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## SAZEW: Caution Recommended

**Sazgar Engineering Works Ltd.**

PSX: SAZEW | Bloomberg: SAZEW PA | Reuters: SAZG.PSX



**SAZEW** (LDCP 782.34) has seen a significant rally, rising from a low of 64.75 on September 1, 2023, to a high of 863 on June 5, 2024, marking a 1,233% increase over nine months. After such a substantial rise, it is crucial to monitor the stock's potential direction. We recommend caution and suggest reducing exposure. Possible throwbacks around 820 - 838 would be considered a viable range to sell into strength. A break above 863 could lead the stock to the 900 to 930 range.

For the week ending June 7, SAZEW formed a weekly spinning top candle, indicating market indecision at the top. This is cause for concern, prompting us to present this outlook. The high achieved is at 863 but an inner resistance has developed around 837/38. This restrictive price behavior is occurring around the resistance line of the bullish channel, drawn from the lows on Feb. 12 and Mar. 29. A bearish divergence has also emerged on the daily RSI, reflecting waning momentum.

The stock is tracking an inner trend line of the ascending channel, with the 30-day SMA at 740.90 acting as immediate support. Closing violations below this average, it would initially fall to the 23.6% Fibonacci retracement level at 675, which coincides with the support line of the ascending channel. Further critical support lies at the 50-day SMA around 643. If this level is violated, the stock could further plunge to test the 38.2% and 50% Fibonacci retracement levels at 558 and 463, respectively.

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