

Technical Analysis – Saudi Stock Exchange

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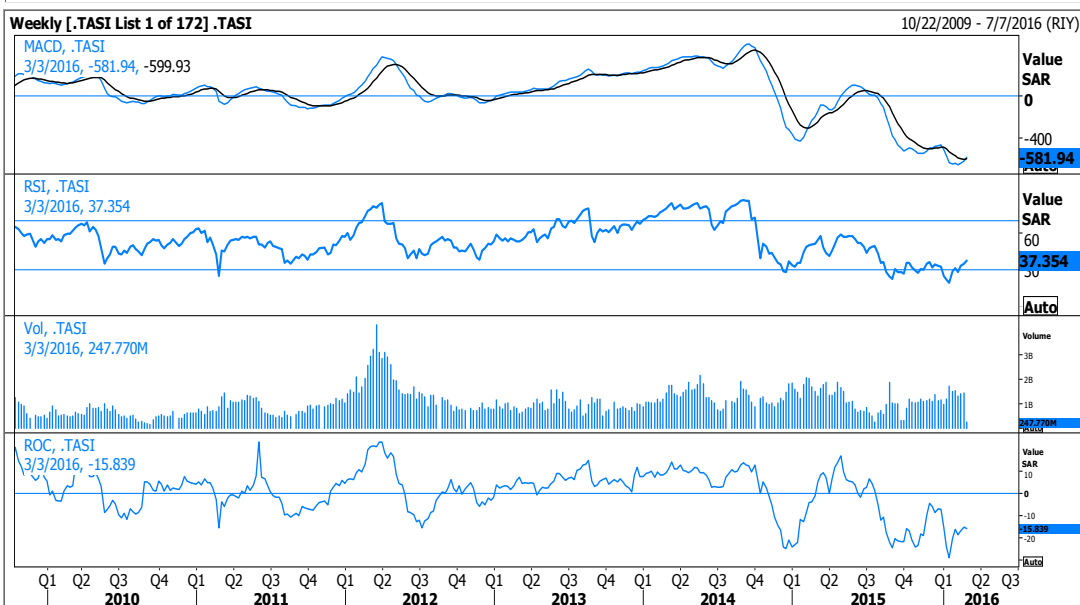
Saudi Stock Exchange

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Tadawul All Share Index <.TASI> closed at 6,092.01. It is important for the bulls to show buying interest above the resistance line at 6,100 point to confirm that further strength is underway; however, managing to do so would increase the probability of targeting 6,400 point and 6,700 point. On the counter side, some attempts to go down cannot be neglected but should be limited to 5,850 point; however, a fall below there would delay the upward move and allow a re-test of the horizontal line at 5,550 point. Both weekly and daily RSI indicators are currently leaning more towards the bulls.

Short-term investors can stay in the market as long as the index closes above 5,850 point, while medium-term and long-term investors can enter at levels higher than 6,100 points and 7,200 point, respectively.



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Herfy Food Services Co.

Reuters Ticker: <6002.SE>

Price closed at SAR70.00. The stock is set to witness some upside correction after a sharp drop on the last couple of weeks, given the oversold status of the RSI indicators. A break above the resistance line at around SAR73.00 would accelerate the upside momentum towards a re-test of SAR78.25, which is considered to be the turning point to promote further advance towards SAR85.00. However, a dip below SAR65.25 could call for another leg down towards SAR54.50.



RSI	29.461
MACD	-7.35
ROC	-33.333
M10	76.90
M50	94.25
M100	101.50
S1	65.25
S2	54.50
S3	50.00
R1	73.00
R2	78.25
R3	85.00

Saudi Airlines Catering Co.

Reuters Ticker: <6004.SE>

Price closed at SAR102.00. The stock inched upwards after failing two times to break below the horizontal line at SAR82.00. The bulls encounter a resistance line at SAR105.00, which if broken would confirm a base at SAR82.00 and call for a more constructive outlook towards SAR114.00 before SAR125.75. However, a dip below SAR82.00 is not favored but managing to do so would confirm a bearish continuation pattern and trigger the next level of support at SAR70.00.



RSI	41.498
MACD	-13.09
ROC	-17.742
M10	99.15
M50	122.65
M100	146.25
S1	90.00
S2	82.00
S3	70.00
R1	105.00
R2	114.00
R3	125.75

National Gas & Industrialization Co.

Reuters Ticker: <2080.SE>

Price closed at SAR21.20. A strong support line was found at SAR18.50, which forced the price to head north but failed to make a much more headway. However, a firm close above the recent high at SAR21.80 would re-activate the buying potential and promote SAR23.30 and SAR25.50. On the counter side, back below the support level at SAR19.35 would bring back to focus SAR18.50 but a fall below this will trigger SAR17.60 and maybe SAR15.75.



RSI	38.451
MACD	-1.94
ROC	-15.873
M10	21.20
M50	24.90
M100	27.85
S1	19.35
S2	18.50
S3	17.60
R1	21.80
R2	23.30
R3	25.50

Saudi Electricity Co.

Reuters Ticker: <5110.SE>

Price closed at SAR15.25. The close above the 14-weeks MA suggests that further attempts to move upwards can be seen on the coming period. The next challenge for the stock is to overcome the horizontal line at SAR16.00, which if happens would open the space for the price to fulfill the resistance area at SAR17.75-SAR18.25. On the counter side, the nearby support levels are located at SAR14.40 and SAR13.50, while only a fall below the last line would trigger SAR12.40.



RSI	48.438
MACD	-0.72
ROC	-1.929
M10	14.55
M50	15.90
M100	16.55
S1	14.40
S2	13.50
S3	12.40
R1	16.00
R2	17.75
R3	19.00

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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