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29th July, 2024

KSE-100 INDEX: Rising Wedge – An Exhaustion In The Making

KSE100 – 78,030 (-439.82)



The corrective move in the index continued for the second consecutive week, with a buildup in downward momentum. The KSE-100 index experienced a slight gap down opening and dropped significantly by 2,088 points, closing its lowest in the past six weeks.

A narrowing trading range, enclosed by upward-sloping support and resistance trendlines, has developed a rising wedge pattern on the weekly chart. This pattern, combined with a downward trend in volume, signals a high-risk potential decline. However, confirmation is needed by breaking down the support trendline aligned with the 9-week SMA (77,998), which has held since levels gained above in March.

Continuing the downtrend, immediate support is seen in the range of 76,570 (23.6% retracement level, measured from the 59,191 (Feb. 19 low) to 81,939 (Jun. 19 high) up to 76,250 (horizontal support line). Key medium-term support is considered at 71,781 (Jun. 07 low). Throwbacks currently face immediate resistance around 78,418, followed by 79,600 to 80,100.

We maintain a cautious approach, suggesting reducing positions during upward moves and allowing the completion of the corrective phase while testing support levels.

HUBC: Retest of Breakout Line; Cautious Optimism

The Hub Power Company Limited. (HUBC) – PKR 148.36



The corrective move in the stock continued for the fourth consecutive week, resulting in a net decline of 12.7% from its peak of 169.90 to a close of 148.36. However, the stock retested and held the prior breakout horizontal support line at 145.99 (February 2017 top), aligned with the 144.91 (23.6% retracement, measured from the June 19, 2023 low to the June 24, 2024 high), indicating a potential waning of selling pressure. The RSI weekly chart corrected from 84.20 to 61.59 during this period.

Despite the correction, the stock is trading within a long-term bullish channel, and the correction remains within this ascending channel, accompanied by high trading volume. If the correction continues, the bullish trend line of the channel is likely to remain in play within the range of 138.00 to 136.00, potentially offering an opportunity to accumulate the stock. On the upside, resistance may initially be encountered in the range of 158.29 to 162.79.

A cautiously optimistic outlook is advised for the stock as long as the price holds above the bullish trend line on a weekly basis.

PPL: Descending Channel Signals Continued Weakness

Pakistan Petroleum Limited. (PPL) – PKR 113.09



The bearish trend continued for the third consecutive week, with the stock persistently violating major critical trend lines and key moving averages of 30-, 50-, and 100-day SMAs. It also broke down through the June 12 gap, forming a short-term descending channel with relatively low volume. The daily RSI has corrected to 38.04 from its recent peak of 74.88.

Considering the recent trend, the stock may continue its downtrend to test the immediate support zone in the range of 109.70 to 107.60, which includes the June 11 low of 109.73, the 200-day SMA at 109.12, and the support trend line of the short-term descending channel around 107.60. On the upside, any move is likely to face resistance initially in the range of 116.00 to 117.00.

We maintain a cautious stance on the stock and recommend monitoring the action near the support zone.

UBL: Range-Play Continues

United Bank Limited (UBL) – PKR 257.36



The stock has continued to trade sideways for the fifth consecutive week, forming a rectangle pattern and encountering resistance near the 269.10 level, close to the July 5 high, while maintaining support near the 253.00 level, aligning with the 30-day SMA. A decisive breakout on either side of the 269 to 253 range is needed to establish the next course of direction.

A break above the 269 level would lead to a retest of the recent high at 282, which serves as a critical resistance line aligning with the May 2017 top at 283.00. Conversely, a break below the 253 level could push the price down to the 248.50 bullish support trend line, followed by the 50-day SMA support currently at 238.30.

We recommend trading the range from 253 – 269 with respective stops below/above these bounds.

FABL: Rising Channel Continues to Hold

Faysal Bank Limited (FABL) – PKR 51.70



TradingView

The stock is holding above the bullish channel support trend line, accompanied by the 50-day SMA near the 46.27 level, and has rebounded to test a high of 54.50. However, broader market weakness limited early week gains, closing at 51.70, while maintaining above the 30-day SMA. The RSI on the daily chart has improved to 53.72 from a recent dip at 41.28.

The stock remains in a strong long-term bullish channel, undergoing a correction within the channel before rebounding. Immediate resistance is observed at the 54.00 level, while penetrating below the 30-day SMA (50.37), which creates a sense of indecision. Any upward move is likely to encounter resistance within the 52.10 to 54.50 range, followed by a critical resistance zone near the recent highs of 57.70 to 58.10, which is an opportune level for profit-taking unless a breakout occurs above this range. Any long position must define risk on closing below the **45.20** level.

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