

Technical Analysis – The Egyptian Exchange

04-March-2024

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The Egyptian Exchange

EGX 30 Index <.EGX30> closed at 30,542.33 point. The index continues to move far away from its MAs on the weekly chart and is currently hovering near the all-time high at 30,695 point, knowing that a firm close above this would most likely promote another jump to 31,200 point and maybe higher to 31,600 point. On the negative side, some attempts to inch down can take place on the short-term period as a natural correction move and due to the overbought status of the RSI indicators, knowing that the nearby support levels are located at 29,000 point and 27,100 point but only below 23,700 point will change the tone.

Medium-term and long-term investors can stay in the market as long as the index is closing above 18,800 point and 15,900 point, respectively.



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Qalaa Holdings

Reuters Ticker: <CCAP.CA>

Price closed at EGP3.30. The stock retreated after posting a temporary peak at EGP3.66 (highest level since July-2019) but remains well above all MAs on the weekly chart, knowing that a fall below EGP2.57 would be the first negative sign that could lead to EGP2.16. However, a crossover EGP3.66 should re-activate the buying momentum and target EGP4.02 before EGP4.30.



RSI (W)	63.326
MACD (W)	0.184
ROC (W)	18.280
MA50 (W)	2.680
MA100 (W)	2.360
MA200 (W)	1.935
S1	2.570
S2	2.160
S3	1.820
R1	3.660
R2	4.020
R3	4.300

Ezz Steel

Reuters Ticker: <ESRS.CA>

Price closed at EGP79.80. The stock saw a natural downward correction after reaching an all-time high at EGP94.90 but continues to close within the positive territory; however, a break below the first defense line at EGP69.00, also found here the 50-weeks MA, would most likely trigger a fall to EGP57.51. On the other side, a jump above EGP84.000 would bring back to focus EGP94.90 before EGP100.00.



RSI (W)	58.716
MACD (W)	8.657
ROC (W)	5.041
MA50 (W)	68.700
MA100 (W)	51.550
MA200 (W)	35.020
S1	69.000
S2	57.500
S3	45.800
R1	84.000
R2	94.900
R3	100.000

Heliopolis Co. for Housing & Development

Reuters Ticker: <HELI.CA>

Price closed at EGP13.38. The stock managed to break above the critical resistance level at EGP13.33 (high of March-2018) and has reached an all-time high at EGP13.95. Further gains cannot be neglected, knowing that a successful close above EGP13.95 would call for another leg up to EGP15.50. However, a sharp move down is not favored but a dip below EGP11.30 could allow some correction to take place towards the support line at EGP9.25.



RSI (W)	65.686
MACD (W)	0.172
ROC (W)	26.226
MA50 (W)	11.300
MA100 (W)	10.200
MA200 (W)	8.330
S1	11.300
S2	9.250
S3	8.200
R1	13.950
R2	15.500
R3	17.800

Orascom Development Egypt

Reuters Ticker: <ORHD.CA>

Price closed at EGP15.00. The overall technical picture remains positive, but the stock has lost some momentum after reaching an all-time high level at EGP17.00; however, only a break above this would call for further advance to EGP20.00. On the counter side, below the support zone at EGP11.55-EGP10.72 could increase the downside risk and trigger a fall back to EGP8.31.



RSI (W)	73.752
MACD (W)	0.827
ROC (W)	15.385
MA50 (W)	10.025
MA100 (W)	11.600
MA200 (W)	7.960
S1	13.000
S2	10.720
S3	8.310
R1	17.000
R2	20.000
R3	22.000

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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