

Technical Analysis – The Egyptian Exchange

10-August-2020

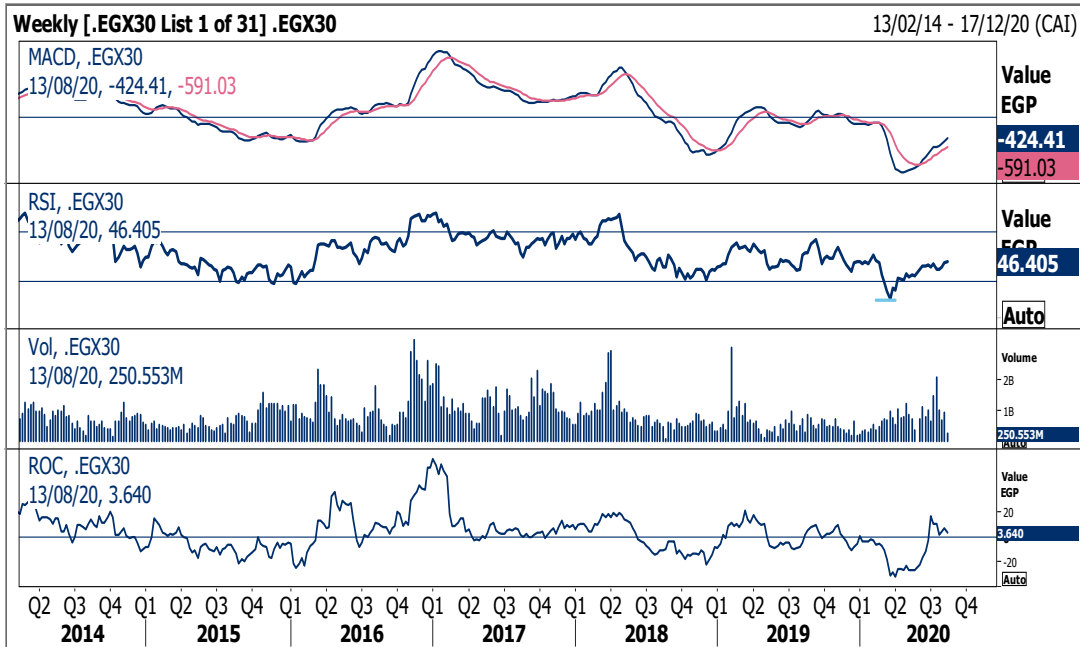
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The Egyptian Exchange

EGX 30 Index <.EGX30> closed at 10,938.23 point. Eyes now have shifted towards the horizontal line at 11,215 point (high of last June), which if broken would seal a more constructive outlook and call for an increase to 11,715 point (50% level of the Fibonacci Retracements from 15,320 point-8,113 point) before 12,000 point. On the negative side, a fall below the first support level at 10,575 point would most likely lead to the next defense level at 10,000 point, while losing this would target 9,775 point.

Medium-term and long-term investors can only enter the market at levels higher than 12,000 and 12,750 point, respectively.



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TMG Holding

Reuters Ticker: <TMGH.CA>

Price closed at EGP6.200. The stock keeps on moving within the 5-months ascending channel, while a jump over the nearby resistance level at EGP6.500 will confirm a higher-high and a higher-low pattern, which will then target EGP7.140 before EGP8.540. However, a fall below the support level at EGP4.920 will bring back to focus the low of last March at EGP4.040.



RSI	49.197
MACD	-0.591
ROC	9.155
M10	5.915
M50	6.470
M100	8.085
S1	4.920
S2	4.040
S3	3.500
R1	7.140
R2	8.540
R3	10.180

Six of October Development & Investment (SODIC)

Reuters Ticker: <OCDI.CA>

Price closed at EGP13.100. The stock eroded the upper-end of the 10-months descending trend line and shows promise for further gains, knowing that a jump over the horizontal line at EGP13.430 will open the road for the bulls to fulfill the next target price at EGP18.000. On the other side, back below the support level at EGP11.000 could delay the upward move and lead to EGP8.550 but a re-test of this year low at EGP6.100 is not favored.



RSI	62.609
MACD	-0.548
ROC	24.762
M10	11.415
M50	11.260
M100	12.790
S1	11.000
S2	8.550
S3	6.100
R1	13.340
R2	16.450
R3	18.000

Madinet Nasr Holding

Reuters Ticker: <MNHD.CA>

Price closed at EGP3.390. The stock at present is leaning more towards the bulls after failing to break below EGP2.400 several times, forming a temporarily double bottom. Further advance above EGP3.600 will target the resistance area at EGP4.000-EGP4.200, which if broken would promote EGP5.670. However, only below EGP2.400 will change the tone and re-instate the bearish move.



RSI	52.903
MACD	-0.395
ROC	10.423
M10	2.965
M50	3.460
M100	4.200
S1	3.210
S2	2.400
S3	1.515
R1	4.000
R2	4.500
R3	5.670

Egyptian Iron & Steel

Reuters Ticker: <IRON.CA>

Price closed at EGP2.910. The stock fulfilled and exceeded our target price at EGP3.170 and posted a high at EGP3.440 before easing down; however, only above this will re-activate the buying momentum and call for another jump to EGP4.100 and maybe EGP5.340. On the other side, the support level at EGP2.200 should prevent any attempts to go down but a sudden drop below it will trigger EGP1.250.



RSI	66.803
MACD	0.042
ROC	78.091
M10	2.625
M50	2.000
M100	2.580
S1	2.200
S2	1.250
S3	0.815
R1	3.440
R2	4.100
R3	5.000

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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