

## Technical Analysis – The Egyptian Exchange

08-August-2022

### In this Report...

|                   |   |
|-------------------|---|
| EGX 30 INDEX..... | 1 |
| EASTERN CO.....   | 2 |
| SODIC.....        | 2 |
| ORASCOM.....      | 3 |
| ELSEWEDY.....     | 3 |

### The Egyptian Exchange

**EGX 30 Index <.EGX30> closed at 10,047.71 point.** The market witnessed a noticeable recovery after finding a bottom at 8,600 point (lowest level since March, 2020). Currently, the index encounters a resistance level at 10,280 point, while a close above this would most likely allow another jump to 10,600 point and maybe higher to 11,177 point. On the negative side, a sharp downward move is not favored on the coming period but back below the support level at 9,300 point could put selling pressure back on 8,600 point, which if broken will lead to 8,113 point (the low of year 2020).

Medium-term investors can stay in the market with a stop-loss below 9,600 point, while long-term investors can re-enter at levels higher than 11,000 point.



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## Eastern Co.

Reuters Ticker: &lt;EAST.CA&gt;

**Price closed at EGP10.200.** The stock continues to move within the negative territory and no signs of reversal have been spotted on the weekly chart. The first improvement sign would be when the bulls manage to break above the resistance area at EGP11.400-EGP12.770, which will then lead to EGP15.390. However, losing the horizontal line at EGP8.290 will most likely deepen the bearish tone to EGP5.670.



|      |        |
|------|--------|
| RSI  | 42.275 |
| MACD | -0.259 |
| ROC  | -7.357 |
| M10  | 10.000 |
| M50  | 10.865 |
| M100 | 11.380 |
| S1   | 8.290  |
| S2   | 5.670  |
| S3   | 3.168  |
| R1   | 11.400 |
| R2   | 12.770 |
| R3   | 15.390 |

## Six of October Development &amp; Investment (SODIC)

Reuters Ticker: &lt;OCDI.CA&gt;

**Price closed at EGP12.300.** The stock is leaning more towards the bulls, while a jump over the next resistance level at around EGP13.000 will enhance further momentum to fulfill the next line at EGP15.500. On the counter side, a move back below EGP10.500 will bring back to focus the support level at EGP8.550, while below this would trigger a re-test of the critical defense line at EGP6.100.



|      |        |
|------|--------|
| RSI  | 48.076 |
| MACD | -0.912 |
| ROC  | 4.414  |
| M10  | 11.760 |
| M50  | 13.080 |
| M100 | 14.590 |
| S1   | 10.500 |
| S2   | 8.550  |
| S3   | 6.100  |
| R1   | 13.000 |
| R2   | 15.500 |
| R3   | 19.950 |

## Orascom Development Egypt

Reuters Ticker: &lt;ORHD.CA&gt;

**Price closed at EGP4.030.** Although the stock has recovered from its recent low at around EGP3.190 but needs to overcome the resistance level at EGP4.700 to anticipate another leg up towards the strong horizontal line at EGP6.230, knowing that only above this will increase the chances of reaching EGP7.940. However, a break below EGP3.190 could lead to the strong support level at EGP2.010.



|      |        |
|------|--------|
| RSI  | 45.053 |
| MACD | -0.313 |
| ROC  | -2.421 |
| M10  | 3.890  |
| M50  | 4.485  |
| M100 | 4.840  |
| S1   | 3.190  |
| S2   | 2.010  |
| S3   | 0.722  |
| R1   | 4.700  |
| R2   | 6.230  |
| R3   | 7.150  |

## Elsewedy Electric

Reuters Ticker: &lt;SWDY.CA&gt;

**Price closed at EGP7.190.** The strong support level at EGP5.240 (the low of year 2020) prevented additional losses and forced the stock to inch upwards; however, further strength above the resistance level at EGP8.830 will decrease the downside risk and promote a jump back to EGP10.650. On the other side, a fall below EGP5.240 will be a negative sign that could lead to EGP4.150 and maybe lower to EGP2.790.



|      |        |
|------|--------|
| RSI  | 46.353 |
| MACD | -0.467 |
| ROC  | -3.877 |
| M10  | 6.760  |
| M50  | 7.785  |
| M100 | 8.185  |
| S1   | 5.240  |
| S2   | 4.150  |
| S3   | 2.790  |
| R1   | 8.830  |
| R2   | 10.650 |
| R3   | 11.800 |

## 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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