

Technical Analysis – The Egyptian Exchange

05-January-2021

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The Egyptian Exchange

EGX 30 Index <.EGX30> closed at 10,829.96 point. No clear technical signal at present to indicate where the market could go from here, but the bulls will need to show buying interest above the strong resistance level at 11,493 point to establish a new positive trend and target 12,000 point before 13,000 point. On the other side, a dip below the horizontal line at 10,400 point will trigger 10,070 point but only losing this could bring back to focus the next defense line at 9,205 point.

Medium-term and long-term investors can only enter the market at levels higher than 11,493 and 12,140 point, respectively.



Raed Diab

Vice President

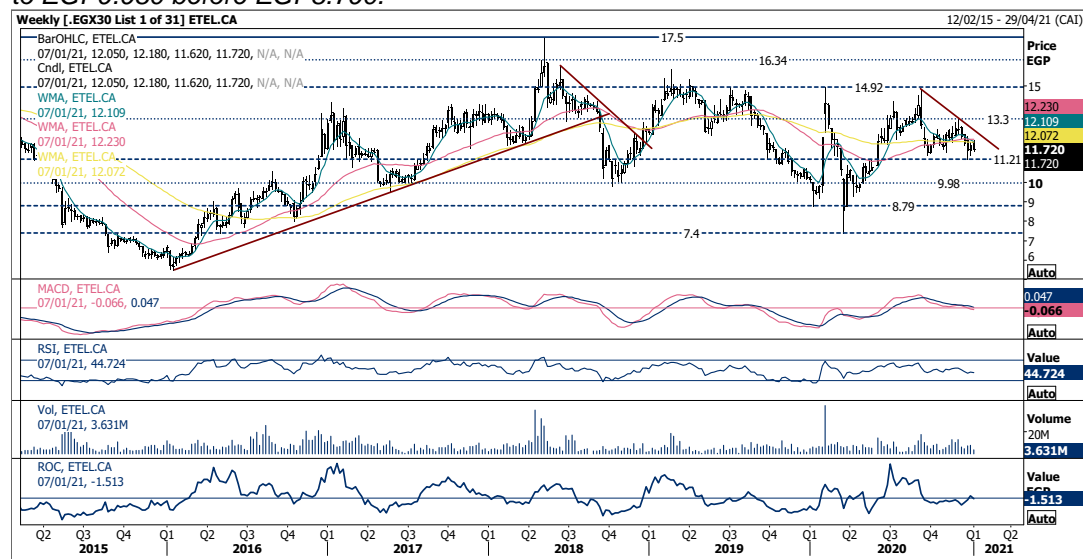
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Telecom Egypt

Reuters Ticker: <ETEL.CA>

Price closed at EGP11.720. The stock has been trading within the range of EGP11.210-EGP13.300 for the last 3-months and needs to escape out of this zone to anticipate the next direction, knowing that a firm close above EGP13.300 will call for a re-test of this year high at EGP14.920. However, a fall below EGP11.210 would be a negative sign that should lead to EGP9.980 before EGP8.790.



RSI	44.724
MACD	0.047
ROC	-1.513
M10	12.110
M50	12.230
M100	12.070
S1	11.210
S2	9.980
S3	8.790
R1	13.300
R2	14.920
R3	16.340

Eastern Company

Reuters Ticker: <EAST.CA>

Price closed at EGP13.110. The stock encounters a resistance level at EGP13.900, which if broken would promote additional buying potential towards EGP16.050 before the strong layer at EGP18.950. On the counter side, the nearby support level is located at EGP12.460, while a dip below it will lead to the critical horizontal line at EGP9.990, knowing that losing it will deepen the bearish tone to EGP8.130.



RSI	58.821
MACD	-0.173
ROC	9.159
M10	12.490
M50	12.250
M100	13.300
S1	12.460
S2	9.990
S3	8.290
R1	13.900
R2	16.050
R3	18.950

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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