

Technical Analysis – The Egyptian Exchange

11-May-2020

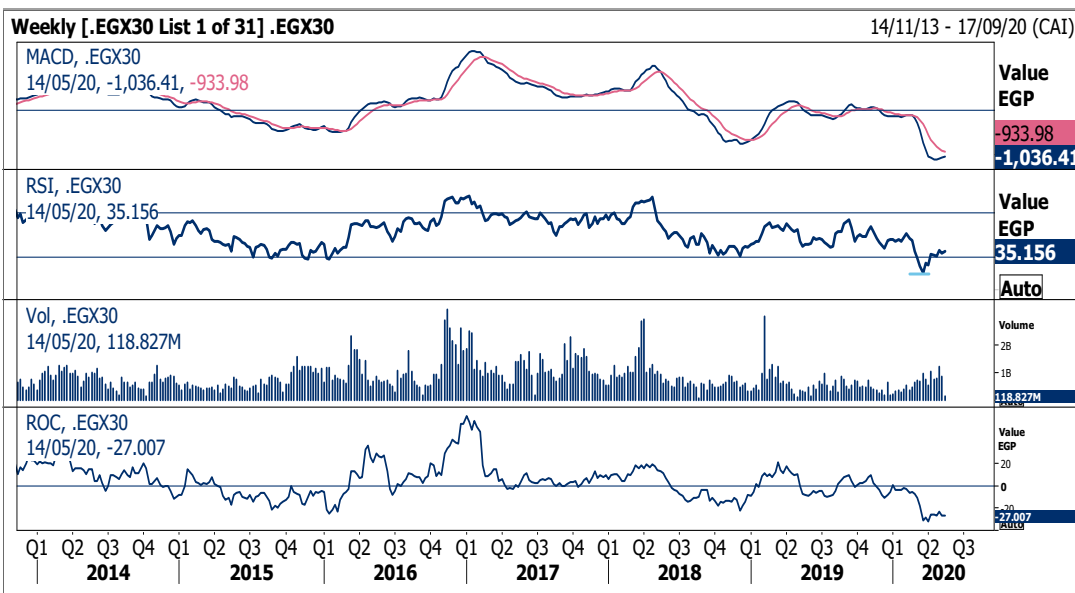
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The Egyptian Exchange

EGX 30 Index <.EGX30> closed at 10,296.33 point. The market witnessed a natural upward correction after an aggressive move down, knowing that a cross over the recent high at 10,625 point will attract additional buying potential and lead to 11,000 point before 11,500 point and 12,076 point. However, a fall below the first support level at 9,775 point will delay any upward momentum and trigger 9,205 point but only below the recent bottom at 8,113 point will re-instate the bearish tone.

Medium-term and long-term investors can only enter the market at levels higher than 12,750 and 13,300 point, respectively.



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Madinet Nasr Holding

Reuters Ticker: <MNHD.CA>

Price closed at EGP2.550. The downside risk remains as the stock is having difficulties to pull away from this year low at EGP2.400, which if broken would deepen the negative tone and trigger EGP2.050 before EGP1.515. On the counter side, a cross over the tiny resistance level at EGP3.210 will be a positive sign that should target EGP4.000, while above this will open the road to EGP4.950.



Egyptian Iron & Steel

Reuters Ticker: <IRON.CA>

Price closed at EGP1.298. The stock witness some buying activity after posting an all-time low at EGP0.815, while further gains cannot be neglected in an attempt to fulfill EGP2.360 and maybe higher to EGP3.170. However, back below the support level at EGP1.250 could put selling pressure on EGP0.815 once again, but only losing this will lead to the horizontal line at EGP0.700.



Elsewedy Electric

Reuters Ticker: <SWDY.CA>

Price closed at EGP8.320. The stock is currently trapped within the tiny range of EGP9.800-EGP7.400 and needs to break either line to anticipate the next move, knowing that a break above EGP9.800 would call for further upward correction from this year low at EGP5.240 and target EGP12.100. However, a fall below EGP7.400 will allow a re-test of EGP5.240, while below it will trigger EGP4.060.



RSI	37.742
MACD	-1.095
ROC	-23.529
M10	8.525
M50	10.555
M100	12.575
S1	7.400
S2	5.240
S3	2.790
R1	9.800
R2	12.000
R3	15.170

Eastern Company

Reuters Ticker: <EAST.CA>

Price closed at EGP12.860. The stock found support at EGP9.990 before seeing a brief relief. The picture at present looks neutral and could move in either way; however, managing to print a foothold above EGP13.780 will decrease the downside risk and call for an advance to EGP16.050. On the other side, a dip below EGP9.990 will most likely lead to EGP8.130 and maybe lower to EGP6.400.



RSI	43.961
MACD	-0.838
ROC	-18.401
M10	12.265
M50	14.200
M100	15.300
S1	9.990
S2	7.000
S3	5.500
R1	13.780
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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