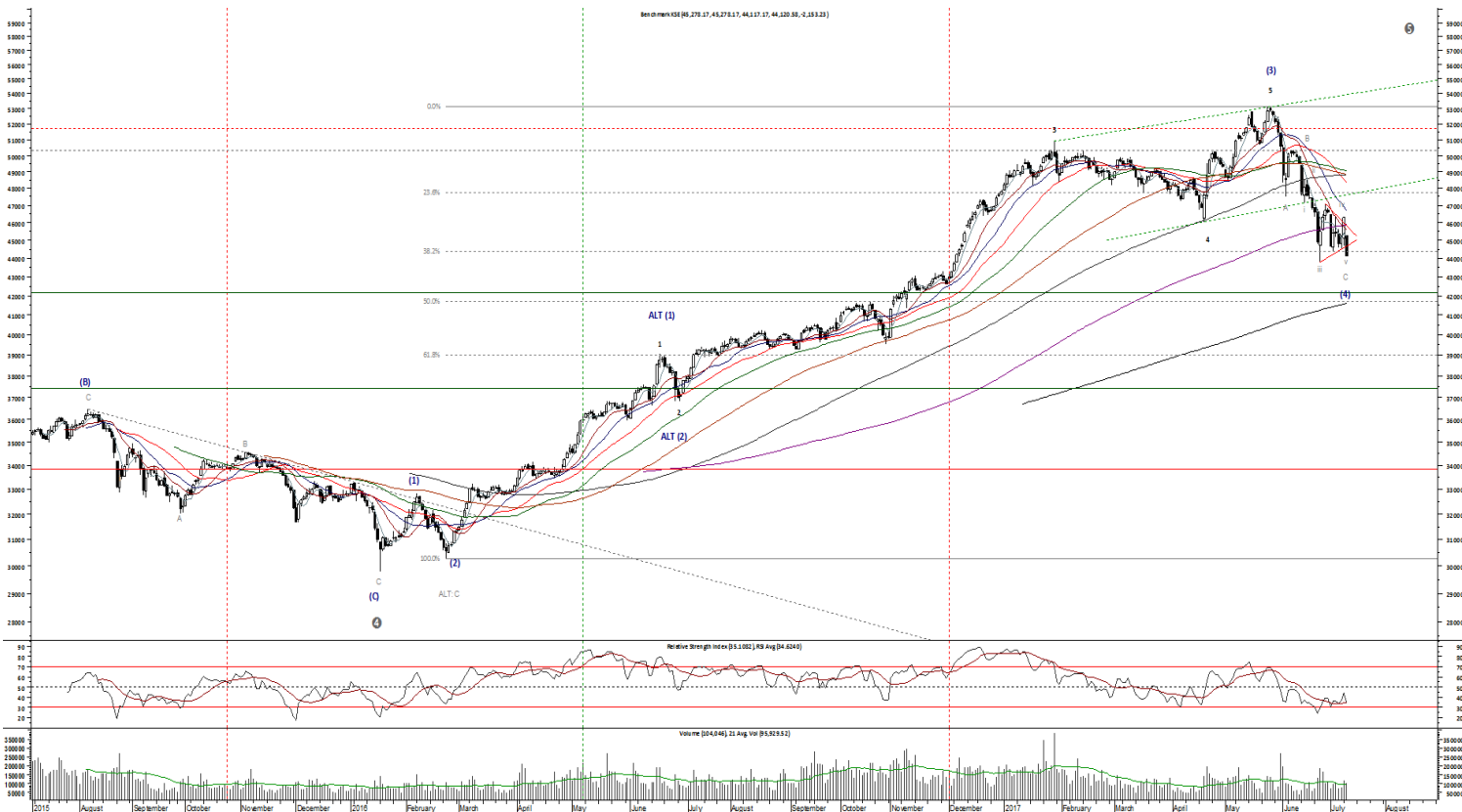




KSE100 Index

CLOSE	HIGH	LOW	CHANGE	14-day RSI	55-SMA	144-SMA	233-SMA
44,120	45,278	44,117	-2,153/ (4.65%)	35.10	49,057	48,792	45,871



Final Leg Down —Where Is The Bottom?

The benchmark PSX dropped 4.65% (2,153 –ve) through an extremely weak line yesterday to activate the bearish pennant formation. The market action suggests that index has started falling in the last leg (wave 5) down of wave C to complete the A-B-C corrective sequence. The downside is possibly exposing a lower low below 43,826 level which may induce pressure towards 43,050 and 41,701 levels. On the upside, a break above 46,358 level is required to terminate the corrective sequence and call a bullish reversal towards 48,555 level. It is important to note that later support around 41,700 level is forming a confluence with

- a) Long-term trend line at 41,925 level developed by joining April 2008 high and Feb 2015 high on the monthly chart
- b) 23.6% Fibonacci retracement of Jan 2009 to May 2017 rise at 41,717 level
- c) 50% Fibonacci retracement of Feb 2017 to May 2017 rise at 41,701 level
- d) 377-day Fibonacci simple moving average at 41,588 level (curving upwards).

Where is the bottom? It is almost impossible to answer this question but we have some guidelines to get the feel of the situation. Normally when markets are nearing an important bottom the FEAR is in the air with negative news flow haunting everyone —people recalling the historic falls, momentum indicators approach oversold zones with diverging readings, and low volumes create capitulation resulting in sharp declines before the smart money flows in to absorb supply at attractive levels. This is exactly the situation emerging at the local bourse. Let the market decide its bottom.

According to our preferred Elliot wave count, the 4th intermediate wave of fifth primary degree rise has exceeded the 38.2% Fibonacci retracement of last intermediate run (Feb'16 to May'17) at 44,397 level. Further pressure can possibly expose the 50% retracement around 41,701 level. Below there, the deeper 61.8% Fibonacci retracement resides around 39,004 level. The critical resistance between 50,111 and 50,666 levels hold the key to new highs. If our count is correct then completion of intermediate correction should resume the bullish trend for new highs beyond May'17 high (53,127) to complete the fifth Primary cycle.

13-day Leaders: PMPK, PPL, NML, SSGC, MLCF, JLICL, PAKT, KTML, ARM & NPL

13-day Laggards: FEROZ, TRG, CJPL, HCAR, NRL, FML, INDU, BATA, SEARL & ISL

INTRADAY SUPPORT LEVELS

- S1: 43,826
- S2: 43,050
- S3: 41,716

INTRADAY RESISTANCE LEVELS

- R1: 44,397
- R2: 45,278
- R3: 45,729

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