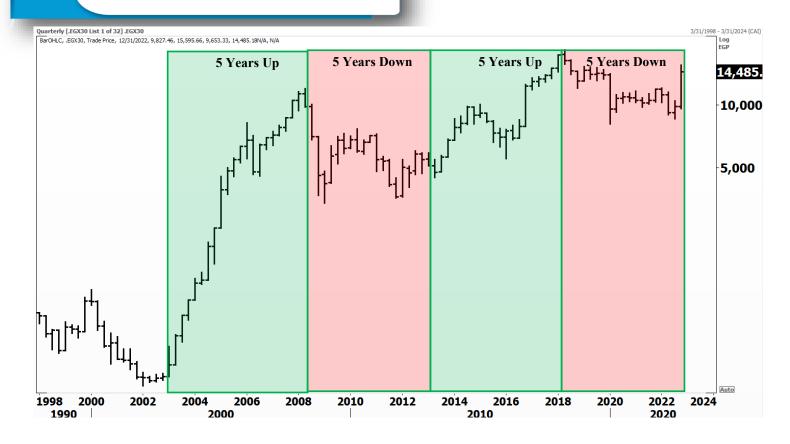


Our Market



5- Year Cycle



Understanding the 5-year cycle

A very simple visually inspected 5-year cycle that changes its phase in cycles. The major dates are known by most of investors so everybody will understand this analysis because of its simplicity and ease to understand.

We had a major uptrend from 1993 to 1998 and then in 1998 there was a major reversal in the market that led to a decline until 2002-2003 (with the exception of the 2000 rise of EMOB, MPRC, OCIC)

The market bottomed in 2002 but began its rise in 2003 which continued until the major peak that took place in 2008.

We entered into a new bearish phase from 2008 and the major trend bottomed in 2012 but began its rise during 2013.

Then a new bullish phase began from 2013 until the most recent major peak that appeared in 2018.

The market has been declining since then where we are beginning a new year 2023.

Concluding the effect of the 5- Year Cycle

The market bottomed during 2022, we were not sure if that was the bottom or not, but it looks like the 2022 bottom is in place. Now we should be beginning a new 5-year upward cycle that should take the market to new highs. We are expecting this cycle to continue and witness a 2023-2028 major bull market that will bring good news and strong profits to equity investors.

Thus, our conclusion is that we are beginning a bull phase of a Major degree.

How does it move and what is our target?

Obviously, all these major cycles are faced by contra-moves trends that can be of major magnitude sometimes. Which means that we can see downtrends inside this cycle, but the overall direction will be upwards, or this is what we are expecting.

For example, the market witnessed a strong 2006 decline inside the 2003-2008 major bull cycle, the market also witnessed a 2015-2016 decline within the 2013-2018 major bull cycle.

We noticed, however, that the first couple of years of the new bull cycle are positive (including the 90s bull cycle), which should make us positive for the new year.

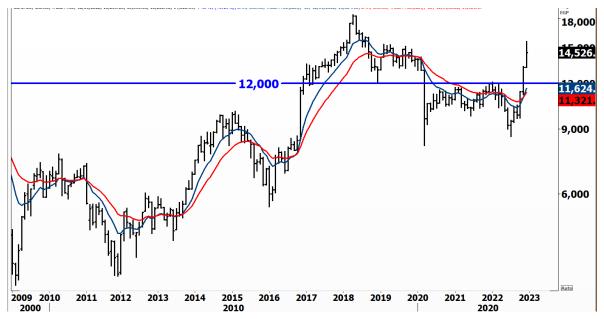
Such a cycle leads to much higher levels. The minimum target of this bull phase should be 40000 to be reached by the end of the major cycle.

Our Market



Long-Term Analysis

Based on our 5-year cycle analysis, it is natural to be bullish from a long-term perspective and to expect a new high to occur during this year, if not in the first quarter of the year.



The EGX 30 index witnessed a strong rise after the 9,000 bottom; it began with weak breadth and we were actually not expecting it to continue. But the market bluffed us and continued its rise by breaking the first important resistance at 10,500 (not shown on this monthly chart) where we began to turn bullish on the rise.

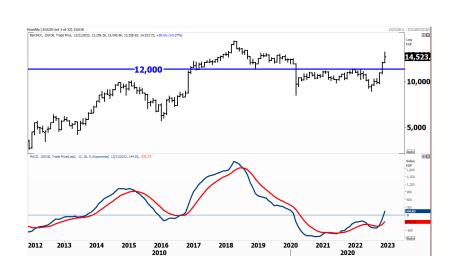
The more important signal was the strong break above 12,000 major resistance, which is clearly shown on this chart. This breakout confirmed the 9,000 bottom and triggered a handful of entry signals in individual stocks.

Our 10 and 20 Moving Averages witnessed a bullish crossover on the monthly chart too, which confirms the current market strength.

Thus, from a long-term perspective we are bullish.

The MACD monthly chart looks bullish as it witnessed a higher low, followed by a break above the peak with a positive crossover in the indicator itself.

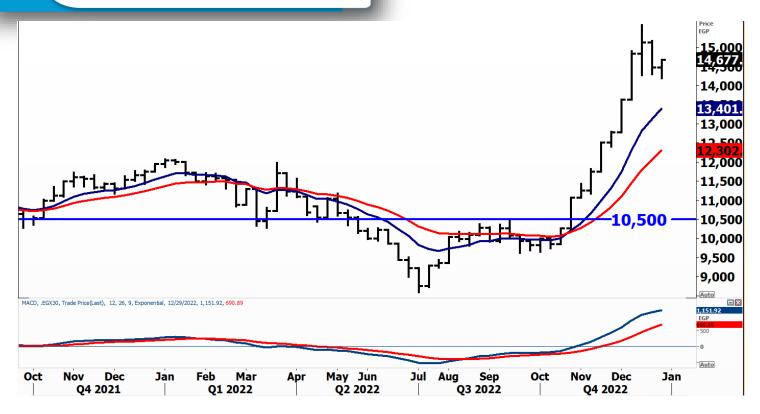
This tells us that we are entering a phase of strong positive momentum; obviously, this will be confirmed with the breakout above 18,000.



The breakout that took place



Weekly Chart Analysis



The breakout above the 10,500 was the first important signal to watch. Even those who were not expecting a bottom to take place should have respected the 10,500 break as it was clearly obvious on the weekly chart.

This breakout was our first entry signal but it also had some issues, as the market was still rising with a small number of stocks following this rise. This is called weak market breadth and usually leads to unsustainable market rises. The scenario, however, was different as more and more stocks began to join the rise until the EGX 30 broke above the major 12,000 level where most of the stocks began to follow and market breadth improved significantly.

What are the indicators telling us

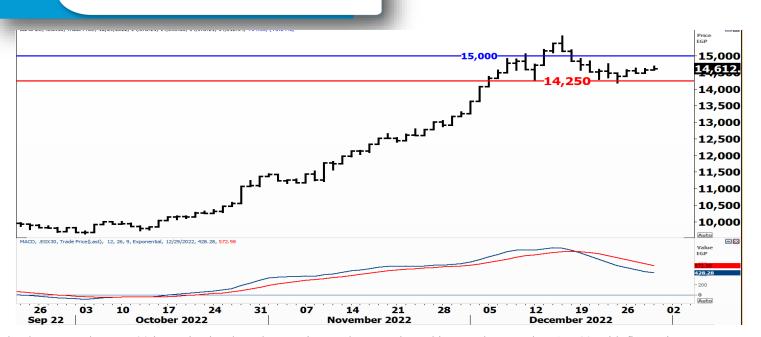
By the end of October 2022, our moving average system witnessed a confirmed entry signal. This is a lagging signal and is one of the very successful systems we use. This is an easy 10 and 20 weeks exponential moving averages crossover system that tells you to enter the market when a bullish crossover takes place. This important entry signal took place as the EGX 30 was breaking its 10,500 resistance. The system is still in its buy phase.

The MACD indicator, which is one of the important momentum indicators we use too gave a buy signal and is in its buy mode too. Having said that, a decline in the market should be seen as a chance to step in, as the overall direction of the market is currently up.

Short-term Analysis







On the short-term, the EGX 30 is moving in a lateral range since early December. This range has a peak at 15,500, with first resistance at 15,000. While the bottom of this trading range lies at 14,250.

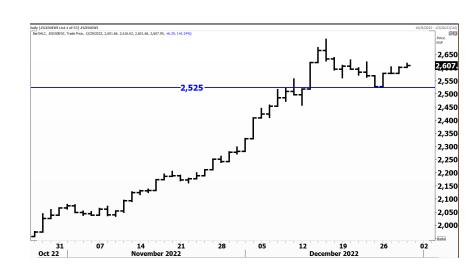
Short-term investors should be aware that a break below 14,200 will be negative on the short-term and can lead the index to 13,000 or even below. On the other hand, our first bullish signal here will be a break above 15,000. If the EGX 30 confirms a breakout above 15,000 we will probably witness a strong rise that will easily break 15,500.

Let us say it in another way, if we break above 15,000 during the first two weeks of January, we will reach the 18,000 level before the first quarter ends. On the other hand, if the 14,200 is violated downwards during Jan, we will probably see a not so good first quarter. If this scenario takes place, we will probably begin our strong rise by the end of the first quarter.

In all cases we are bullish on the market, even if the short-term picture reverses to a downtrend. Actually, a decline on the short-term will open the opportunity to enter the market at more favorable prices as we believe that the major bottom is already set.

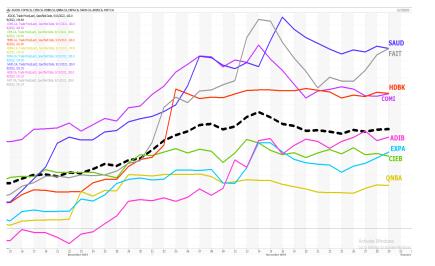
This is the EGX 50 daily chart. Those who are looking at this index should place their short-term stops below 2,525. A break below this level will confirm the short-term downtrend, which will lead to a significant market correction.

It is worth noting that despite this potential scenario, and even if the short-term trend reverses to the downside, our overall view is bullish as we are expecting a new historical high to take place either in the first or the second half of this year.





Banking



The dotted line is the EGX 30 index; we have placed all the stocks on the same scale so we can depict outperformers during the whole year of 2022.

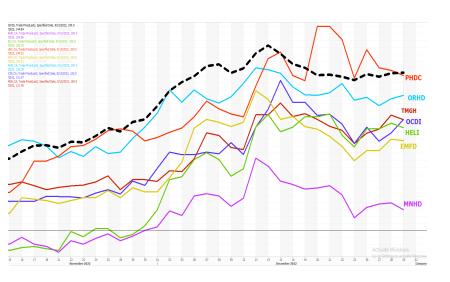
It is worth noting that from the 8 stocks, half of them are outperforming the EGX 30.

FAIT (Faisal Islamic), SAUD, and HDBK are the strongest three stocks, along with COMI.

FAIT witnessed a major rise as we were expecting in our last annual report, and reached new historical highs, rising from its bottom at 13 to reach 28 during 2022. The stock corrected after wards and is now trading at 25, expected to break 28 and continue its major uptrend. Support lies at 22. As for **SAUD**, the stock witnessed a 100% rise during 2022 and is still hovering around its highs. SAUD looks very strong and expected to continue its major rise and break above 9.

HĎBK looks beautiful as it is forming a flag-like formation, resting a little bit before continuing its mega rise. Much higher targets are expected. **COMI** and despite its bearish candle formation it is still expected to continue its major rise even if it corrects during early 2023. A break above 43.5 once again will be bullish. We like **ADIB** too as it is on its way to break above 18.5 and continue its major uptrend.





If we look at real estates stocks in comparison to the EGX 30 relative performance curve, we will notice that real estate is not longer the fuel of the market like past years. There are other sectors that are doing better and are expected to outperform. Nonetheless, many of the real estate stocks look good and will join the 2023 market rise with an aggressive attitude.

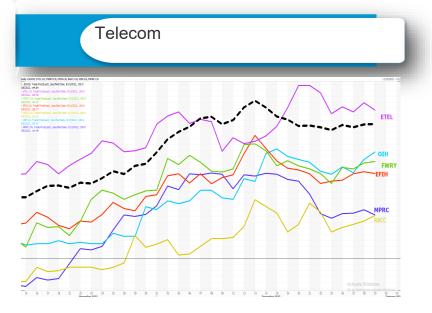
PHDC, is the strongest of these stocks and is probably preparing itself for the strongest breakout ever in its life. The 2.1 upward breakout will be seen as a very strong move that will take the stock to more than it double price.

ORHD looks strong, especially after the 6 breakout. ORHD is facing its strongest resistance at 8. The breakout above this level on a confirmed basis will lead the stock to a major rise that should send it to 20.

TMGH is also challenging its major resistance that lies at 10. This is an important breakout too that should lead the stock near 14

As for **HELI** the stock is trading near 8 and is expected to reach 12 as it will face its major resistance there.



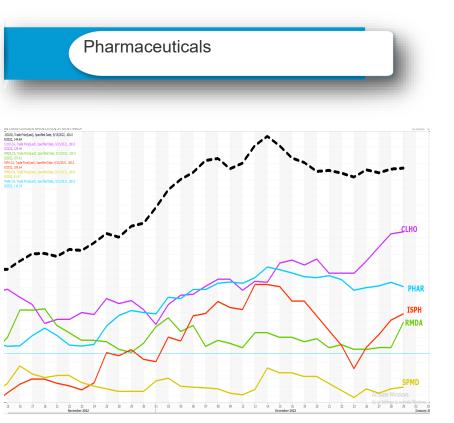


ETEL is one of the strongest performers in our market and is witnessing a major uptrend for the first time in its life. ETEL is expected to reach above 40. Those who have the stock are recommended to hold their positions.

OIH is expected to test its major resistance that lies at 0.32-0.33. A break above this area will lead the stock to 0.45 as a minimum target.

As for **FWRY** the stock is reversing its trend to up after few years of weakness. We expect the stock to double this year even if it witnesses a correction in the beginning of the year.

EFIH broke above 18 and is expected to reach its high that lies at 24



The last quarter of 2022 shows that Pharmaceuticals in general were underperforming the EGX.

As we can see from these charts and previous ones, not all stocks analyzed here are in the EGX 30, but we are comparing them all to the main index.

CLHO is the best performer with a clearly rising relative performance curve. The stock remained most of the year as an underperformer but began to do a better job in the past few months.

The stock needs to break above 5.5-5.6 to begin a new strong upward move that can probably take it to new highs.

ISPH also witnessed improvement lately after a couple of years of very weak performance. The stock began to look strong after breaking its major downtrend-line. The stock is expected to reach 3.5 probably in the first quarter of 2023. If it falls from here, this will be seen as an opportunity to step in.

We also want to talk here about **SPMD**, which is still the worst performing stock in the market. It is moving in a very tight range at very low levels, and might be forming a bottoming formation. Such stocks are very risky to enter because of the clear underperformance. However, if it begins a rise, it will be a strong one. The 0.6 is a target that should be tested soon.





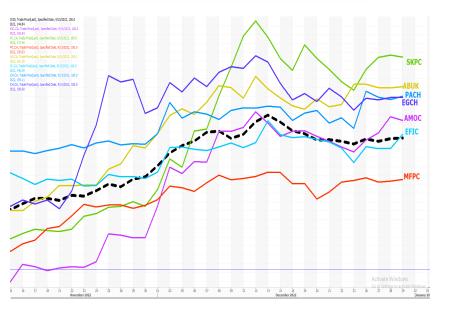
SUGR is an outperformer and since it is outperforming the main index, then it is obviously outperforming the EGX 70 (since the EGX 30 is currently outperforming its 70 counterpart). The stock broke its major resistance and is expected to reach 30 or slightly above. If any correction takes place from here it will stop either near 20 or 18.5; in both cases, the next rise will probably take SUGR to 30.

OLFI is also doing very well and witnessed strong performance lately. A clear and confirmed breakout above 8 should lead the stock to a minimum target of 12. We are expecting this breakout to take place soon.

EFID looks strong and is on its way to 20; any decline near the 12 level will be a chance to step in.

JUFO as we can see, is witnessing a very strong relative performance curve; rising in a clear uptrend showing strong outperformance. The stock broke 8.5 and broke 9 and is on its way to 14.

Chemicals, Petrochemicals, and Oil



Almost all of the stocks in the Chemicals and Petrochemical sector are outperforming the index. This is one of the outperforming sectors that is expected to continue its strong performance this year.

SKPC is on the top. The stock broke above 11 on a confirmed basis and witnessed a major breakout. This breakout is of major magnitude and should lead SKPC to more than 21-22. Those who are out of the stock are recommended to buy.

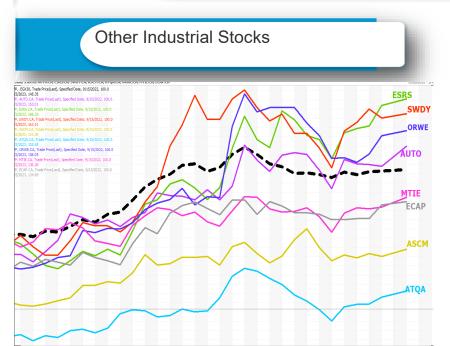
The breakout above 37 in **ABUK** is very significant as it led the stock to new historical highs. We do not have a target but we recommend investors to buy and hold the stock.

PACH and EGCH are two good looking stocks too. PACH is on its way to break above 29.75 which will be a major breakout and will probably lead the stock near 50. EGCH witnessed very high volumes lately and is on its way to 8.3 which will be expected to serve as strong resistance.

AMOC might witness a correction from these levels, but the stock is expected to reach 10 even if it declines from here.

EFIC is one of the outperformers and is already in a major uptrend, especially after the breakout above 21. The stock is in the middle of a major uptrend an is still expected to reach much higher targets. Our main target lies near 50. **MFPC** also hit new historical highs after breaking above 120. We do not have an upward target but we are witnessing a major uptrend that is expected to reach much higher targets. Buy and hold.



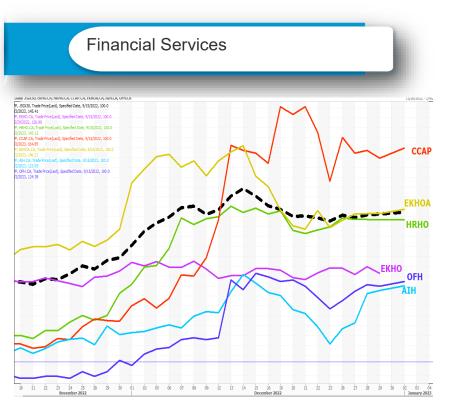


ESRS is still one of the best performers and still expected to reach higher levels. The breakout above 17 was the major confirmation and the stock rose sharply afterwards to close the year above 23. Our minimum target lies at 30.

SWDY comes next as it broke its major resistance that lies at 10.5. The stock is a buy and hold and corrections should be used as a chance to step in. The stock is expected to surpass 20.

ORWE is also a clear outperformer now and is a buy at dips. Any decline near 9.5 or slightly above is a chance to buy. We are expecting the stock to break 13 to the upside.

One of the stocks that we like is **AUTO**, which is on its way to its major resistance that lies at 6.5. The stock as been moving inside a trading range since its IPO and did not witness a major uptrend yet. We expect the break above 6.5 to announce the birth of a new major uptrend.



The three strongest performers are CCAP, EKHOA, and HRHO.

CCAP witnessed a major breakout above 1.75. This breakout signaled a new uptrend, which led the stock to close the year above 2. Our target lies at 4; thus corrections are chances to step in

EKHOA is one of the outperformers and is expected to break above 36, which is the major peak for the stock. Support lies at 30.

HRHO should also witness a strong rise in the coming future. The first breakout was the 13.5 break; this was an important entry signal as it signaled a clear higher low and higher high on the weekly chart. The breakout above 16 that came afterwards was a confirmation of the major uptrend. Our minimum target lies at 22.

Looking at the Dollar Index and Gold



Dollar and Correlation with the S&P

This is a weekly chart of the Dollar Index, along with a correlation curve with the S&P 500. If we look at the correlation between both markets we will note that from 2019 until the end of 2022 the correlation between the Dollar Index and the US equity market was negative with the exception of the June 2021– March 2022 period.

The Dollar Index has been falling since November 2022, breaking a support at 105. It looks like this decline, which came swiftly should find its support above 100. In other words, we expect the Dollar Index to witness a rebound, at least on the short-term.

A break above 105 will be the trigger for this rise, which should lead the USD near its peak once again.

A renewed rise in the Dollar Index is not bullish for the S&P 500 which is approaching an important support at 3,600.





This is a monthly chart of the Gold Bullion as it shows the major support that lies at 1,675. Actually, it looks like the Gold is topping. If this is so, we will probably witness a significant decline that can take this commodity to lower levels.

Let us first wait for a clear break below 1,675 before making conclusions.

Thus let us put it this way, the Gold will be bearish if it confirms a break below 1,675; this will lead it once again near 1,300.

The correlation with the US equities is more positive than negative; this means that the S&P can also fall, especially if it breaks below its major 3,600 support.

If this scenario takes place. We might see a rising Dollar, along with a declining Gold and Equity Market. This scenario is not confirmed yet.

Confirming our view with EURO

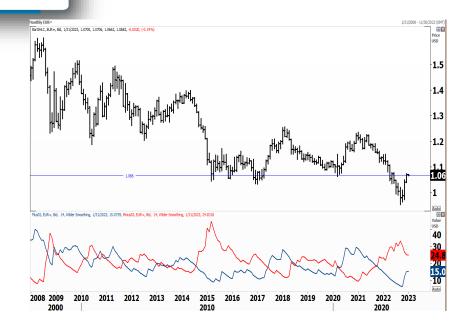


Euro Vs. Dollar

The Euro/Dollar witnessed an almost vertical rise during the last quarter of 2022 and is currently testing a resistance area near 1.06.

When we look at this monthly chart, along with our +DI/DI indicator, we will have the feeling that the Euro is rising to test resistance and will continue its decline. It can even break above 1.06 and witness a lower high (last peak lies at 1.2) and continue its decline.

Our indicators are more biased to this view too, which makes us think that the probability of a weaker Euro and a stronger Dollar index is relatively high.





FWRY/ Weekly Chart



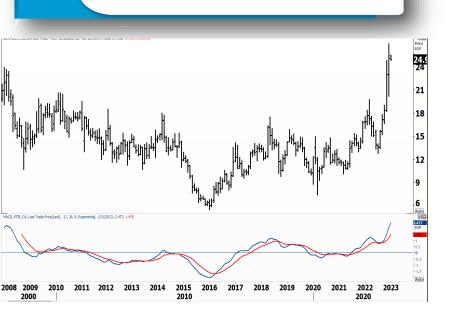
One of the important stocks that should witness a strong rise in the coming period.

The stock broke above 4.3 and confirmed this breakout on a weekly basis. This breakout is intermediate-term in nature and should lead the stock to much higher targets.

FWRY has a target at 8.5-9, while current support lies at 4.75.

Investors who entered are recommended to hold positions, keeping their initial stop below 4.75, and keep the stock as a long-term investment.

ETEL Monthly Chart



From a long-term perspective, this is actually the strongest stock as it is witnessing its first major uptrend since its IPO.

ETEL is entering a completely new phase and is hitting new highs. We recommend investors to buy the stock from a long -term perspective and hold until a clear sell signal takes place.

For now, we believe that the stock will reach higher levels, probably surpassing 40.



SWDY/ Monthly Chart



The breakout above 10.7 is of major magnitude, as we can see from this monthly chart. SWDY confirmed a long-term uptrend and is on its way to reach higher targets.

This is also one of the buy-and-hold stocks as it should reach near 20. If a correction takes place the decline will stop near 11 or above; any correction is a chance to buy and hold; we are expecting the stock to actually double.

ESRS/ Monthly Chart



ESRS broke out of a major inverted head and shoulders last year (as we can see from the shaded area) and triggered an important entry signal with the breakout above 12.

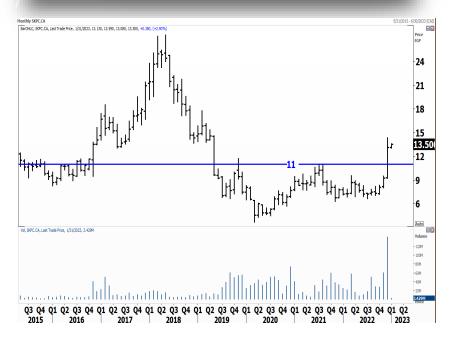
The stock corrected afterwards before continuing its upward move, breaking 17 to the upside then witnessing a vertical rise to reach mid twenties.

ESRS is in a major uptrend—obviously—and this trend is expected to continue for sometime to come.

A test of major support is very unlikely to take place, but the stock can revisit early twenties before continuing its strength to a minimum target of 32.



SKPC/ Monthly Chart



One of the beautiful stocks that broke out of major levels. SKPC broke above 11 to confirm a major uptrend with clear higher lows and higher highs. This breakout also came on high volumes, which confirms this major uptrend.

Any decline will be a chance to buy as we are expecting SKPC to reach much higher levels. Our first important target lies at 18, but we believe that higher levels will be reached.

This is also one of the buy and hold stocks.

AMOC/ Monthly Chart



Not as classical as SKPC, but AMOC also looks strong and is witnessing a major uptrend; we still recommend buying at corrections as this uptrend should continue.

Upward target lies at 10; this is a level that can be reached but will probably meet strong selling pressure. On the other hand, if a correction takes place, the 5.5 level will serve as a good support for the stock.

We are bullish on AMOC.



AUTO/ Monthly Chart



AUTO's monthly chart shows that the stock is witnessing a major sideways trend since inception. The 6.6 level is the upper boundary of this mega sideways trend.

For now, we expect the stock to test the upper boundary of the lateral range (6.5-6.7). If it breaks above this area, it will enter a new phase as a new major uptrend will be in place.

Note: this is the same analysis of last year report as AUTO is still in its sideways range; the only difference is that it witnessed a higher low during July-August 2022, which increases the probability of a breakout above 6.6.

HELI/ Monthly Chart

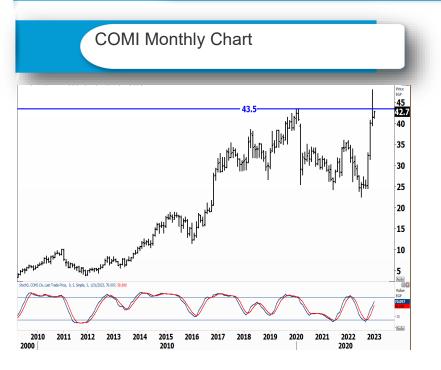


HELI is currently in a major uptrend too after the breakout above 7.5. The stock witnessed a major ascending triangle which was broken to the upside, along with a rising MACD indicator.

The breakout above 7.5 confirmed the major uptrend and the stock is expected to reach its high that lies around 13.

Those who want to step in can buy minor declines and our support lies at 7.





COMI has been witnessing a major lateral range between 2017 and 2022; the breakout above 43.5 will solve this sideways range to the upside and will confirm the continuation of the secular uptrend that the stock is witnessing.

Our stochastic oscillator (one of the percentile indicators that are used in technical analysis) is still on its way to enter overbought. If this indicators enters overbought area along with a breakout above 43.5-44, this will be seen as a bullish scenario from a long-term perspective.

It is important to note that any correction that takes place will not change our major bullish view.



The stock already broke its major resistance that lies at 16. Thus, it is a buy and hold as it can go to 22 initially, then higher targets will probably be reached.

From a medium-term perspective, any correction will find support near 15, this will be a level that will be able to halt declines.

Buying dips is recommended.



CIEB/ Monthly Chart



A breakout above 9 will trigger a new major entry signal with a target around 12. Those who are waiting for confirmation and are still out of the stock can buy the breakout.

On the other hand, the 7.5 level is expected to serve as support should a correction take place.

CIEB is one of the strong performers that are expected to continue their strength.

Disclaimer



Disclaimer

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Technical Analysis Department

Saleh Nasser Chief Technical Strategist

Ahmed Hassan Senior Technical Analyst

Dina Fahmy Senior Technical Analyst