

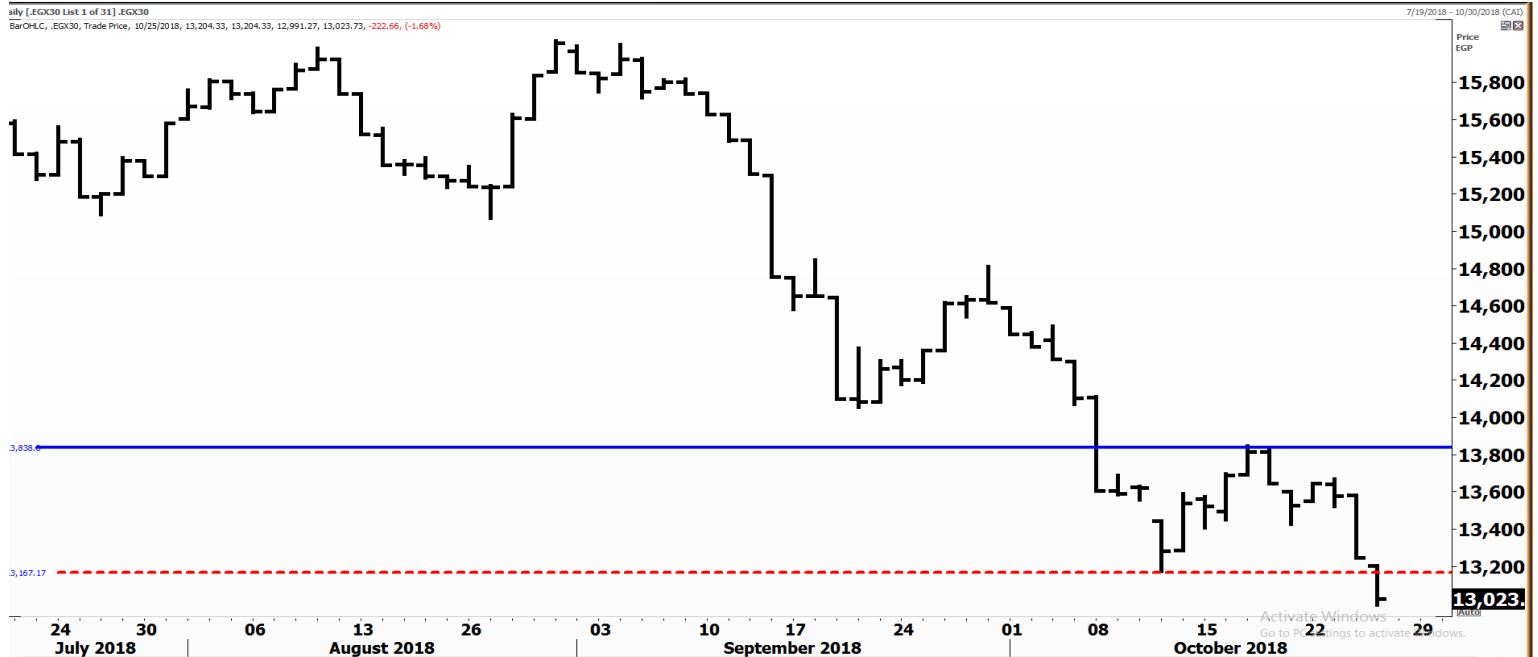


PIONEERSECURITIES

# Weekly Overview

28–Oct 18

This report must be read with the disclaimer  
on last page



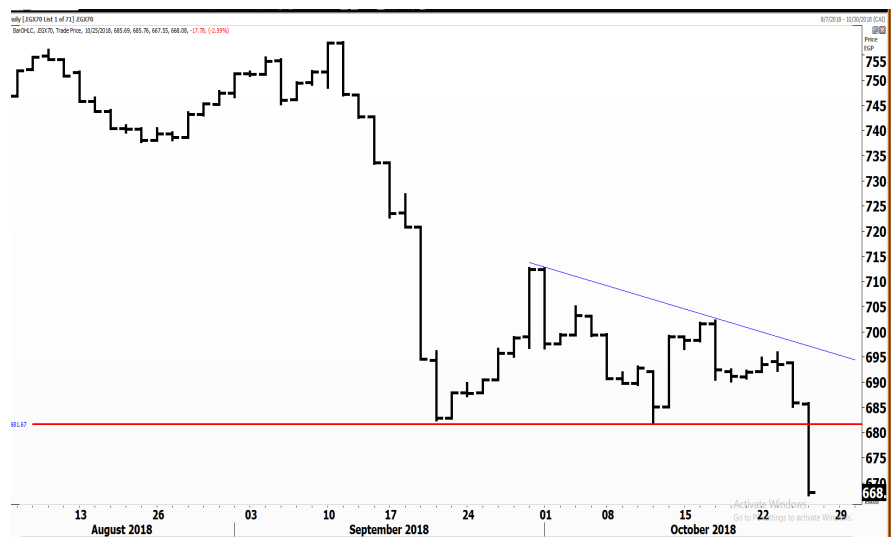
The market closed below its bottom at the end of the week, adding to the confusion among market participants. The confusion is based on the fact that sellers are still exerting strong pressure on the market, and are breaking support levels; while on the other hand, momentum indicators are still trying to stabilize. During such confusing markets, lateral volatility is high and both rises and declines come suddenly when we least expect them. During such times, we have only two options; either take the risk and step in at one of these strong declines, or wait for a clear confirmation. In other words, it is not right to enter at minimum confirmation. Either we enter at a full and clear confirmation, or we try catching falling knives and buy at the decline itself.

It goes without saying that we will not go for “catching falling knives” despite that it leads to strong profits sometimes, so our recommendation will be based on a clear breakout. Thus, we have to wait for a clear and confirmed break above 13,800 before stepping in. Those who want to buy at a break back above 13,200 should be very careful as the rise might be short lived.

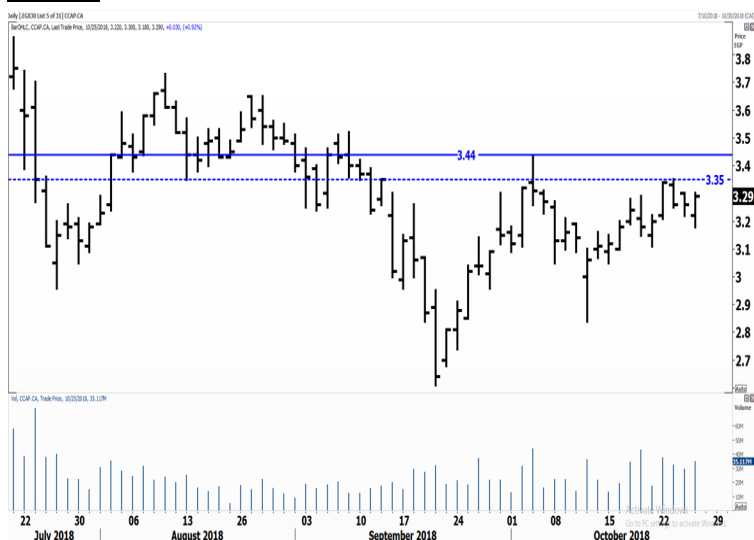
## .EGX 70/ Daily Chart

In our last weekly report we warned our readers of a potential significant decline on the EGX 70 index after it showed a lower high on Thursday the 18th. The index confirmed a descending triangle and broke 680 ultimately, closing at 668 at the end of the week.

If any rise occurs, it will meet strong resistance at 680. Our downward targets lie at 650 initially, then 600. Thus, we will monitor how the EGX 70 will act as it reaches 650 first.



## CCAP



Searching for potential stocks these timings is a very tough job as the market is weak and not able to witness a significant rise yet. CCAP though, is the best performer in the EGX 30 index by all means. The stock was able to maintain itself closer to its highs despite that the EGX 30 index witnessed a lower low. Such performance makes CCAP our number one potential. Obviously, it will be safer to enter the stock if the EGX 30 itself begins to rise significantly.

CCAP will trigger a confirmed buy signal at a breakout above 3.45. Such a breakout will most probably lead the stock to a new high. Those who want to step in early (*we can do that with CCAP because of its underperformance*) can step in at a break above 3.35.

PHDC is still one of the underperformers but it began to show strength lately in its relative performance curve, as well as in its momentum indicators. Our confirmed signal to enter will be triggered if the 2.5 level is broken upwards. Such a breakout will be a signal to buy with an upward target near 3.25.

The MACD indicator is witnessing a clear rise which shows that selling pressure is fading away; such signal is important only if buyers step in. In other words, if buying power intensifies, the stock will witness a significant rise, which might probably break 2.5 upwards.

## PHDC

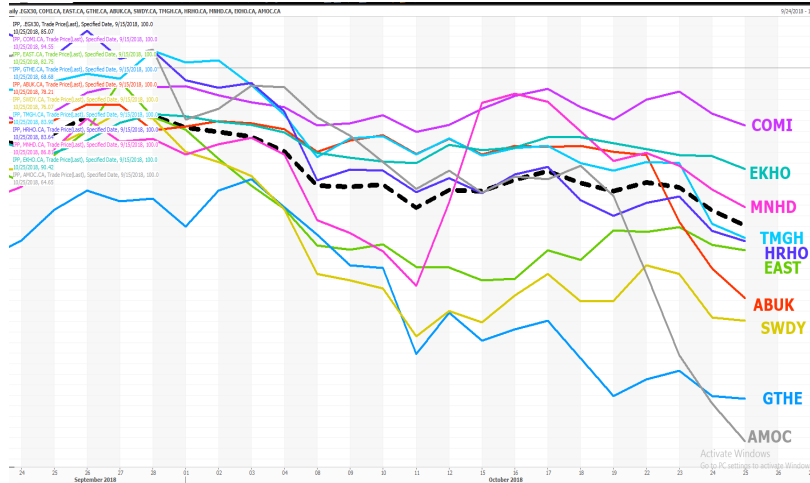


## SWDY



We are not bullish on SWDY yet, especially after it changed its characteristic to a high beta stock (as we mentioned in our previous quarterly reports). It is important though to look at the level that should be watched because of its effect on the overall market. The 15-15.25 area is important. A break above this will lead to a short-term rise, which might lead SWDY to 17-17.5. If this rise occurs, this will have a short-term positive effect on the overall market. Those who want to initiate a short-term trade on SWDY can step in slightly at a break above this resistance range.

## Top index weights (3% and above)



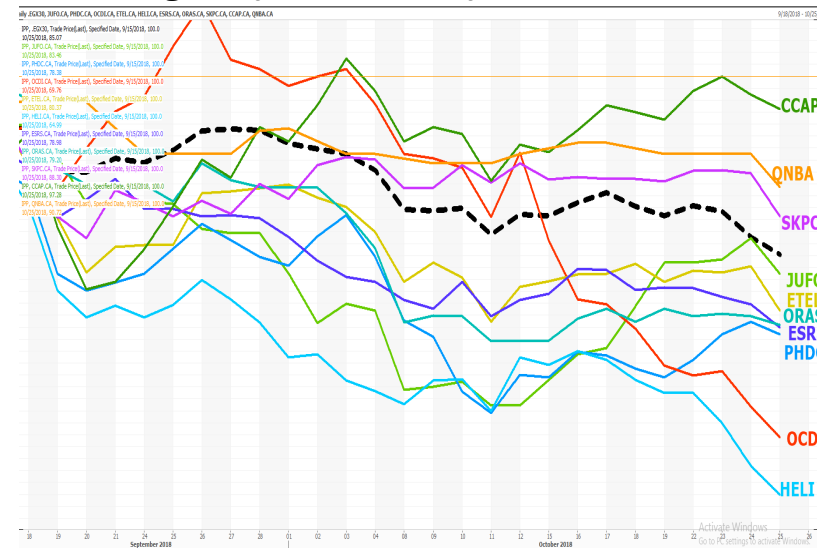
We have changed the base value to begin from Sept 15.

COMI, and EKHO are still outperformers; while ABUK and AMOC witnessed a significant deterioration in their performance, especially AMOC which witnessed a terrible decline both in price and relative performance.

On the other hand, MNHD is still doing well compared to other stocks. TMGH and HRHO are market performers.

COMI and EKHO are the best two stocks in the heavy weights.

## Mid Weights (above 1.5%)

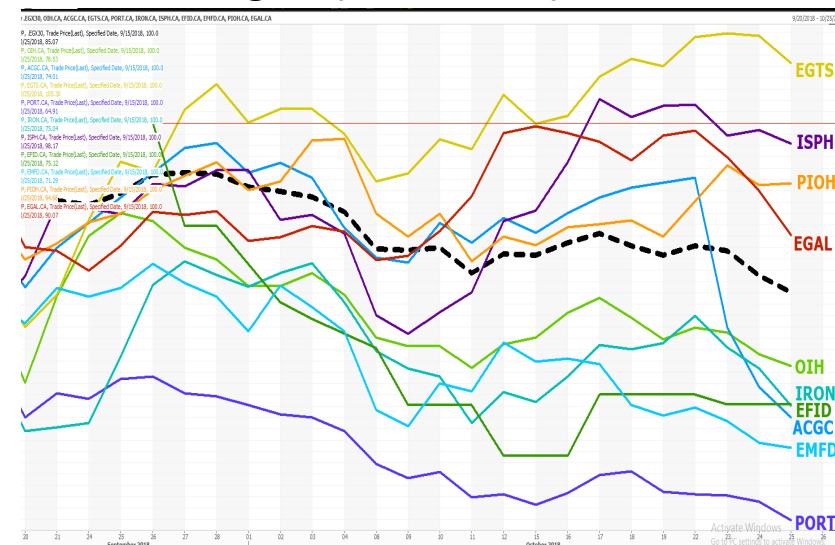


The three outperformers in this category of stocks are still the same; CCAP, QNBA, and SKPC.

OCDI, as we expected last week, continued its severe underperformance after it began to show some weakness in its relative performance curve over two weeks ago. JUFO and ETEL are still below the EGX 30 curve but are trying to show more enhancement in their relative performance curves.

As for the rest, we can depict PHDC, which began to show a rising relative performance curve. It is worth noting that PHDC reached very low price levels, and was the worst underperformer in the EGX 30 universe. Those who like to look at underperformers when they change their curves to up can look at Palm Hills.

## Smallest Weights (below 1.5%)



EGTS, ISPH, and PIOH are the best, then comes EGAL which witnessed a declining relative performance curve lately. As for the rest, we recommend investors to ignore them until they show improvement. Only OIH still looks relatively ok despite its current underperformance.

If we have a look at the whole EGX 30 stocks, currently outperformers are: COMI, EKHO, CCAP, QNBA, EGTS, ISPH, and SKPC.

Then we can talk about MNHD, PIOH, and EGAL but because of their volatility in their relative performance curves we prefer to make them second tier stocks.

## Disclaimer

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