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Weekly Overview

29–Dec 19

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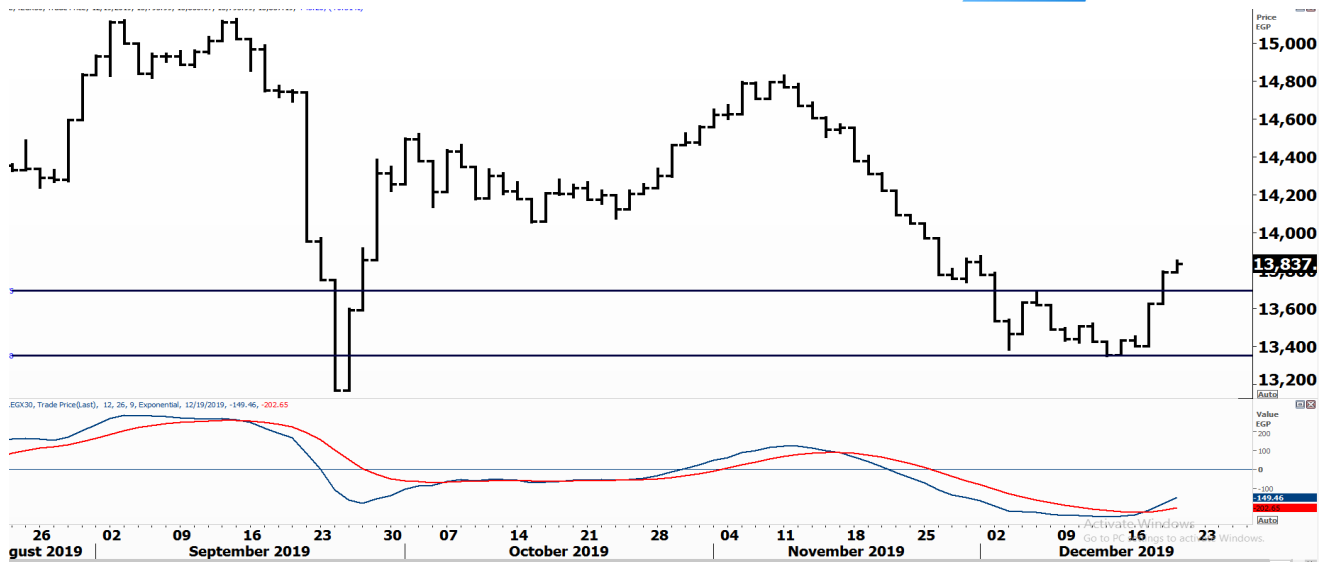
The market is closing this year on a bearish note after it failed to maintain its previous trials to rise. As it was obvious, buyers completely disappeared during the last two moths of the year for unknown reasons, and when they tried to shyly appear the previous week, they could not show themselves more than one or two sessions but failed to face even the slightest selling pressure.

We are talking about another significant decline if the EGX 30 index goes towards the 13,300-13,200 area; if we test this range once again we will break down; this will lead the market to much lower levels with stronger selling pressure this time. It is important to note that all this weakness is only due to the non-existent buying power, not due to strong sellers. In other words, if sellers begin to step in, things will be worse and a phase of panic selling will probably be in place. A break below 13,725 will trigger a new sell signal as our target will be set around 13,200. On the other hand, we still cannot recommend to buy if the index breaks above 13,900 (which is the newly created peak) because the index rises with only one stock or two.

Let us say it in another way, we do not have a scenario that will make us enter the market. This will depend on the strength of the rise, and the overall market breadth, not deceiving levels. As for selling, we recommend to be underweighted in this market until clear and real strength appears.

EGX 50 Index/ Weekly Chart

Let us shed a light on the market positive scenario. Fortunately, we can use the EGX 50 index to take a decision to buy this time. As we know, this index is an equally weighted index so it can be used as a measure of market breadth.

As we can see from this chart, the EGX 50 is inside a trading range between 1,920 and 1,990; a break beyond one of these two boundaries will be significant.

Thus, we can watch how it will react at these levels as a break beyond 1,990 will be a bullish scenario on the short-term and will trigger a buy signal.

We do not recommend to take any buying action until we see a clear breakout confirmation.

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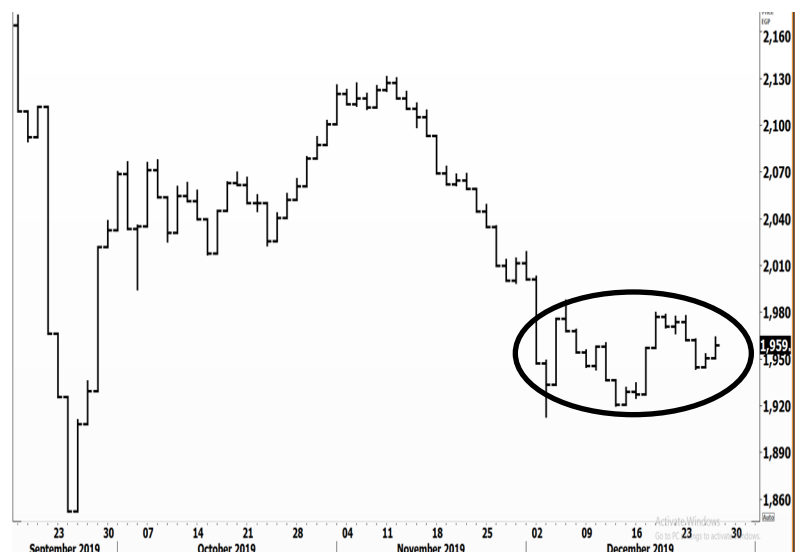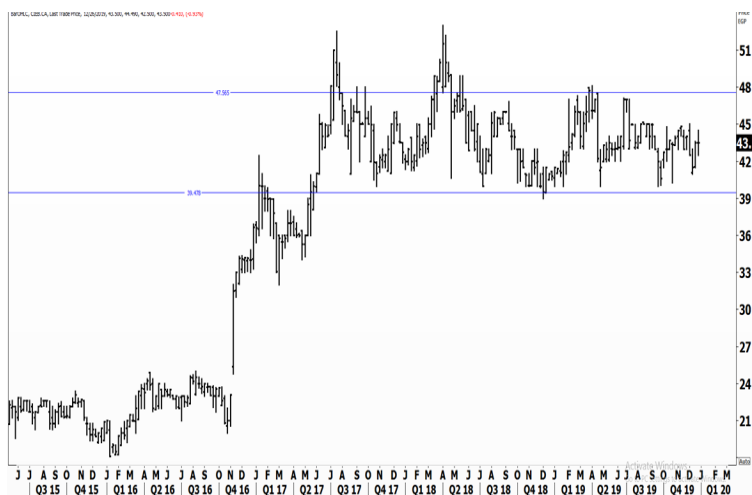
CIEB

During such periods of markets turmoil and weak performance, you either be in cash or in defensives like this one.

The 39 level is the current support for CIEB, while resistance lies at 48. Holding Credit Agricole during market declines is the best strategy to apply. When things get better in the market we can then shift our money to other higher beta stocks.

CIRA

CIRA is probably the best performer in the index and it is not affected by the overall market weak performance. The stock hit new highs and might continue its rise.

CIRA is a very good stock to hold when markets are doing bad. We believe, however, that the stock will even do well if the market situation improves.
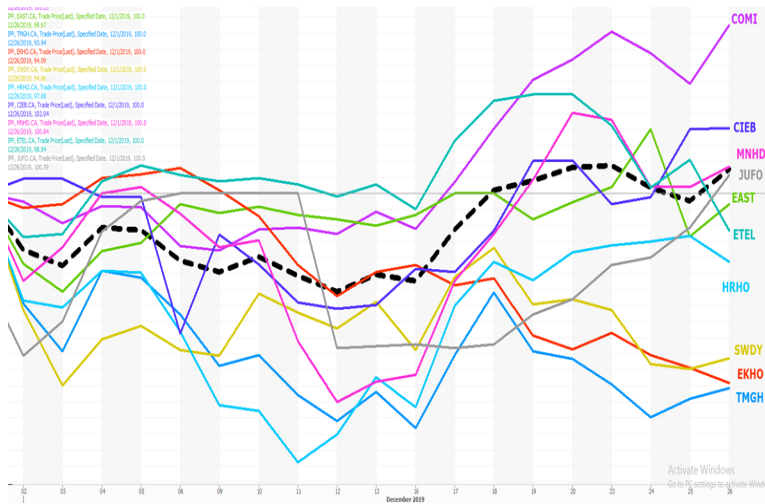

ORHD

Those who trade this stock can enter at a break above 6.7; this will be a short-term trade with a target around 7.

The stock is not one of the best performers, but it can maintain itself relatively well during markets declines. The most recent higher low formation is not a bad signal, especially if the 6.7 is broken to the upside.
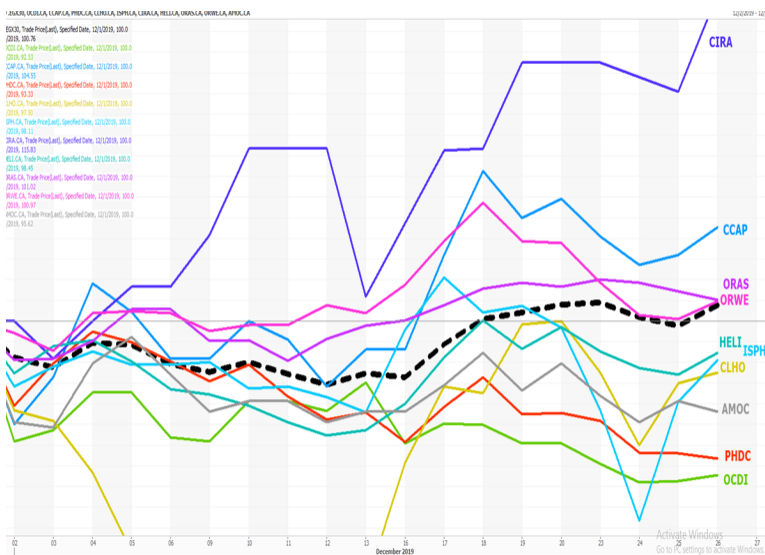
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Top index weights

COMI is still on top, followed by CIEB, which is the EGX30 defensive.

Then comes MNHD and JUFO which are performing like the EGX 30, followed by EAST and ETEL.

At the bottom of the scale we can detect SWDY, EKHO, and TMGH.

Mid Weights

CIRA is playing alone as the most outperformer in this category of stocks, then comes CCAP which showed significant improvement in its performance lately. ORAS and ORWE performed like the index during the month of December, while the worst performing stocks were AMOC, PHDC, and OCDI.

If we look at other stocks we will see that HELI is not doing bad and also ISPH is witnessing improvement in its performance.

Smallest Weights
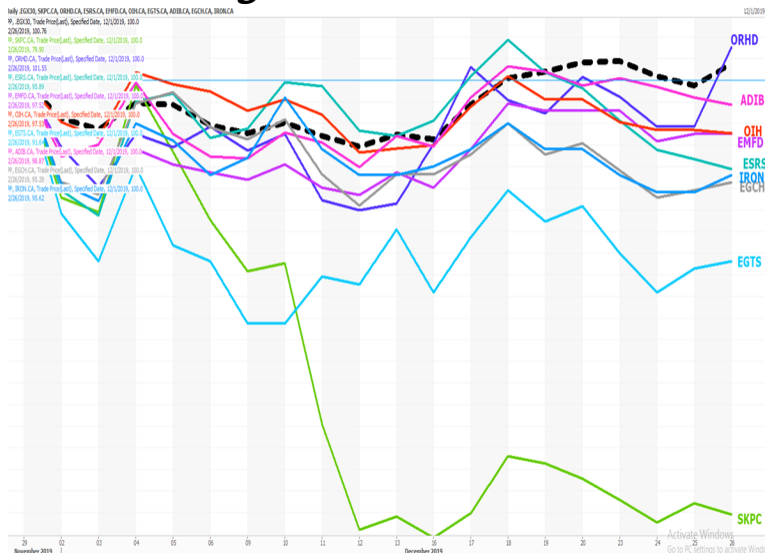
ORHD witnessed significant improvement lately in its relative performance curve. ADIB comes next despite that it is moving below the EGX 30 relative performance curve. Then comes OIH and EMFD. As for the rest, it is better to ignore them until they show better performance.

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Stock	10/20 EMA signal	Comments
EGX 30	Sell	The 10 weeks moving average just broke below its 20 weeks counterpart
COMI	Above	Buy signal was triggered in Feb 2019
EAST	Below	The 10 weeks moving average is still below its 20 weeks counterpart but approaching it
TMGH	Below	The 10 weeks moving average is still below its 20 weeks counterpart
SWDY	Below	The 10 weeks moving average is still below its 20 weeks counterpart
HRHO	Sell	The 10 weeks moving average just broke below its 20 weeks counterpart
CIEB	Below	The 10 weeks moving average is still below its 20 weeks counterpart but approaching it
MNHD	Below	The 10 weeks moving average is still below its 20 weeks counterpart but approaching it
ETEL	Below	The 10 weeks moving average is still below its 20 weeks counterpart
JUFO	Below	The 10 weeks moving average is still below its 20 weeks counterpart
OCDI	Sell	The 10 weeks moving average just broke below its 20 weeks counterpart
CCAP	Below	The 10 weeks moving average is still below its 20 weeks counterpart
PHDC	Below	The 10 weeks moving average is still below its 20 weeks counterpart
CLHO	Below	The 10 weeks moving average is still below its 20 weeks counterpart but approaching it
ISPH	Below	The 10 weeks moving average is still below its 20 weeks counterpart but approaching it
CIRA	Above	Buy signal was triggered in May 2019
HELI	Sell	The 10 weeks moving average just broke below its 20 weeks counterpart
ORAS	BUY	The 10 weeks MA Broke above the 20 weeks MA/ Buy signal triggered
ORWE	Below	The 10 weeks moving average is almost breaking above the 20 weeks moving average
AMOC	Below	The 10 weeks moving average is still below its 20 weeks counterpart but approaching it
SKPC	Below	The 10 weeks moving average is still below its 20 weeks counterpart but approaching it
ORHD	Sell	The 10 weeks moving average just broke below its 20 weeks counterpart
ESRS	Below	The 10 weeks moving average is almost breaking above the 20 weeks moving average
EMFD	Below	The 10 weeks moving average is still below its 20 weeks counterpart
OIH	Below	The 10 weeks moving average is still below its 20 weeks counterpart
EGTS	Above	Buy signal was triggered in June 2019
ADIB	BUY	The 10 weeks MA Broke above the 20 weeks MA/ Buy signal triggered
EGCH	Below	The 10 weeks moving average is still below its 20 weeks counterpart but approaching it
IRON	Below	The 10 weeks moving average is still below its 20 weeks counterpart but approaching it

Priority are for the "Buy" stocks as they just witnessed a significant buy signal. Next, we should look at stocks that are written in blue as they are on the verge of witnessing a significant buy signal, next are those written in brown, then the red ones which are not recommended for intermediate-term investors. Stocks that are "Above" already witnessed their buy signals sometime ago and should be held.

It is important to note that most of the stocks that were written in blue last week already gave a buy signal this week. Thus, we should be monitoring closely stocks that are in blue as they are almost giving a buy signal.

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