

Technical Analysis – The Egyptian Exchange

04-January-2022

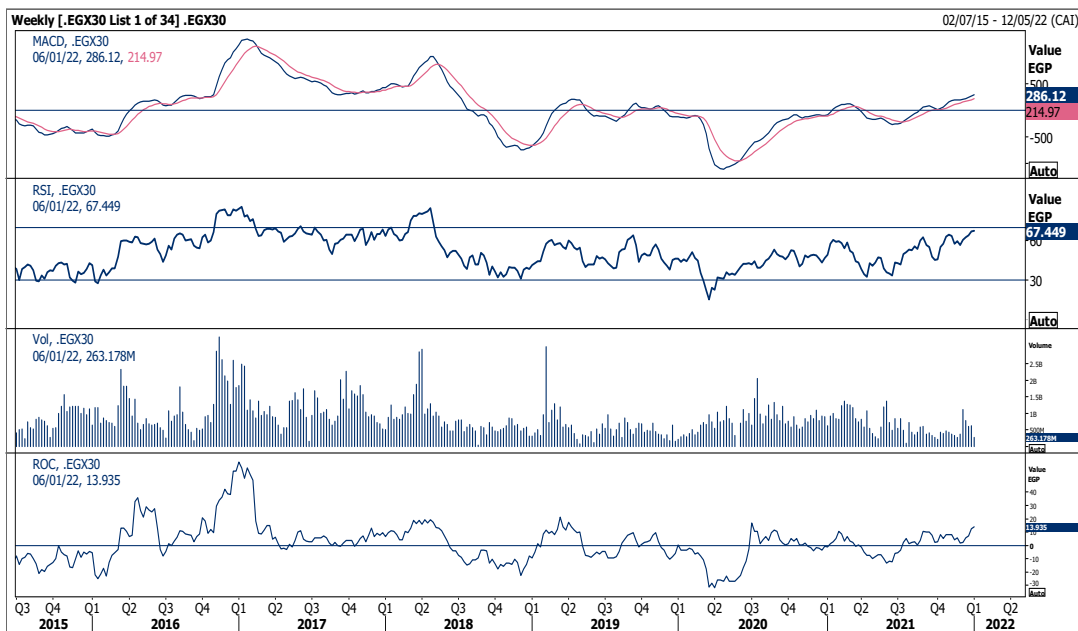
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The Egyptian Exchange

EGX 30 Index <.EGX30> closed at 11,982.61 point. The index fulfilled the target level at 12,000 point, as was expected, and shows promise for further gains to 12,500 point as it continues to move within the ascending trend line and above all MAs on the weekly chart. Knowing that managing to cross above 12,500 point will confirm a jump to 13,000 point. However, losing the first defense level at 11,180 point will be a negative sign and would most likely lead to further weaknesses to 10,280 point.

Medium-term and long-term investors can stay in the market but should be aware if the index moves below 11,400 point and 11,180 point, respectively.



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Eastern Co.

Reuters Ticker: <EAST.CA>

Price closed at EGP10.600. The stock is finding difficulties to move away from the strong support level at EGP9.990 (low of year 2020), while a fall below it will deepen the bearish tone to EGP8.290 before EGP5.670. On the positive side, no signs of reversal have been spotted on the weekly chart but a jump over EGP12.770 will decrease the downside risk and allow an advance to EGP15.390.

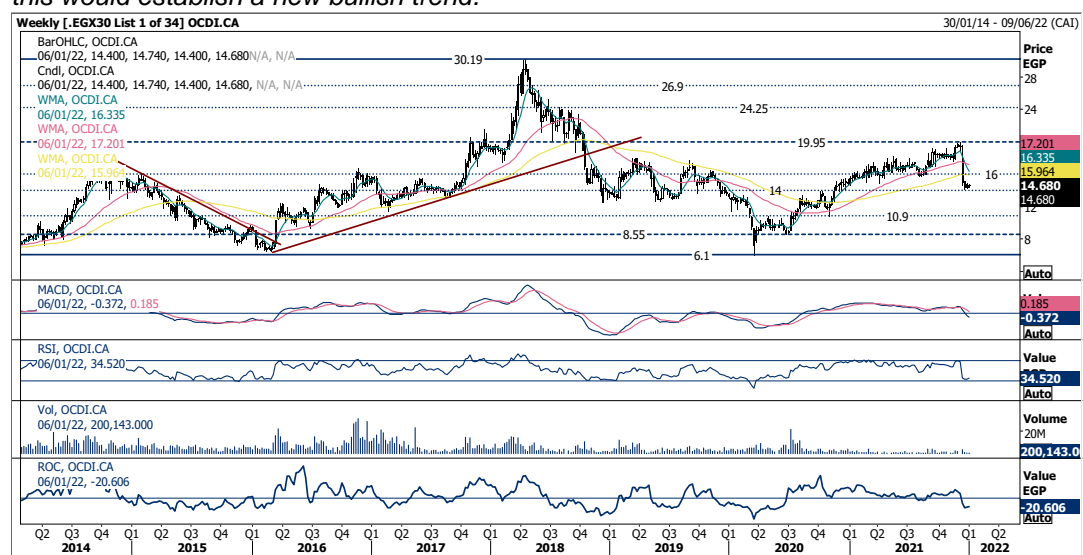


RSI	31.578
MACD	-0.232
ROC	-13.399
M10	11.500
M50	11.725
M100	12.100
S1	9.990
S2	8.290
S3	5.670
R1	12.770
R2	15.390
R3	18.950

Six of October Development & Investment (SODIC)

Reuters Ticker: <OCDI.CA>

Price closed at EGP14.680. The current technical picture is negative as the stock is moving below all MAs on the weekly chart, while further slippage below the horizontal line at EGP14.000 could lead to EGP10.900. However, a move back above EGP16.000 will be a positive sign that should target the high of last year at EGP19.950, knowing that only above this would establish a new bullish trend.



RSI	34.520
MACD	0.185
ROC	-20.606
M10	16.335
M50	17.200
M100	15.965
S1	14.000
S2	10.900
S3	8.550
R1	16.000
R2	19.950
R3	24.250

Heliopolis Co. for Housing & Development

Reuters Ticker: <HELI.CA>

Price closed at EGP6.800. As was expected in our last analysis, the stock approached the strong resistance level at EGP7.590 before easing down. Additional losses can reach EGP6.000, but below this could delay any upward move and trigger EGP5.300. On the counter side, managing to surpass EGP7.590 will most likely call for another leg up towards EGP8.470 and maybe higher to EGP9.730.



RSI	66.457
MACD	0.152
ROC	36.546
M10	6.200
M50	5.200
M100	5.360
S1	6.000
S2	5.000
S3	4.000
R1	7.590
R2	8.470
R3	9.730

Elsowedy Electric

Reuters Ticker: <SWDY.CA>

Price closed at EGP9.680. The stock is leaning more towards the bulls but to gain more confidence, it should print a foothold above the resistance line at EGP10.650 to enhance further gains to EGP11.800 and maybe more to EGP15.170. However, the support level at EGP7.450 prevented the price from moving down several times but a sudden break below it will re-instate the bearish tone and lead to EGP5.240.



RSI	63.223
MACD	0.120
ROC	18.482
M10	9.310
M50	8.640
M100	8.560
S1	7.450
S2	5.240
S3	2.790
R1	10.650
R2	11.800
R3	15.170

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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