

Technical Analysis – The Egyptian Exchange

03-April-2023

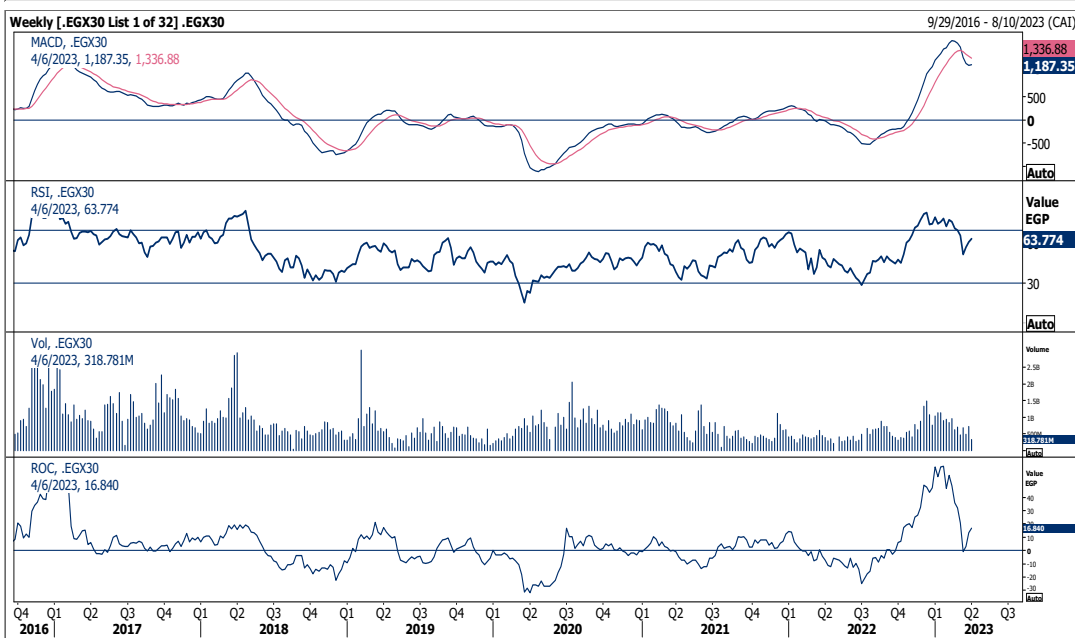
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The Egyptian Exchange

EGX 30 Index <.EGX30> closed at 17,056.89 point. The index maintains a close within the positive territory as it remains above all MAs on the weekly chart and within the long-term ascending trend line. Eyes now on the high of this year at 17,765 point, which if broken would increase the chances of re-testing 18,414 (all-time high). On the negative side, the nearby support levels are located at 16,400 point, 15,625 point and 14,425 point but only below this will shift the tone.

Medium-term and long-term investors can stay in the market as long as the index is maintaining a close above 12,500 point and 12,100 point, respectively.



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Six of October Development & Investment (SODIC)

Reuters Ticker: <OCDI.CA>

Price closed at EGP13.950. The picture looks ambiguous as to where the price could move from here, knowing that a successful close above the resistance area at EGP14.000-EGP14.660, also found here all MAs on the weekly chart, would be a positive sign that should lead to EGP17.770 before EGP19.950. However, a fall below the recent low at EGP11.500 could call for a deeper move down to EGP8.550.



RSI	49.536
MACD	0.395
ROC	-7.799
MA50	13.725
MA100	13.820
MA200	14.140
S1	11.500
S2	8.550
S3	6.100
R1	14.660
R2	17.770
R3	19.950

Palm Hills Development Co.

Reuters Ticker: <PHDC.CA>

Price closed at EGP1.951. The stock regained momentum above its MAs on the weekly chart after failing to break below the lower-end of the 14-months descending trend line. The next line of resistance comes at EGP2.140, which if broken would lead to a re-test of this year high at EGP2.400. On the counter side, losing the recent low at EGP1.530 will delay any upward move and trigger a fall to EGP1.280.



Ezz Steel

Reuters Ticker: <ESRS.CA>

Price closed at EGP38.500. The stock saw noticeable gains supported by its move far from the MAs, reaching levels last seen in March-2006. Further gains could still take place towards EGP46.360 (all-time high), while above this will lead to EGP50.000. However, it won't be surprised if a brief natural correction takes place due to the overbought status of the RSI indicators, knowing that the nearby support levels come at EGP31.55 and EGP27.000.



RSI	79.111
MACD	3.617
ROC	65.591
MA50	21.955
MA100	18.235
MA200	14.665
S1	31.560
S2	25.000
S3	20.500
R1	41.000
R2	46.350
R3	50.000

Telecom Egypt

Reuters Ticker: <ETEL.CA>

Price closed at EGP25.240. The technical picture will remain more towards the bulls as long as the price maintains a close above EGP20.200; however, a fall below this would shift the tone and lead to additional weaknesses to EGP17.560. On the other side, a jump over EGP26.500 would most likely target resistance zone at EGP29.000 (recent high)-EGP30.000 (all-time high), while above this would lead to EGP35.000.



RSI	57.224
MACD	1.793
ROC	0.558
MA50	22.000
MA100	19.300
MA200	16.390
S1	22.500
S2	20.200
S3	17.560
R1	26.500
R2	29.000
R3	30.000

Definitions

Technical Analysis: Aims to identify the direction of prices and reveal any indication of possible changes as soon as possible, so it can be used as much as possible in making buying and selling decisions in the most appropriate time in order to minimize risk and maximize profits.

Trend: The general direction of a market or of the price of an asset.

Resistance: A chart point or range that caps an increase in the level of a stock or index over a period of time.

Support: The price level which, historically, a stock has had difficulty falling below. It is thought of as the level at which a lot of buyers tend to enter the stock.

Breakout: A signal that prices are beginning to trend, either upward or downward.

Bull: An investor who thinks the market, a specific security or an industry is likely to rise.

Bear: An investor who thinks the market, a specific security or an industry is likely to decline.

Channel: is two parallel trend lines either rising or declining.

Consolidation Area: is a sideways movement in prices that interrupts or reverse a trend.

Moving Average (MA): The most common applications of MAs are to identify the trend direction and to determine support and resistance levels.

MACD (Moving Average Convergence-Divergence): A trend-following momentum indicator that shows the relationship between two moving averages of prices.

Relative Strength Index: A technical momentum indicator (ranges from 0 to 100) that compares the magnitude of recent gains to recent losses in an attempt to determine overbought and oversold conditions of an asset.

Overbought: A situation in which the price of a security has risen to such a degree that an oscillator has reached its upper bound. This is generally interpreted as a sign that the price of the asset is becoming overvalued and may experience a pullback.

Oversold: A situation in which the price of a security has fallen to such a degree that an oscillator has reached its upper bound. This is generally interpreted as a sign that the price of the asset is becoming undervalued and may represent a buying opportunity for investors.

Fibonacci: A term refers to areas of support or resistance and to help identify strategic places for transactions to be placed, target prices or stop losses.

On Balance Volume (OBV): is a simple running total of up day (added) and down day (subtracted) volume. If OBV is moving with price, it confirms the current trend. Divergences between OBV and price indicates the price may be due for a reversal.

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