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04th June, 2024

KSE100-Index: Trends & Slopes

KSE100 (75,575)

PSX: KSE100 | Bloomberg: KSE100:IND | Reuters: KSE100



Every trend has two basic elements: direction and slope. Various time frames have varying slopes, though the direction of each trend is the same. The chart above represents three varying trend slopes, one of which is a short-term trend that coincides with one of the broader trends.

The primary trend is the *black dotted lines*. This was formed by the lows from Jun.-Aug. 2023, connecting a parallel line to the Dec. 2023 peak at 67,093.

Keeping the December peak in place but varying its slope, we arrive at a slightly more inclined uptrend identified by the *orange dotted lines*. Broadly, the relevance of this trend is more significant since this slope covers the base of the initial rise and also connects the start of the short-term trend currently in motion.

The third slope (*black solid lines*) is of the short-term trend that took off from 59,191 in February. The resistance line of this shorter trend coincides with the resistance line of the first slope (black dotted). These lines connect around 78,500 - 79,000. Moving into uncharted territory above 76,248 would thus face this congestion as next resistance.

The concern brewing is the minor divergence on the daily RSI that has emerged between the April highs around 73,000 and the recent high of 76,248. Unless momentum on the RSI presents an initial thrust above 80, we would consider that resistance within the connecting channel lines as a near-term area for the trend to mature. The broader trend, though, would eventually track the outer resistance of the orange slope.

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