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## TECHNICAL STRATEGIES KSE-100 INDEX

(ON DEMAND PUBLICATION)

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# KSE100 INDEX | BULLISH STANCE ALIVE!

## ABSTRACT

Major macro theme over the past few months has been a dramatic increase in volatility across asset classes and significant PKR depreciation on back of higher CA deficit in the month of June, 21.

The dramatic increase in oil prices has enticed multiyear high commodity prices, potentially opening door for higher inflation outlook and the beginning of <sup>JP Morgan</sup> new tightening cycle.

On the other hand, the Resurgence of COVID-19 (delta variant) created a risk of a slowdown in the economy, with SBP's status quo stance in the recent MPS and forward-looking guidance helped investors to regain confidence and reduced the risk of tightening on an immediate basis.

Meanwhile, Global Equity indices continue to test all-time highs but are beginning to show signs of exhaustion as price volatility increases.

Given the recent rapid vaccination drives across the country and increased volatility across the board over the past few months of CY21, Pakistan Stock Exchange likely to remain sideways in the current month. However, selected stocks may outperform during such uncertain market conditions. Stocks which have been building the base over 200-day moving averages, may add fuel in the upturn.

*Our liking will remain in stocks which depicted strong reactions over the key support areas, continued gathering momentum in the latest downward spell, suggesting persistent trend and bullish stance alive.*

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## Description and Methodology

### Description and Methodology

This report provides technical analysis on a dynamic list of stocks that, we believe, are of a wide interest.

Please note that technical views are highly variable and will change with market conditions. Accordingly, these ratings are only valid as of the publication date.

Because CIO, equity sector analysts, and EKGC technical analysts employ different analytical methodologies, technical recommendations are, at times, contradictory to fundamental recommendations for the same security. For the latest company ratings by EKGC sector analysts, please refer to the most recent equity sector reports located in the Reserach Section on the Online Services of EKGC website

1 We have identified **resistance levels and Support Levels** using various technical analysis techniques and used a graphical representation of these points for the reader. Resistance levels and support levels are points that help the audience to identify and visualize the uptrend as well as the downtrend for pricing decisions

3 The **Relative strength index (RSI)** has been exercised to measure the magnitude of price changes to evaluate overbought or oversold conditions in the price of a stock

6 We have utilized **line graph**, which will help the reader to graphically visualize the theories we have stated in our descriptive analysis

8 By employing **Elliot wave theory**, we have identified investor psychology in order to analyze financial market cycles and forecast market trend

10 Our charts reveal a **head and shoulder pattern**. The head and shoulders pattern is believed to be one of the most reliable trend reversal patterns.

2 We have utilized **Candlestick Charts** to address the price movement. The green candles depict a bullish movement while the red candles highlight the bearish movement

4 The **200 Day Moving Average technique** has been used to identify possible opportunities to take exposure given the defined risk parameters for the designated security under analysis.

5 We have used **CandleVolume**, which merge volumes into candle stick. This allows us to analyze price action and volume simultaneously.

7 We have utilized **bar charts**, which will help the reader to graphically visualize the theories we have stated in our descriptive analysis

9 **Trend Channel** is an effective tool that helps investors to switch their positions. As the upper trend indicates resistance, whereas, the lower trend marks the support levels



# FOREX | USD TO PKR | Daily Charts

## MARKET INDICATORS

Support 1: 157

Support 2: 154

Support 3: 151

Resistance 1: 165.5

Resistance 2: 167

Resistance 3: 169

**Bullish**

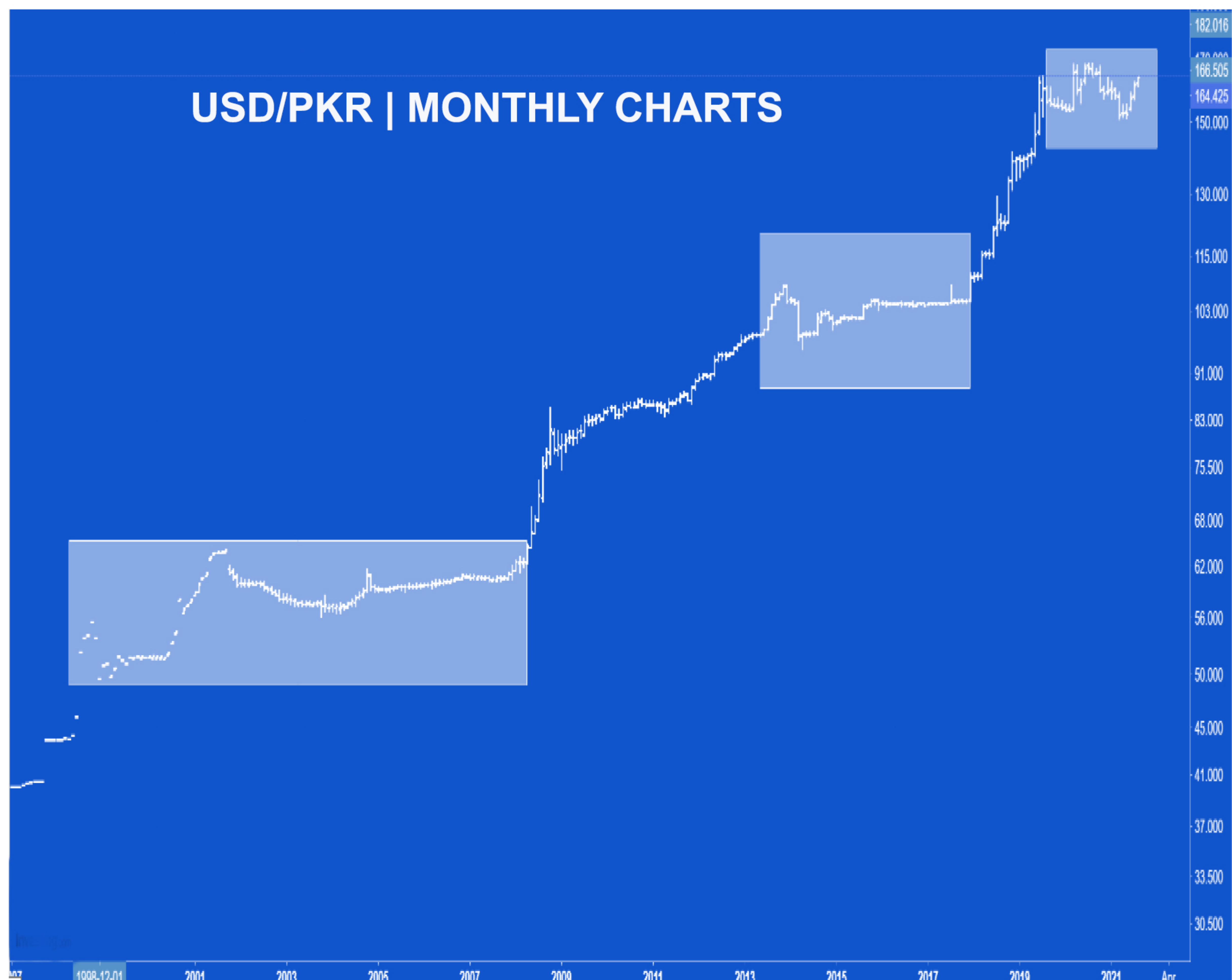


Figure 1 USD to PKR | Source, EKGK

## 1. Long term monthly charts reveal a bullish run followed by a consolidation period

Historically there is common template, where the USD/PKR has followed a constant trend, where after a brief period of accumulation the prices enter in to a bullish run. Currently, we are operating in the consolidation phase, where any price above 169 or below 151 should point out towards a newer trend. We advise investor to wait for a strong signal to identify the next trend.

We anticipate the PKR to depreciate against dollar



# Precious Metals | Gold | Trend Channel

## MARKET INDICATORS

Support 1: \$1780

Support 2: \$1770

Support 3: \$1760

Resistance 1: \$1935

Resistance 2: \$1940

Resistance 3: \$1950

Neutral



Figure 2 Gold | Source, EKGK

## 1. Long term Trend channel

Gold has followed a trend channel, from which the commodity has taken constant support and resistance. The price channel seems to be at a consolidation stage, where it can take support at 1780 or a strong support at 1760. A violation in the guided support or resistance level can lead to emergence of a newer trend.



## Commodities | Brent Oil | Daily Charts

### MARKET INDICATORS

RSI(10): 62.001  
Rsi(14): 68.2584  
Rsi(30):57.4704  
**Neutral**



Figure 3 Brent Oil RSI | Source, EKGCC

1. **Brent Oil continues its bull run post Covid-19**
2. **Brent losing momentum**

Although, the Brent oil trend seems bullish on onset, the RSI signals a negative divergence and indicates a loss in momentum. The 14 day rsi show a significant weakness in trend, as the Brent oil seems to loss its previous moment and there is potential threat of trend reversal. If the prices breaches our guidelines than we can confirm a trend change.



## Commodities | Coal | Weekly Chart

### MARKET INDICATORS

10 DMA= 122.98  
50 DMA= 115.32  
100 DMA= 105.24  
RSI= 70.63

**Bullish**



Figure 4 Coal| Source, EKGCC

1. Bullish moving averages
2. A diverging pattern is depicted in RSI

The coal weekly chart reveals a bullish trend, where the prices exceed the 10-day moving average. Moreover, this can be used as a positive indicator for shorter term horizon. The 10, 50 and 100 DMA are all bullish, depicting that the Coal prices are surging. The RSI reveals an overbought situation, however the momentum for the commodity is weakening indicating that the current trend might slow down or may diverge



# Equity Market | S&P 500 | Trend Channel

## MARKET INDICATORS

Support 1: 42000

Support 2: 42500

Support 3: 43000

Resistance 1: 45000

Resistance 2: 45500

Resistance 3: 46000

**Bullish**

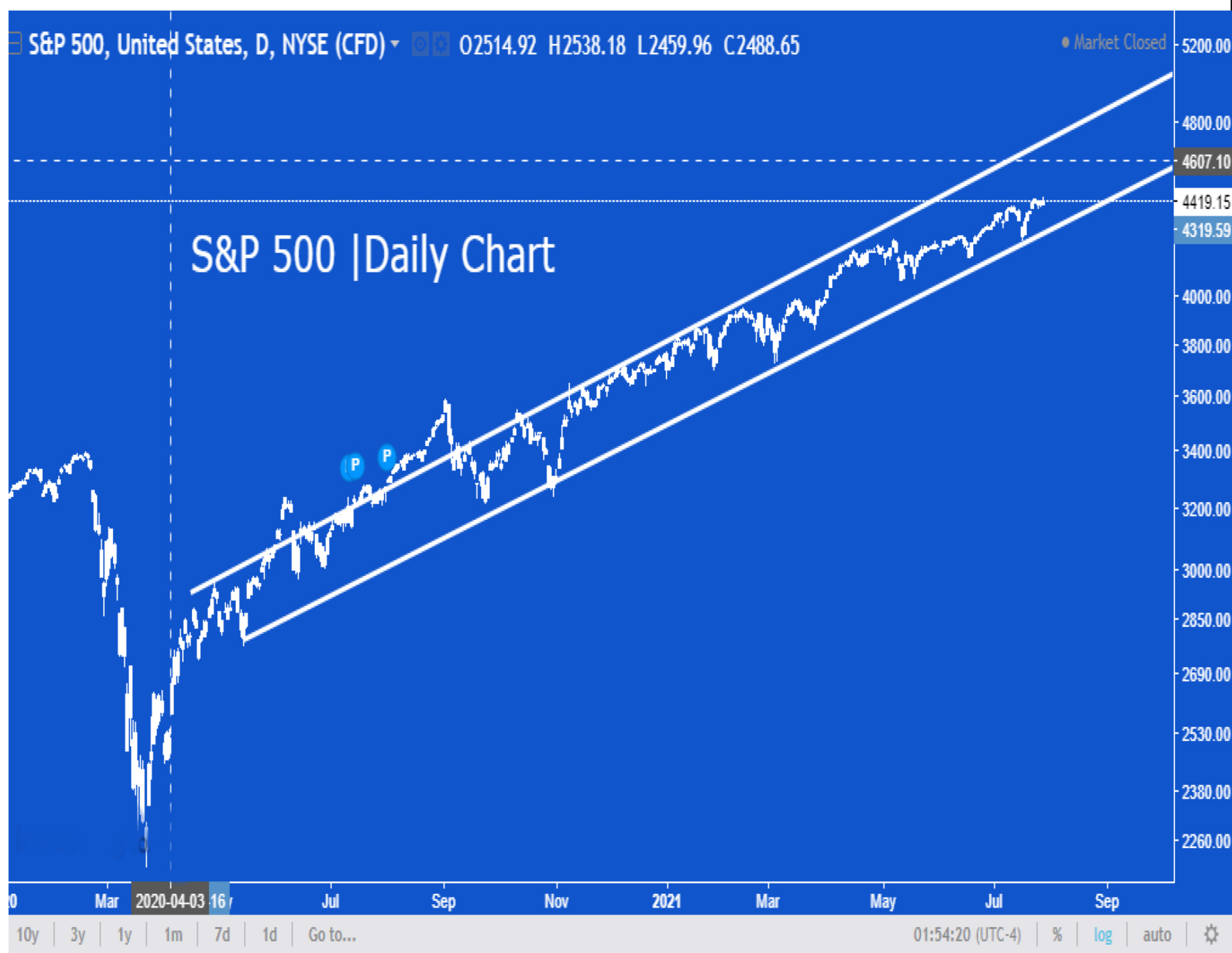


Figure 5 S&P 500 | Source, EKGK

## 1. S&P 500 follows a price trend channel

The S&P 500 has followed a consistent trend channel since April-2020, where prices consolidating within the rising trend channel. The underlying trend depicting bullish trend where the highs are getting higher and the lows are continuing to getting lower. The bullish trend can be due to fundamental shift after the global pandemic. We maintain a bullish stance for S&P 500 where a switch in trend can arrive from prices breaking the guided support and resistance levels under our guidelines



# Equity Market | Dow Jones Index | Daily Charts

## MARKET INDICATORS

Support 1:33450

Support 2:33300

Support 3:33200

Resistance 1:35000

Resistance 2: 35100

Resistance 3: 35300

**Bullish**



Figure 6 Dow Jones Index DMA | Source, EKGK

1. Long trend bullish trend
2. Shorter term trend channel

With an emerging bullish trend, the Dow Jones Index Avg has witness a longer term bullrun, however in shorter horizon the daily chart indicates sideways trend channel. The Dow jones index is currently operating at the upper boundary of the trend channel, we recommend to wait for trend conformity signals. If only the prices breach our guidelines we advice investors to engage in trade.



## Pakistan Equities | KSE-100 Index | Daily Chart

### MARKET INDICATORS

**Support 1: 46,900**

**Support 2: 46,400**

**Resistance 1: 48,100**

**Resistance 2: 48,450**

**Stop Loss: 45,850**

**RSI 14 days = 55.06**

**MACD 12: -187.714**

**MACD 26: 978.6304**

**MACD 9: 1166.34**

**Bullish**



Figure 7 KSE 100 index Weekly charts | Source, EKGC

1. The KSE-100 index has provided breakout of short term resistance
2. Short term negative divergence accompanied by longer term bullish trend

KSE 100 index witnessed a corrective spell since mid of June and has hinted an early breakout as highlighted on the above chart. The short term negative divergence played its role, shredded more than 2000 points from the peak levels. Although the recent downward spell depicts exhaustion in the bearish trend, despite the weekly charts indicates a negative divergence.

The KSE 100 index has managed to provide an early indication for the resumption of the bullish trend.



# Company Profile

EK Global Capital, is a Pakistani advisory company, which provides advisory services for investments in Pakistan Stock Exchange. The company is based in Karachi, registered with the Securities and Exchange Commission of Pakistan and licensed as security and future advisor. Our expertise lies in high growth stock selection, active portfolio allocations, continuous monitoring and rebalancing within defined risk thresholds, with the help of technologies, algorithms and expert human professionals

Our team has more than 16 years of professional experience in managing multibillion sovereign funds in Pakistan Stock Exchange. Our team of talented, qualified people are well known for the customization of stock portfolio, which is tailor made for clients liking, and optimization of portfolio for consistent risk adjusted return within defined risk boundaries. We understand the fact that, the market will go up and down, but your goals are still your goals- For achieving your investment goals, we utilize our time tested academically proven strategies, automated platform for generating ideas, insuring that the capital is preserved with different market volatilities and portfolio is secure to generate optimal risk adjusted return on a consistent basis. Capital preservation especially in times of secular bearish market is our paramount objective while pursuing growth oriented strategies during expansionary phase of the market is equally important.

Our core values are honesty, integrity, transparency, and precision in decision-making. We believe in continuous value addition to our clients with the help of our technical research and time tested strategies for generating ideas and implementing them in market in timely manner. Our customers rely on our top-tier research in addition to our solid quant based automated portfolio management system which reacts in market in timely basis and generate better efficiency in every market volatility. EK Global Capital aims to provide top-tier research and portfolio advisory services and become the leading choice for corporates, institutions, portfolio managers, and high net worth individuals, and to do so we comply with excellent market standards. Unprejudiced advice is what has helped our investors to minimize their losses and maximize their profits.

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# APPENDIX

<b>DAY MOVING AVERAGE(DMA)</b>	This is a technical indicator frequently used in technical analysis to show the average value of a security's price over a set period of time. This tool is designed to smooth out a stock's (or market's) shorter-term fluctuations to provide a better picture of an underlying trend. Moving averages generally are used to measure momentum and define areas of possible support and resistance. Moving averages can be helpful as they emphasize the direction of the dominant or prevailing trend and also tend to smooth out price and volume fluctuations, or "noise," giving the trader or investor a clearer picture of the security in question. Many moving averages exist.
<b>NECKLINE SUPPORT/RESISTANCE</b>	This is a trend line that is drawn across the bottoms or tops of the left shoulder, the head and the right shoulder of a potential head-and-shoulders bottom or top pattern. When prices break through this neckline support level and continue falling after forming the right shoulder, it confirms a headand- shoulders top formation. Conversely, neckline resistance is a trend line drawn across the tops of the left shoulder, the head and the right shoulder. When prices break above this neckline resistance level and keep on rising, it typically completes the head-and shoulders bottom pattern.
<b>OVERBOUGHT</b>	A technical condition in which the price of a security has risen to such a degree that the price becomes overvalued or has reached the upper band of its trading range resulting in a potential pullback in price.
<b>OVERSOLD</b>	Opposite of Overbought. A technical condition that occurs when the price of a security has fallen to such a degree that the price becomes undervalued or has reached the lower band of its trading range prompting a potential rally.
<b>RELATIVE STRENGTH</b>	Relative strength is a performance comparison between a sector, group, or stock and the S&P 500 Index over a specified time frame. Our time frame is often a one-, three-, and six-month basis but does vary according to investment orientation.
<b>SYMETRICAL TRIANGLE</b>	A symmetrical triangle chart pattern represents a period of consolidation before the price is forced to breakout or breakdown. A breakdown from the lower trendline marks the start of a new bearish trend, while a breakout from the upper trendline indicates the start of a new bullish trend.
<b>SUPPORT</b>	An area where increased buying interest is likely to develop during a decline. These points, which can take several forms (minor, major, etc.), often provide downside protection for an issue in a primary uptrend, but only temporary relief to an issue in a primary uptrend, during which time many support levels are often broken.



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