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KSE-100 INDEX: Caution Ahead: Key Support at Risk

KSE100 – 85,250.09 (-335.34)

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TradingView

The KSE-100 index traded within a narrow range while attempting to surpass the October 9 shooting star candle high. However, it faced rejection from a fresh high of 86,520, forming a bearish engulfing candle on October 17. This led to a weekly close with a decline of 233.31 points.

The index has held above the critical support level at 84,774. However, any breach of this level could lead to a decline toward the 82,906–82,409 range (latter is 30-day SMA), with further downside potential extending to the 50-day SMA around 80,760 and the September 24 low of 80,352.

We shift to a cautious outlook, especially if the index falls below the 84,774 level. On the upside, resistance is expected around the 85,800–86,500 range, with a break above this level potentially leading to a test of the 87,800–88,000 range.

PSO: Bullish Momentum Intact Despite Correction

Pakistan State Oil Company Limited. (PSO) – PKR 197.01



The stock experienced a correction from the high of 213.80, driven by profit-taking, reaching a low of 189.50 during the week. However, it found support near the horizontal level of 187.70 and rebounded slightly to close at 197.01.

The broader trend remains bullish, with the stock trading above all key moving averages on both daily and weekly time frames. Holding above the critical support at 187.70 reinforces a positive outlook. A breakout above the 218 level (December 2023 peak) could push the stock toward the August 2023 high of 232.89, followed by the next target at 247, aligning with a triple top pattern formed by the highs of March, May, and June 2021.

On the downside, the critical support zone lies between 189.50 and 187.70. A close below 187.70 would signal a shift in sentiment. We maintain a positive outlook, recommending buying the stock, with risk defined by a close below 187.

SHEL: Weekly Highs Signal Strength

Shell Pakistan Limited. (SHEL) – PKR 153.41



The buying momentum surged in the stock, with increased volume pushing it toward a breakout above the July 8 weekly candle high of 157. However, resistance at 163 resulted in a close at 153.41, marking the highest weekly close since March 18 and the first close above the 50-day SMA (148.35) since May. The weekly RSI remains strong, holding above trendline support and improving to 58.94.

The 157 level is pivotal, as a breakout here could ignite stronger momentum, with initial targets set at the March 24 high of 168.48, followed by a potential retest of the December 2023 peak at 180.

We maintain a positive outlook and recommend buying, revising our risk level to 142.50 on a closing basis (up from 139).

SNGP: Bearish Signal amid Resistance Zone

Sui Northern Gas Pipelines Limited. (SNGP) – PKR 73.38



Despite breaking above a descending trendline, the stock is struggling near a key resistance zone between 73.80 and 75.20, having tested a high of 77.00, which aligns with channel resistance. However, it faced rejection, limiting early weekly gains and closing at 73.38, forming a bearish shooting star candle on the weekly chart.

The long-term trend remains bullish, but a short-term correction is likely. We recommend waiting for the current correction to conclude before making fresh buys and suggest booking profits on strength until a decisive close above 77.00 is achieved.

On the downside, any continuation of the corrective move, especially below last week's low of 72.17, could lead to further declines toward 69.30 and the 50-week SMA around 67.14.

PTC: Cautious Optimism amid Profit-Selling

Pakistan Telecommunication Company Ltd. (PTC) – PKR 14.88



Following three weeks of bullish momentum, particularly last week’s sharp upsurge, the stock encountered profit-taking near the 16.60 high. This led to a correction, retesting the previous breakout level at 14.06, before bouncing slightly to close at 14.88, marking a 5.2% weekly decline.

The stock is trading above all key moving averages on both the weekly and daily time frames, while holding above the critical 14.06 support level. This suggests a cautiously positive outlook, with a recommendation to accumulate on dips, defining risk with a close below 14.00. Looking ahead, upward movement may face resistance between 15.95 and 16.60.

OGDC: Stalling toward Key supports

Oil & Gas Development Company Limited. (OGDC) – PKR 165.68



The tweezer top pattern, formed on October 7 at 174.54, remains in play, with OGDC consistently stalling in a narrow range. The stock posted a 4.32% weekly decline, closing at 165.68. Immediate downside support is likely near 161.00, with additional support around the recent breakout level at 158.60.

While the broader trend remains bullish, price action near the support levels needs to be monitored. Accumulation is recommended near these support areas, with risk management advised on a close below 158.00.

On the upside, initial resistance is expected at 171.40, with the crucial 174.55 level needing to be broken and sustained to resume the prior bullish trend. A breakout could lead to further gains toward 178.44 (April 2018) and 191.33 (May 2017), aligning with the bullish channel's resistance trendline.

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