

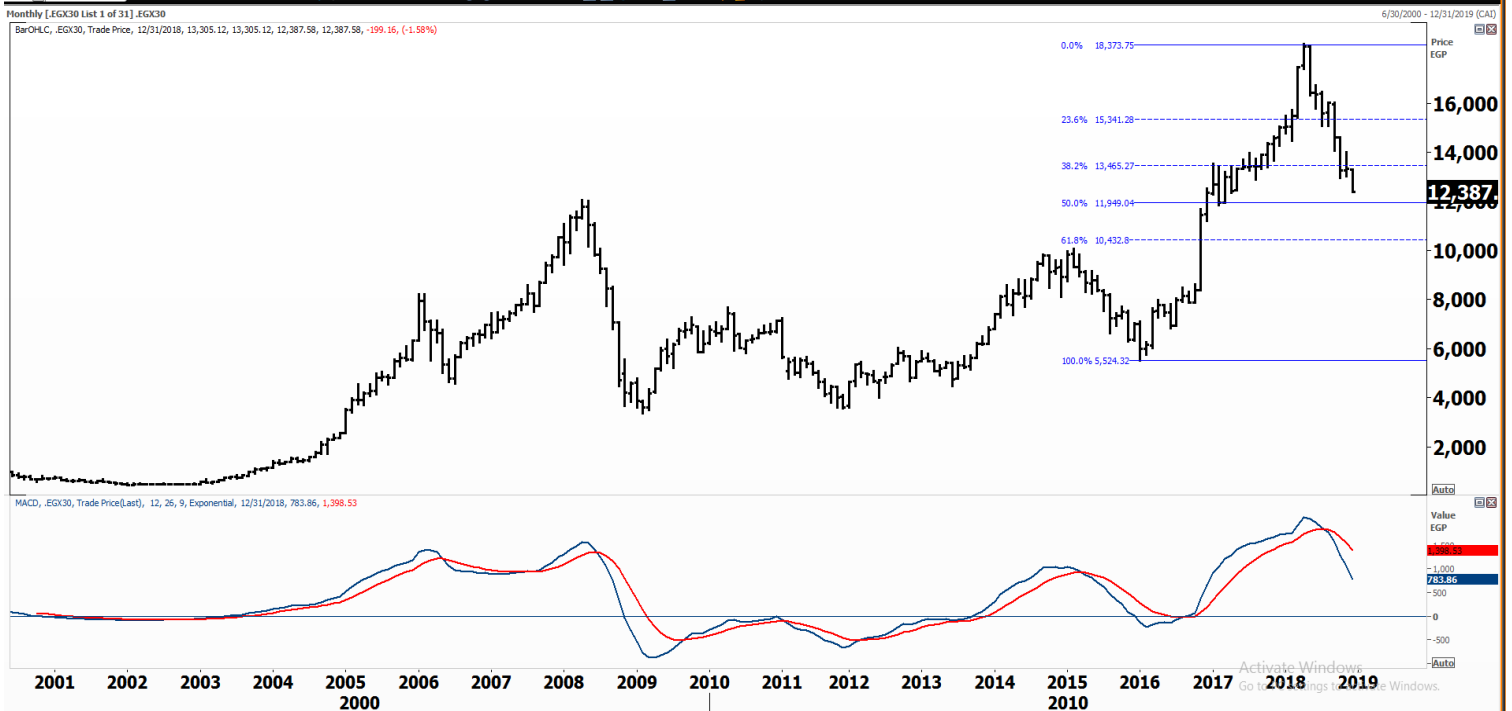


PIONEERSECURITIES

# Weekly Overview

9–Dec 18

This report must be read with the disclaimer  
on last page



The market was not able to sustain its short-term rise and was followed by severe selling pressure affected by GTHE news, in addition to the Banking taxing issue, and the current global equity market turmoil. The EGX 30 index is currently approaching its 50% retracement of the whole rise that began in 2016. This is an important level to watch as it is also one of our main targets; 12,000.

We have done a simple analysis to see how the month of December performed compared to November. We ran the test from 2004 until 2017; from these 14 years, 12 of them were profitable where December was a profitable month with an average gain of 8.6%. Only 2 years were losers; 2011 with a loss of 9.9% and 2014 with a loss of 4.1%.

If we consider the base case scenario and expect Dec to gain 8.6%, we should close the month at the 14,400-14,500 area. If we go to the worst case scenario and use the worst number that was seen in 2011, then Dec will close exactly at 12,000. It goes without saying that we are not bounded by the worst case scenario and that we can go much worse; however, the odds are that we can use the worst case scenario as our threshold.

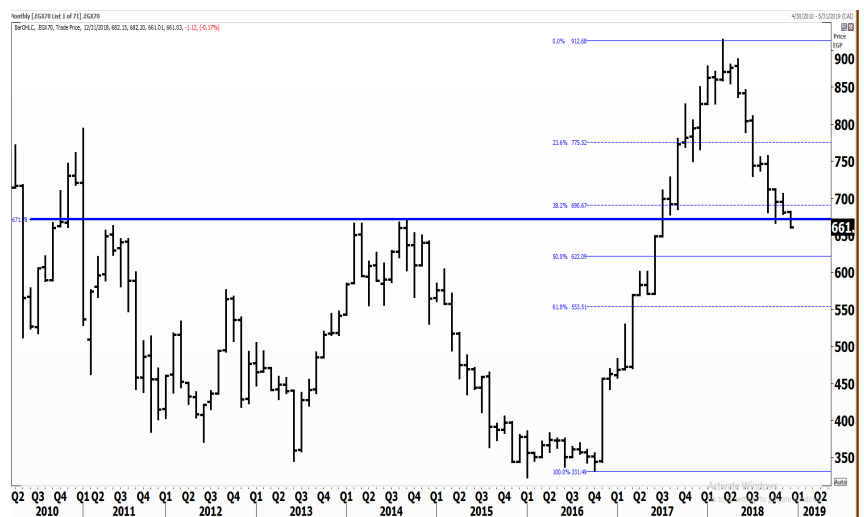
As we know, the EGX 30 is already near 12,000; a break below this level is probable, but we should pay close attention to this important level as it might lead to a significant rebound. Note that 85% of the times Dec was a profitable month; even if 2018 is unlucky enough to be the third losing year, it should not close far away from current levels.

On a last note, the two losing December months (2011 and 2014) were followed by a strong January, winning 28% and 10% consecutively.

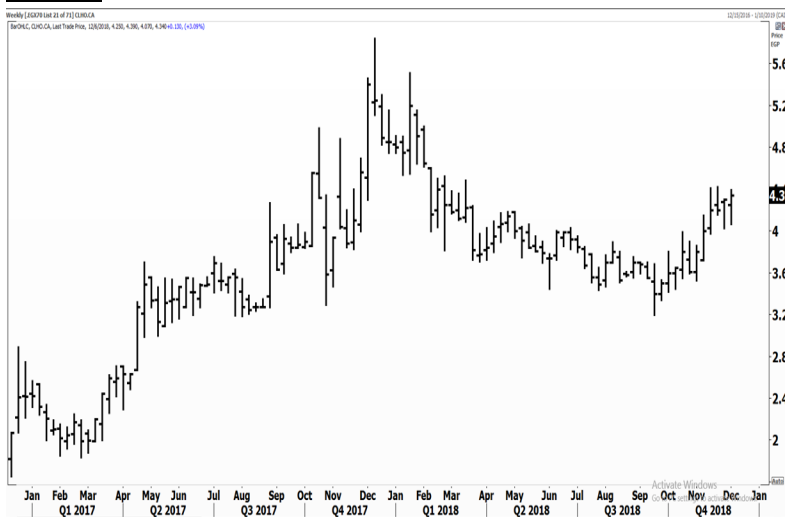
## EGX 70/ Monthly Chart

The 670 level is the previous major peak that should be serving as support. The EGX 30 closed below it at around 661. If we calculate a 50% retracement from the whole rise, we will find 625 as an important level to watch. This means that an additional 6% decline can occur. On the other hand, the 700-705 area is the current resistance to watch; a break above it will trigger a new buy signal.

For now, we do not recommend stepping in unless a breakout occurs, or the index reaches the 625 level and begins to rebound.



## CLHO



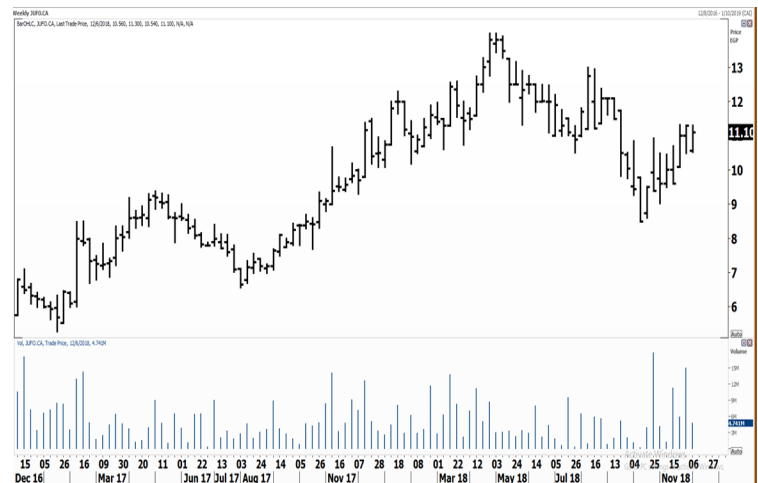
Cleopatra Pharmacy is one of the defensive stocks that should outperform the market if the current decline continues. The stock looks good and is still expected to continue its current rise.

If the overall market rebounds, CLHO will underperform slightly but will not be expected to fall. Thus, this is one of the stocks that should be monitored.

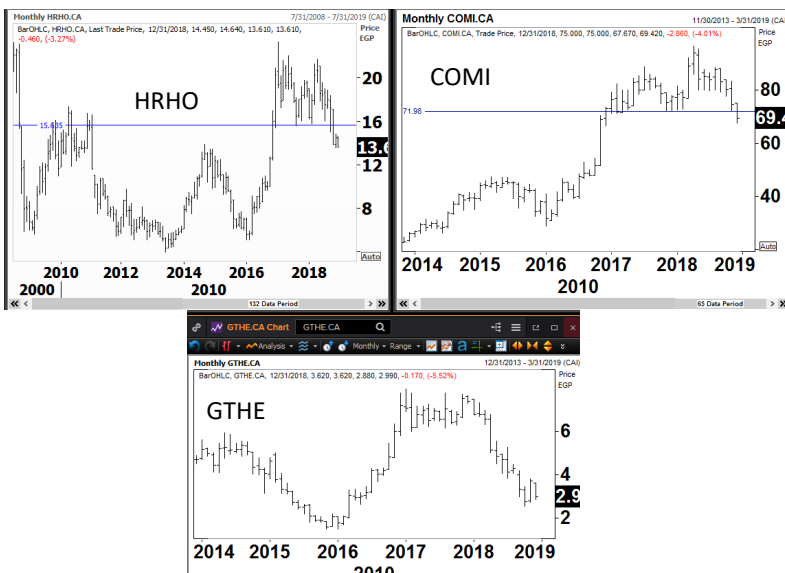
Despite its illiquidity, JUFO is a good candidate during current times. The stock is still below its support that lies at around 11, but a confirmed break above this level will lead it near 13 once again.

JUFO is also a defensive stock that outperforms during market declines.

## JUFO



## Stocks that broke their major support

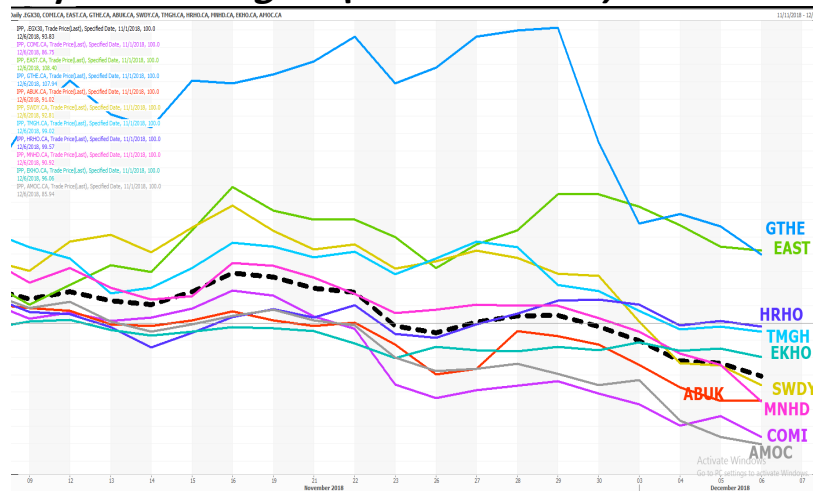


The three charts on the left belong to HRHO, COMI, and GTHE.

The first two stocks broke their major support levels, HRHO breaking 16 and COMI breaking 72 downwards. These support violations are confirmed on a weekly basis. As for GTHE, it broke its major support long time ago and surpassed its target since a long time.

Given the current situation, sellers were able to overcome buying power, especially in blue chips, which gives a bearish sentiment about the market future direction. Nonetheless, the index is approaching a very important level and an upward rise might occur very soon. This rise, however, will probably be short-term in nature until we see how blue chips will react.

## Top index weights (3% and above)

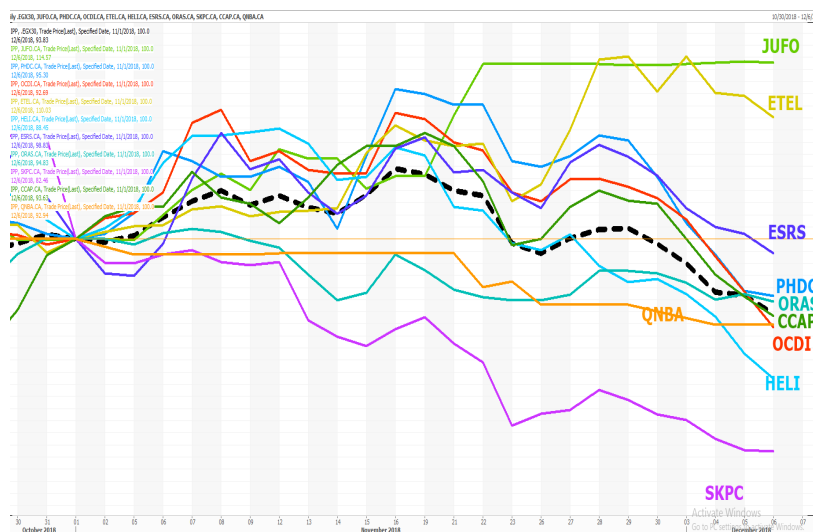


Stocks that are maintaining themselves on a relative basis are EAST, HRHO, TMGH, and EKHO.

GTHE, witnessed a big drop despite that we were positive about it last week, while COMI continued its bad performance.

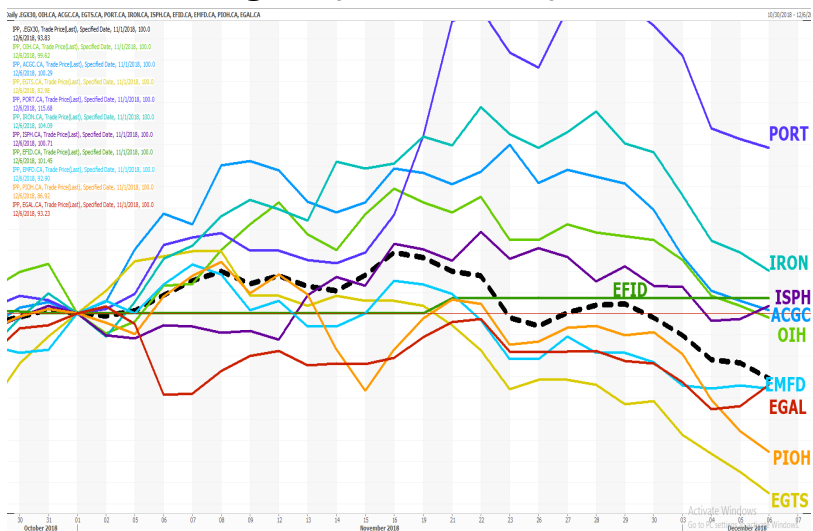
Those who follow-up our weekly overview will note that there was a change in the relative performance in different stocks during the past few weeks; COMI moving from an outperformer to an underperforming stock, MNHD losing its good performance, while other stocks respected their places like EKHO, HRHO, and TMGH. The reason is the high volatility the market has been witnessing lately and the quick change in emotions among market participants based on the macro and micro news we have been receiving lately.

## Mid Weights (above 1.5%)



JUFO and ETEL are the outperformers in this category of stocks. CCAP lost its luster for the first time in many months, while PHDC also witnessed a big deterioration in its relative performance curve. As we just mentioned, many stocks began to change their relative performance curves from outperformers to underperformers and vice versa. We will follow-up closely on stocks' performance to try to find the new market outperformers.

## Smallest Weights (below 1.5%)



Despite that PORT witnessed a significant decline in its relative performance curve, it is still outperforming the index. As for the rest, IRON, ISPH, ACGC, and OIH are still moving above the EGX 30 relative performance curve.

We will, however, scan the market once again to see how relative performance is currently changing among stocks and who will be the next outperformers.

## Disclaimer

This report has been prepared according to the general data available for public, in accordance with the professional standards applied in that career to the best knowledge of the reporter. The recommendations mentioned are a guiding tool representing a professional opinion, and not granting any profits, consequently it is not obligatory for our valued customers and investors. Pioneers Securities©, Egypt shall not be liable for any direct, indirect, incidental, or consequential damages, including limitation losses, lost revenues, or lost profits that may result from these materials. Republishing this report or any of its contents is subject to prior approval; referring to the source is a must. Opinions expressed are subject to change without notice and may differ or be contrary to the opinions or recommendations of Pioneers Securities©, Egypt Research or the opinions expressed by other business areas or groups of Pioneers Securities©, Egypt as a result of depending solely on the historical technical behavior (price and volume).

## Technical Analysis Department

### **Saleh Nasser**

Chief Technical Strategist

### **Ahmed Hassan**

Senior Technical Analyst

### **Dina Fahmy**

Senior Technical Analyst