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SNGP: The Cup & Handle

Sui Northern Gas Pipelines Ltd

PSX: SNGP | Bloomberg: SNGP PA | Reuters: SUIN.PSX



TradingView

The stock has been in a broad consolidation since the beginning of 2020 and has taken four years to develop a rounding formation that completed its neckline test at 85.39 in January this year with a high at 81.50.

Since January, the stock has corrected to form a triangular consolidation that defines the rounding formation as a 'cup & saucer'. The period of this triangle has been constantly trailing support along the 40-week EMA (62.57). The resistance line of the triangle comes around 71.25 this week and lowers around 71 next week. We see the stock developing towards an upside break of this triangle and heading towards the neckline around 85.39. Such a move would be the broader buildup for a cyclical upside to unfold above the neckline with a long-term target for levels around 124 – 145. We define near-term risk below 60.50.

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