.62	12.73	11.21	13.21
BOP	5.85	Buy on Weakness	5.50	5.67	5.76	5.93	6.02	6.19	6.28	4.85	6.85
DGKC	23.09	Buy on Weakness	22.14	22.54	22.82	23.22	23.50	23.90	24.18	21.94	24.24
DOL	4.10	Buy on Weakness	3.97	4.03	4.07	4.13	4.17	4.23	4.27	3.10	5.10
ENGRO	115.40	Buy on Weakness	108.57	111.03	113.22	115.68	117.87	120.33	122.52	109.63	121.17
FABL	9.23	Sell on Strength	8.70	8.93	9.08	9.31	9.46	9.69	9.84	8.23	10.23
FATIMA	21.35	Buy on Weakness	19.75	20.48	20.91	21.64	22.07	22.80	23.23	20.28	22.42
FFBL	48.74	Buy on Weakness	46.61	47.58	48.16	49.13	49.71	50.68	51.26	46.30	51.18
FFC	177.67	Buy on Weakness	173.18	174.49	176.08	177.39	178.98	180.29	181.88	168.79	186.55
HBL	114.78	Buy on Weakness	112.03	113.27	114.02	115.26	116.01	117.25	118.00	109.04	120.52
HUBC	35.88	Buy on Weakness	35.10	35.43	35.65	35.98	36.20	36.53	36.75	34.09	37.67
ICI	145.09	Buy on Weakness	139.73	142.36	143.73	146.36	147.73	150.36	151.73	137.84	152.34
KAPCO	42.00	Buy on Weakness	41.58	41.77	41.88	42.07	42.18	42.37	42.48	39.90	44.10
LOTPTA	9.62	Buy on Weakness	8.83	9.18	9.40	9.75	9.97	10.32	10.54	8.62	10.62
LUCK	86.48	Buy on Weakness	82.86	84.38	85.43	86.95	88.00	89.52	90.57	82.16	90.80
MCB	168.75	Buy on Weakness	166.00	167.00	167.88	168.88	169.76	170.76	171.64	160.31	177.19
MLCF	2.25	Buy on Weakness	1.98	2.09	2.17	2.28	2.36	2.47	2.55	1.25	3.25
NBP	44.62	Buy on Weakness	43.23	43.82	44.22	44.81	45.21	45.80	46.20	42.39	46.85
NCL	18.83	Buy on Weakness	17.40	17.96	18.39	18.95	19.38	19.94	20.37	17.83	19.83
NCPL	14.37	Buy on Weakness	13.63	13.79	14.08	14.24	14.53	14.69	14.98	13.37	15.37
NETSOL	9.16	Buy on Weakness	8.71	8.91	9.04	9.24	9.37	9.57	9.70	8.16	10.16
NML	46.65	Buy on Weakness	45.60	46.05	46.35	46.80	47.10	47.55	47.85	44.32	48.98
NPL	14.07	Buy on Weakness	13.70	13.84	13.96	14.10	14.22	14.36	14.48	13.07	15.07
NRL	245.28	Buy	234.62	238.56	241.92	245.86	249.22	253.16	256.52	233.02	257.54
OGDC	148.13	Buy on Weakness	143.75	145.88	147.00	149.13	150.25	152.38	153.50	140.72	155.54
POL	364.33	Buy on Weakness	358.07	360.88	362.61	365.42	367.15	369.96	371.69	346.11	382.55
PPL	178.52	Buy	175.48	176.74	177.63	178.89	179.78	181.04	181.93	169.59	187.45
PSO	251.07	Buy on Weakness	246.66	248.61	249.84	251.79	253.02	254.97	256.20	238.52	263.62
PTC	11.53	Buy on Weakness	11.19	11.34	11.44	11.59	11.69	11.84	11.94	10.53	12.53
SHEL	201.46	Buy on Weakness	196.99	198.49	199.98	201.48	202.97	204.47	205.96	191.39	211.53
UBL	57.30	Buy on Weakness	55.37	56.23	56.77	57.63	58.17	59.03	59.57	54.44	60.17

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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