



PIONEERSECURITIES

Weekly Overview

14 - Oct 18

This report must be read with the disclaimer
on last page



The daily chart of the Hermes Last Index is showing a market that is struggling to bottom. As we know, the EGX 30 index reached the 13,000-13,500 area where it should serve as support. Thursday's session began with panic after USA's selloff, but many stocks were able to maintain themselves and rebound after the first hour. Thus, we believe that we should see a strong rebound that should lead the market to significantly higher levels.

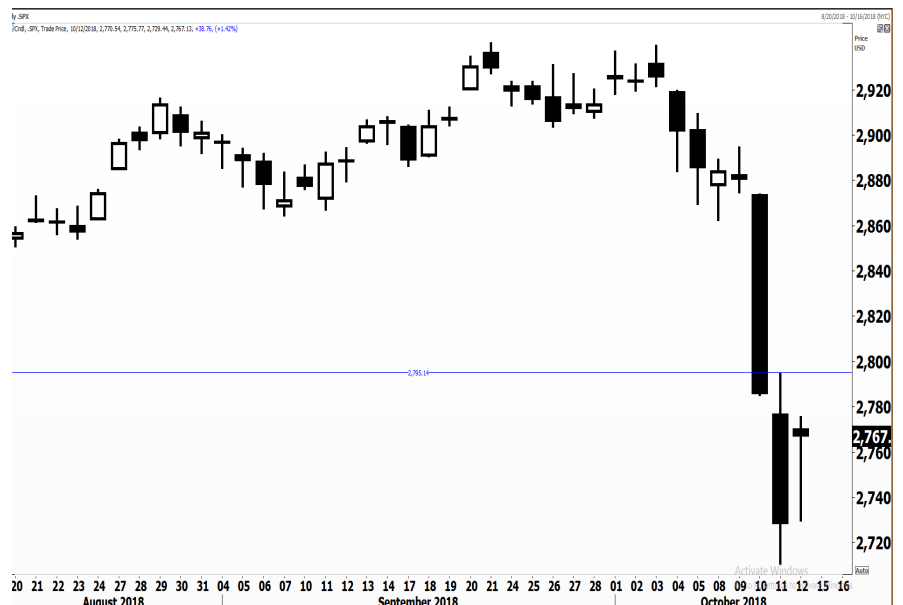
If we succeed to break Wednesday's high, this will be seen as a bullish sign and a strong rise will follow.

S&P 500/ Daily Chart

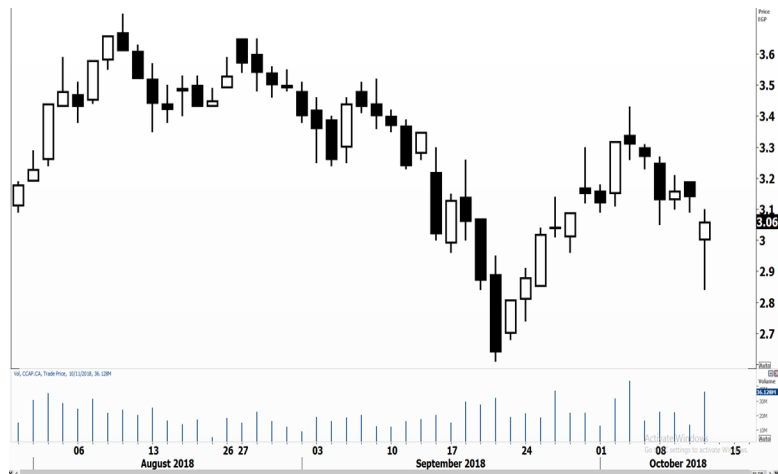
Looking at the US markets is important these days, especially after the big selloff that they witnessed lately. It is important to note that after Wednesday's and Thursday's strong decline, the markets witnessed a bullish day on Friday, forming a hammer formation that was seen in the S&P 500, the Dow Jones, as well as the NASDAQ, which already broke Thursday's high.

Such a positive day will have probably a bullish effect on our market, especially that Thursday's early session's panic that was seen in our market was due to the US strong decline.

Having said that, we believe that there will be a few rising days in the US markets before their decline resumes, this will be enough catalyst for our market to rise as it was already ready to rebound after Wednesday's session.



CCAP



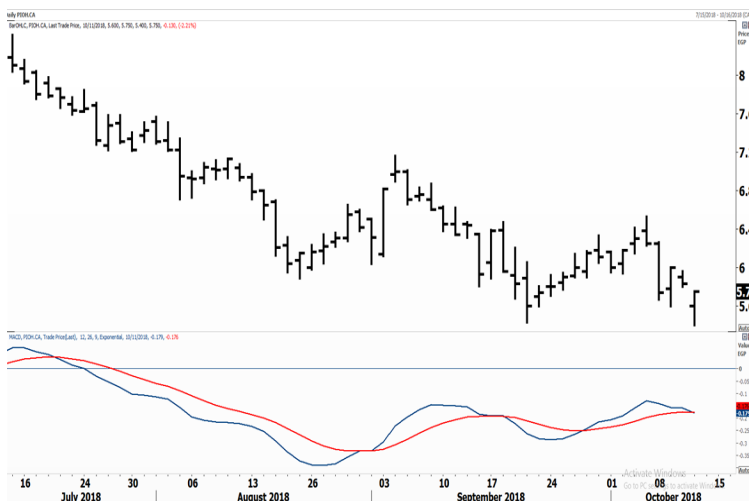
We like it when a stock witnesses a hammer formation; this is what happened with Citadel Capital. The stock witnessed a strong decline in the beginning of the session, then rebounded to close near its session's high. Such a formation is bullish and hints of more rise. The hammer came also on relatively high volumes, which gives it more weight.

A rise to the 3.4-3.5 is very much expected. It is important to see whether the stock will break above this level or not, as a break above 3.5 will be seen as a potential breakout signal.

PIOH is trying to bottom at current levels, the stock is losing bearish momentum and is preparing itself for a big rise. The ability to rebound from current levels will be seen as a bullish signal, especially if PIOH breaks above 6 once again. Such a break will be an early sign of another breakout above 6.5, which (if it occurs) will lead to a strong rise. The higher lows that our momentum indicators are witnessing are adding to the bullish picture of the stock.

Those who want to step in at current levels are recommended to place their stop below Thursday's low.

PIOH



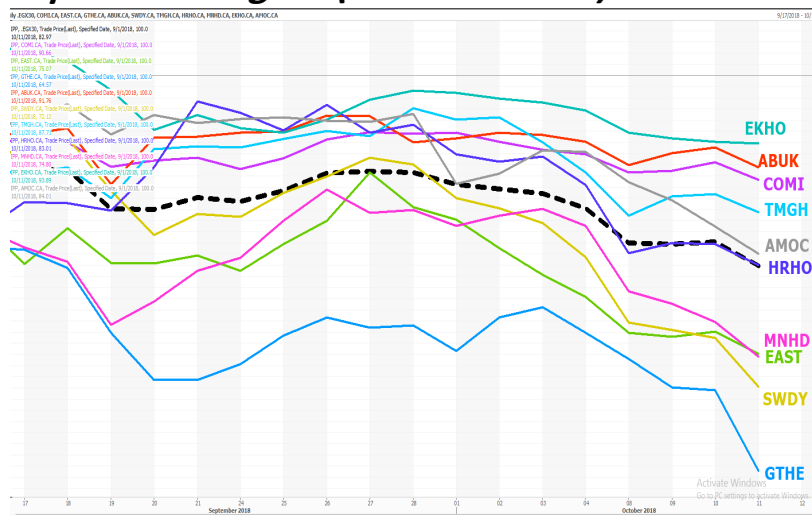
EGTS



Despite that EGTS is trading below its resistance and is still unable to break it, it has been showing superior performance during the past few weeks. Thus, we should look at it closely as it will probably be one of the stars in case the market rebounds significantly.

We believe that the 1.95 is a key level as a break above it will probably lead to a breakout above 2. This will lead EGTS to its peak that lies near 2.5.

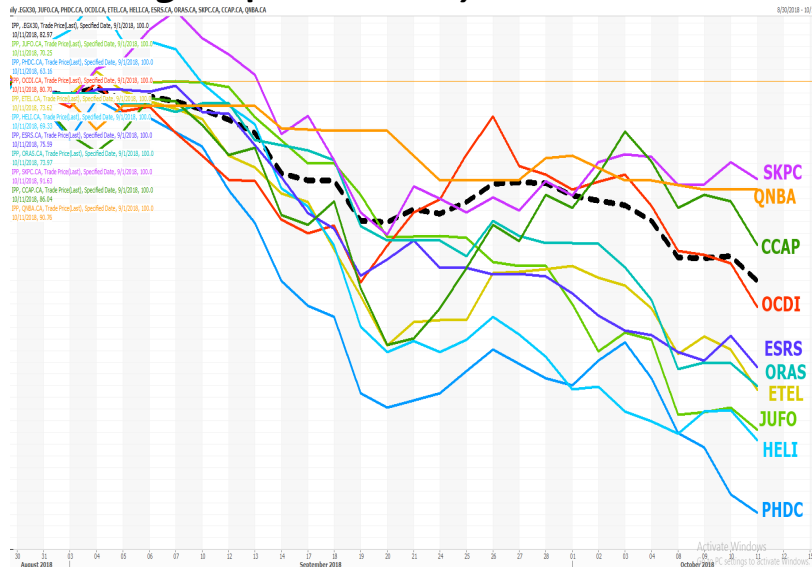
Top index weights (3% and above)



EKHO, ABUK, COMI, TMGH, and AMOC are still the best, then comes HRHO which has the same performance as the EGX curve. The only difference is that TMGH and COMI have been performing better than AMOC lately.

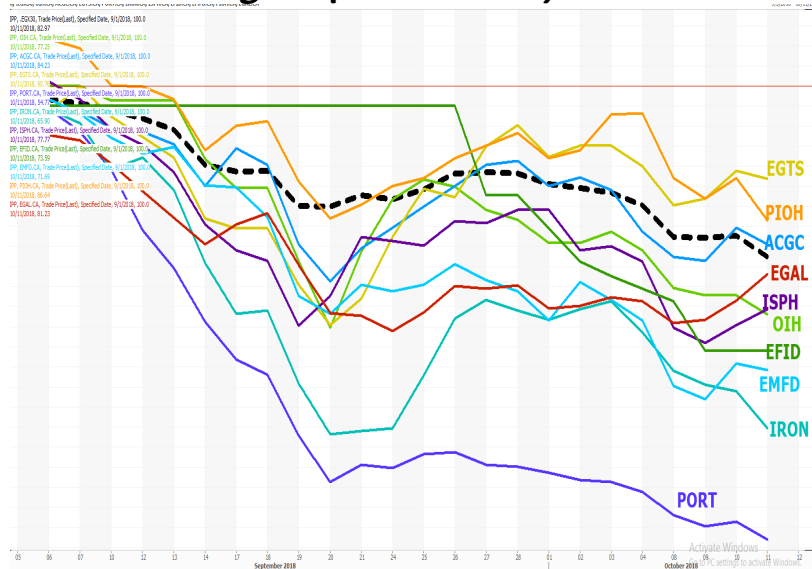
As for the rest of the stocks in this category, we do not recommend any of them until they begin to show better performance. Those who are invested in EKHO, ABUK, and COMI, are for sure outperforming the index.

Mid Weights (above 1.5%)



The three outperformers in this category of stocks are still the same; SKPC, CCAP, and QNBA. Then comes OCDI, which showed more weakness lately. The rest of the stocks are not recommended until they improve. If we chose two stocks we will go for SKPC and CCAP. QNBA of course is very good but it is an illiquid stock.

Smallest Weights (below 1.5%)



EGTS, PIOH, and ACGC are the best three performers. They have been outperforming for the past three weeks. EGAL also began to show superior performance lately as we expected in our last week report. As for the rest, we still go for ISPH and OIH.

We do not recommend stepping in the rest until they show improvement in their performance.

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