

KSE-100: Buy signal generated in the oversold region

- The index registered a higher high and a higher low and in the process, gave the requisite confirmation of a bottom.
- The Stochastic Oscillator has generated a buy signal in the oversold region. Moreover, the RSI has also shown improvement which further supports the bullish view.
- We maintain our buy stance on the market.



**First support 11,509 points, second support 11,450 points;
First resistance 11,633 points, second resistance 11,700 points**

Analysis and Overview:

The index opened on a positive note and remained strong throughout the session to close in the green. Volumes were flat and stood at 62.66mn. The index registered a higher high and a higher low and in the process, gave the requisite confirmation of a bottom.

The Stochastic Oscillator has now generated a buy signal in the oversold region. Moreover the RSI has also shown improvement which further supports the bullish view.

We maintain our buy stance on the market.

The first support is at 11,509 points and the second support is at 11,450 points. The first resistance is at 11,633 points and the second resistance is at 11,700 points.

For 25 March, 2011

Aiyaz M. Hassan
aiyaz.hassan@kasb.com
KASB Securities Limited
Ph#: (9221) 111 222 000 Ext: 379

		Change
Open	11,518.57	30.51
High	11,587.55	99.49
Low	11,495.90	7.84
Close	11,564.25	76.19
Volume	62,660,238	-0.01%

	24-Mar-11	Change
Date	24-Mar-11	
30-DMA	11,819.71	-26.56
50-DMA	12,066.28	-14.06
200-DMA	10,852.08	9.71
9-D RSI	39.97	4.60
14-D RSI	41.28	2.95
25-D RSI	44.17	1.68

	22-Mar-11
Date	22-Mar-11
30-DMA	11,846.26
50-DMA	12,080.34
200-DMA	10,842.37
9-D RSI	35.36
14-D RSI	38.33
25-D RSI	42.48

Synopsis

PTC	Buy
PSO	Buy
POL	Buy
OGDC	Buy
PPL	Buy
NML	Buy on Weakness
NBP	Buy
MCB	Buy
DGKC	Buy
LUCK	Buy
AICL	Buy on Weakness
ENGRO	Buy on Weakness

Pivot Analysis

SCRIP	CLOSE	STRATEGY	S3	S2	S1	PIVOT	R1	R2	R3	Lower Limit	Upper Limit
ABL	59.75	Buy	58.33	58.72	59.23	59.62	60.13	60.52	61.03	56.76	62.74
AHCL	23.81	Buy on Weakness	23.27	23.49	23.65	23.87	24.03	24.25	24.41	22.62	25.00
AICL	70.35	Buy on Weakness	67.10	68.01	69.18	70.09	71.26	72.17	73.34	66.83	73.87
AKBL	12.78	Buy	12.00	12.21	12.49	12.70	12.98	13.19	13.47	11.78	13.78
APL	353.72	Buy	345.14	348.17	350.94	353.97	356.74	359.77	362.54	336.03	371.41
ATRL	121.97	Buy on Weakness	119.01	120.14	121.05	122.18	123.09	124.22	125.13	115.87	128.07
BAFL	9.89	Buy on Weakness	9.43	9.58	9.74	9.89	10.05	10.20	10.36	8.89	10.89
BOP	6.57	Sell on Strength	6.24	6.37	6.47	6.60	6.70	6.83	6.93	5.57	7.57
DGKC	23.81	Buy	23.22	23.44	23.62	23.84	24.02	24.24	24.42	22.62	25.00
DOL	8.61	Buy	7.63	7.88	8.24	8.49	8.85	9.10	9.46	7.61	9.61
ENGRO	199.82	Buy on Weakness	197.55	198.17	199.00	199.62	200.45	201.07	201.90	189.83	209.81
FABL	12.39	Buy on Weakness	11.34	11.80	12.09	12.55	12.84	13.30	13.59	11.39	13.39
FCCL	4.08	Sell on Strength	3.95	4.01	4.04	4.10	4.13	4.19	4.22	3.08	5.08
FFBL	39.69	Buy	38.49	38.77	39.23	39.51	39.97	40.25	40.71	37.71	41.67
FFC	129.64	Buy	127.63	128.31	128.98	129.66	130.33	131.01	131.68	123.16	136.12
HBL	106.18	Buy on Weakness	104.39	105.09	105.64	106.34	106.89	107.59	108.14	100.87	111.49
HUBC	36.81	Buy on Weakness	35.57	35.88	36.35	36.66	37.13	37.44	37.91	34.97	38.65
ICI	164.19	Buy on Weakness	161.14	162.48	163.33	164.67	165.52	166.86	167.71	155.98	172.40
KAPCO	40.73	Buy on Weakness	40.36	40.46	40.59	40.69	40.82	40.92	41.05	38.69	42.77
LOTPTA	15.93	Buy on Weakness	15.67	15.74	15.84	15.91	16.01	16.08	16.18	14.93	16.93
LUCK	65.01	Buy	62.49	63.25	64.13	64.89	65.77	66.53	67.41	61.76	68.26
MCB	194.88	Buy	192.92	193.76	194.32	195.16	195.72	196.56	197.12	185.14	204.62
MLCF	2.26	Sell on Strength	2.09	2.17	2.22	2.30	2.35	2.43	2.48	1.26	3.26
NBP	57.67	Buy	55.54	56.40	57.03	57.89	58.52	59.38	60.01	54.79	60.55
NCL	27.90	Buy on Weakness	27.50	27.66	27.78	27.94	28.06	28.22	28.34	26.51	29.30
NCPL	15.95	Sell on Strength	15.35	15.53	15.74	15.92	16.13	16.31	16.52	14.95	16.95
NETSOL	21.86	Sell on Strength	21.35	21.57	21.72	21.94	22.09	22.31	22.46	20.77	22.95
NML	63.96	Buy on Weakness	62.12	62.67	63.31	63.86	64.50	65.05	65.69	60.76	67.16
NPL	16.87	Buy on Weakness	16.31	16.56	16.71	16.96	17.11	17.36	17.51	15.87	17.87
NRL	286.50	Sell on Strength	282.13	283.57	285.03	286.47	287.93	289.37	290.83	272.18	300.83
OGDC	137.80	Buy	134.15	135.18	136.49	137.52	138.83	139.86	141.17	130.91	144.69
POL	322.01	Buy	310.94	313.47	317.74	320.27	324.54	327.07	331.34	305.91	338.11
PPL	206.03	Buy	198.55	200.28	203.15	204.88	207.75	209.48	212.35	195.73	216.33
PSO	276.63	Buy	272.11	273.56	275.09	276.54	278.07	279.52	281.05	262.80	290.46
PTC	16.84	Buy	16.63	16.71	16.77	16.85	16.91	16.99	17.05	15.84	17.84
SHEL	207.86	Buy on Weakness	205.01	205.75	206.81	207.55	208.61	209.35	210.41	197.47	218.25
UBL	59.48	Buy	57.52	58.06	58.77	59.31	60.02	60.56	61.27	56.51	62.45

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:** 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.

KASB Securities Limited, 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi

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 accounts 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.