

Muhammad Ovais Iqbal
ovais.iqbal@akseerresearch.com

22nd July, 2024

KSE-100 INDEX: Bearish Engulfing Pattern Signals Potential Reversal

KSE100 – 80,117.89 (-1,721.97)



The resistance trend line of the short-term ascending channel continues to hold, with the KSE-100 index facing rejection at its all-time high of 81,940. The index subsequently closed at 80,118 while testing a low of 79,812 at the week's end, forming a bearish engulfing pattern at the top. This pattern clearly indicates waning bullish momentum, suggesting a potential reversal in the uptrend. However, further validation is needed, specifically a subsequent bearish candle in the next session, particularly with a gap down opening. The pattern is invalidated if the KSE-100 index surpasses the last high of 81,940 on a closing basis.

Immediate critical support is expected in the range of 78,610 to 77,800, followed by trend line support at 76,900 and horizontal support at 76,250. Any upward move may face resistance in the range of 80,360 to 80,480. We recommend a cautious approach to reducing positions in the market.

OGDC: Sideways Move Continues

Oil & Gas Development Co. Ltd. (OGDC) – PKR 134.01



Sideways trading has continued for the fifth consecutive week, with the stock trading within the range of 127.27 to 139.20 while holding above the 100-day SMA. The last session of the week closed with a red candle at 134.15. Trading remains subdued with low volume, but the stock maintains its position above the critical support at the June 26 low of 127.27.

On the upside, potential resistance is anticipated in the range of 137.48 to 139.20, with further resistance at 142.00. Short-term channel resistance may be observed between 149.00 and 151.00. On the downside, significant support is expected between 123.50 (bullish trend line) and 120.35 (gap left on June 12), aligned with the 200-day SMA at 121.99.

A cautiously optimistic outlook is advised for the stock as long as the price holds above the 120.35 level.

PPL: Strategic Caution Advised

Pakistan Petroleum Limited. (PPL) – PKR 117.44



The stock continued to follow the shorter bearish trend line amid persistent selling pressure for the second consecutive week, with the price breaking the long-term ascending support trend line again, marked by a significant large red candle with increased volume. Previously, this support was violated on June 11, bottoming at 109.73 before recovering. The 100-day SMA, along with the gap left on June 12, forms a support zone in the range of 115.40 to 114.90, followed by the June 11 low of 109.73, aligned with the 200-day SMA at 108.10, which is considered a critical support range.

On the upside, any move higher is likely to face resistance initially in the range of 119.15 to 120.40, followed by the recent high of 122.89. We suggest staying cautious with this stock and using any upward movement to reduce your positions.

NCL: Rejection at Trend Line

Nishat Chunian Limited (NCL) – PKR 28.14



Following its initial rally from the July 10 low of 25.00 to the recent session's high of 29.49, the stock posted an 18% gain in six sessions, in line with the chart formation. The stock, tracking a shorter bearish trend line, faced rejection and profit-taking, which pushed the price down to close at 28.14, still holding above the 50-day and 30-day SMA. Immediate support levels are 27.58 and 26.75.

A breakout above the short-term bearish resistance trend line would likely pave the way for testing the next resistance range between 31.10 and 32.24.

UBL: Sideways Trend Continues

United Bank Limited (UBL) – PKR 261.64



The stock has continued to trade sideways for the fourth consecutive week, encountering resistance near the 269.10 level, close to the July 5 high. A decisive breakout on either side of the 269 to 253 range is needed to establish a clear trend.

A break above the 269 level could lead to a retest of the recent high at 282, which serves as a critical resistance line. Conversely, a break below the 253 level could push the price down to the 245 bullish support trend line.

We recommend a "wait and watch" approach until the stock decisively breaks out of this range.

FABL: Key Support Levels Identified

Faysal Bank Limited (FABL) – PKR 51.30



The stock has continued its corrective move for the second consecutive week after testing the high of April 2008 at 57.70, peaking at 58.10 on July 5. Over the last 8 sessions, the stock has declined by 10.8%, closing at 51.30 and violating the shorter trend support line.

The 30-Day SMA (49.21) and the 50-Day SMA (45.24) are potential support levels that may sustain the recent downtrend, aligning with the lower trend line of the long-term ascending channel. Any upward move is likely to encounter resistance within the 52.10 to 53.50 range, followed by a critical resistance zone near the recent highs of 57.70 to 58.10.

We recommended accumulating stocks on dips near the support range with a risk defined by a close below 45.00.

Disclaimer

This report has been prepared and marketed jointly by Akseer Research (Pvt) Limited and Alpha Capital (Pvt) Limited, hereinafter referred jointly as "JV" and is provided for information purposes only. Under no circumstances is this to be used or considered as an offer to sell or solicitation of any offer to buy. While 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, the JV and/or any of their officers or directors may, as permitted by applicable laws, have a position, or otherwise be interested in any transaction, in any securities directly or indirectly subject of this report. This report is provided only for the information of professionals who are expected to make their own investment decisions without undue reliance on this report. Investments in capital markets are subject to market risk and the JV 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 account of the investment objectives, financial situation and particular needs of investors, who should seek further professional advice or rely upon their own judgment and acumen before making any investment. The views expressed in this report are those of the JV's Research Department and do not necessarily reflect those of the JV or its directors. Akseer Research and Alpha Capital as firms may have business relationships, including investment-banking relationships, with the companies referred to in this report. The JV or any of their officers, directors, principals, employees, associates, close relatives may act as a market maker in the securities of the companies mentioned in this report, may have a financial interest in the securities of these companies to an amount exceeding 1% of the value of the securities of these companies, may serve or may have served in the past as a director or officer of these companies, may have received compensation from these companies for corporate advisory services, brokerage services or underwriting services or may expect to receive or intend to seek compensation from these companies for the aforesaid services, may have managed or co-managed a public offering, take-over, buyback, delisting offer of securities or various other functions for the companies mentioned in this report.

All rights reserved by the JV. This report or any portion hereof may not be reproduced, distributed or published by any person for any purpose whatsoever. Nor can it be sent to a third party without prior consent of the JV. Action could be taken for unauthorized reproduction, distribution or publication.

Research Dissemination Policy

The JV endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as email, fax mail etc.

Analyst Certification

The research analyst, denoted by 'AC' on the cover of this report, has also been involved in the preparation of this report, and is a member of JV's Equity Research Team. The analyst certifies that (1) the views expressed in this report accurately reflect his/her personal views and (2) no part of his/her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

Contact Details



Akseer Research (Pvt) Limited

1st Floor, Shaheen Chambers, KCHS block 7 & 8,
off. Shahrah-e-Faisal

T: +92-21-34320359 -60

E: info@akseerresearch.com



Alpha Capital (Pvt) Limited

3rd Floor, Shaheen Chambers, A-4 Central Commercial Area,
KCH Society, Block 7 & 8, Near Virtual University, Karachi

T: +92-21-38694242

E: info@alphacapital.com.pk



www.jamapunji.pk