

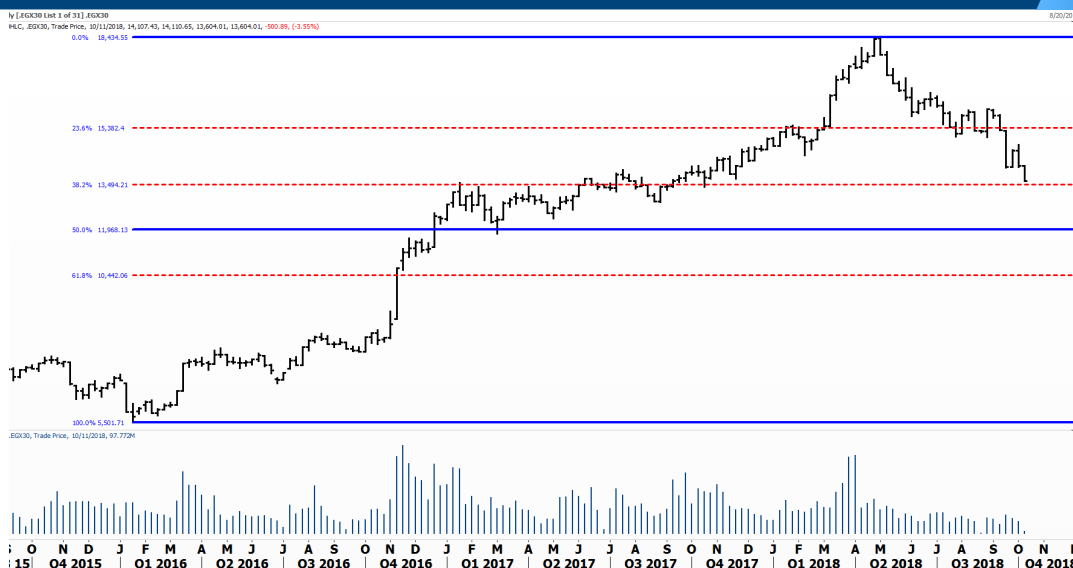


PIONEERSECURITIES

TECH TO THE POINT

9-Oct-18

This report must be read with the disclaimer
on the last page



Last	13,604.01
High Today	14,110.65
Low Today	13,604.01
Volume	M 97.772
First Support	13,500.00
Second Support	12,900.00
First Resistance	14,100.00
Second Resistance	14,800.00
Stop Loss	
HISTORICAL RETURN %	
1 WEEK	-5.83%
1 MONTH	-13.92%
1 QUARTER	-13.82%
1 YEAR	-2.81%
YTD	-9.42%

Analysis

The weekly chart of the EGX 30 index shows the big decline that the index witnessed since April 2018. As we can see from this major decline, the market did not witness any significant upward move until now; we only saw a tight sideways range between July and September (the 15,000-16,000 range) before the decline continued to reach a low of 13,600. If we look at the overall decline from April to October 2018, we will note that the EGX 30 fell around 25% from its peak.

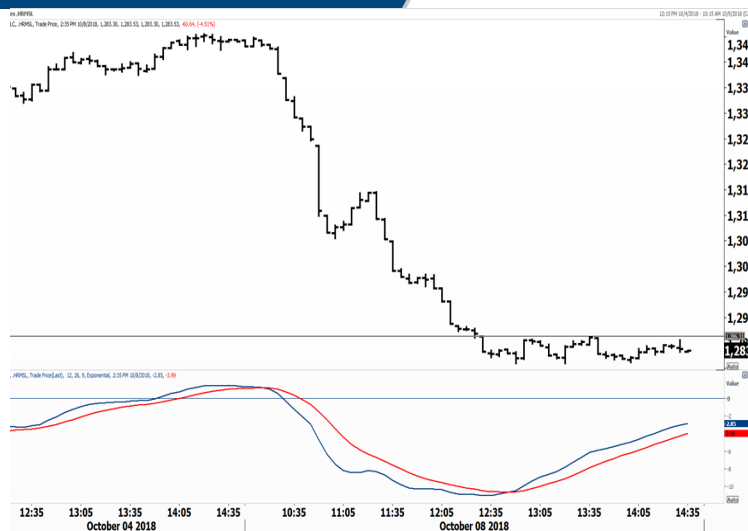
It is important to note that 13,500 is an important support, as well as the 38% retracement level of the whole rise (the 5,500 to 18,300 rise). The next retracement (i.e. the 50% retracement) lies at around 12,000, which is also a very important support. In other words, our first important level to watch is 13,500, followed by 12,000. Since we are almost testing the first level, then we should monitor the market closely in anticipation of a contra-trend upward move.

Hermes Last Index/ 5-minutes chart

Analysis





If we look at the 5-minutes chart we will see that the Hermes Last Index witnessed a lateral trading range from 12:30 until the end of the session. Thus, the panic selling came in the two first hours of yesterday's session. A break above the peak of this lateral range is of no big importance, but it can, at least, lead to T+0 and T+1 trading opportunities.

For the market to witness a strong rebound, we need to watch the market witnessing a strong positive day with high volumes, which is not the case yet.







Resistance

Support

- EAST**  Broke 16 to the downside, closing at 15.8. EAST should find its first support at 15, next 13.5. We do not recommend stepping in until a clear rebound occurs from either of these two levels.
- SWDY**  In our past two quarterly reports we mentioned clearly that SWDY and EAST were changing their characteristics from defensive stocks to offensive high beta stocks. This was proved later as both stocks witnessed severe declines along with the major market correction. The 14.5-15 area should halt the stock from declining more.
- AUTO**  Despite that AUTO broke support, we expect it to rebound from the 4.6-4.7 range. If a rebound occurs, a trading opportunity will be available. No buy is recommended until a clear rebound occurs though.
- EMFD**  Unfortunately, real estate stocks are the worst performers. This is normal as their beta is very high; we have been mentioning a lot, especially in our quarterly report, that real estate stocks should not be held during market corrections. EMFD broke its major support (3.8) during September and confirmed a downtrend. The stock broke yesterday another support and is on its way to test 2.9-2.95.

Testing

Support

- ETEL**  The 10.5 level is ETEL's support. The area from 10.5 to 12 is a –nothing to do– area. In other words, we cannot recommend the stock until it breaks clearly above 12.
- HRHO**  The 15.8-16 range is the stock major support. HRHO closed at 15.3 exactly at the low of the last bottom. If HRHO cannot trade back above 16, it will witness a renewed major decline that will take it to much lower levels. This will be the violation of a two years topping formation, something not to be messed with!
- PHDC**  The stock has a major support at 2.2. If this support fails to hold the current decline, we can see PHDC going to 1.7-1.75.
- AIND**  Witnessed a severe panic yesterday, closing at 0.666 near 0.65 which is the stock's support. If a break below 0.65 occurs, this will be considered bearish for the stock.

Resistance

Symbol	S. Description	Last	Support 1	Support 2	Resistance 1	Resistance 2	Trend	Recommendation	Stop Loss/ Re-Entry
COMI.CA	COM INTL BK	80.00	80.00*	77.00	84.00	86.25	↔	Hold	80.00
EAST.CA	EASTERN CO	15.80	15.00	13.50	18.00	19.80	↓	P.SELL	19.80
SWDY.CA	ELSWEDY ELECTRIC	15.10	14.50	14.00	16.50	18.30	↓	P.SELL	18.30
TMGH.CA	TALAT MOSTAFA	10.11	9.90	9.50	11.40	12.30	↔	Hold	9.90
ABUK.CA	ABU QIR FRT&CHM	30.70	30.00	29.00	32.60	35.00	↔	Hold	29.00
EKHO.CA	EGYPT KUWAIT HLD	1.13	\$1.11	\$1.08	\$1.17	\$1.23	↔	Hold	\$1.08
HRHO.CA	EFG HERMES HOLD	15.30	15.00	14.00	16.00	18.00	↔	Hold	15.00
GTHE.CA	GLOBAL TELECO	3.10	3.00	2.90	3.50	3.90	↓	P.SELL	3.50
AMOC.CA	ALX MINERAL OILS	10.35	10.25	9.80	10.80	11.40	↔	Hold	10.25
MNHD.CA	MEDINET NASR HOU	6.90	6.50	5.50	7.90	9.15	↓	P.SELL	7.90
SKPC.CA	SIDI KERIR PETRC	22.25	21.40	20.50	23.50	26.00	↓	P.SELL	23.50
OCDI.CA	6TH OCT DEV INV	19.65	18.75	17.50	22.20	23.30	↔	Hold	18.75
JUFO.CA	JUHAYNA FOOD IND	8.66	8.70 *	7.70	10.85	11.50	↓	P.SELL	10.85
ESRS.CA	EZZ STEEL	20.11	19.25	18.50	21.50	24.00	↓	P.SELL	24.00
ETEL.CA	TELECOM EGYPT	10.71	10.25	9.55	11.90	13.20	↓	P.SELL	11.90
CCAP.CA	CITADEL CAPITAL	3.13	2.95	2.60	3.45	3.75	↔	Hold	2.95
QNBA.CA	QNB ALAHLI	43.00	40.00	38.00	50.00	54.50	↓	P.SELL	54.50
PHDC.CA	PALM HILL DEV CO	2.24	2.15	1.80	2.55	2.90	↓	P.SELL	2.55
ORAS.CA	ORASCOM CONST	111.10	106.00	94.00	122.00	138.00	↓	P.SELL	138.00
HELI.CA	Misr Gedida Hou	20.55	19.90	18.00	23.50	25.00	↓	P.SELL	23.50
EFID.CA	EDITA FOOD INDS	14.75	14.50	13.50	19.00	21.50	↔	Hold	17.50
ISPH.CA	IBNSINA PHARMA	8.10	8.00	7.50	9.60	10.10	↔	Hold	8.90
EMFD.CA	EMAAR MISR DEV	3.07	2.90	2.50	3.70	3.90	↓	P.SELL	3.70
PIOH.CA	PIONEERS HLDG	5.74	5.40	5.00	6.50	7.00	↓	P.SELL	7.00
OIH.CA	ORASCOM INVESTMENT HOLDING	0.55	0.54	0.51	0.64	0.69	↓	P.SELL	0.64
EGAL.CA	EGYPT ALUMINIUM	33.20	32.50	31.00	35.80	39.20	↓	P.SELL	35.80
EGTS.CA	EGYPTIAN RESORTS	1.72	1.68	1.42	1.96	2.03	↔	Hold	1.68
PORT.CA	PORTO GROUP	0.74	0.60	N.A	0.85	1.20	↓	P.SELL	0.85
IRON.CA	EGYPTIAN IR & ST	4.47	4.15	3.85	5.30	5.90	↓	P.SELL	5.30
ACGC.CA	ARAB COTTON GIN.	1.97	1.83	1.72	2.30	2.50	↓	P.SELL	2.30

Guidelines



Bullish



Bearish



Neutral

Trend: (Upgrade, Downgrade): Change in trend color refers to upgrade or downgrade in the trend relative to the previous trend direction. E.g. change from "↓ Down" to "↔ Flat" is considered an upgrade and vice versa.

Buy: Buy the full position.

P.Buy: Buy portion of a position

Hold: Don't Buy or sell.

P.SELL: Sell portion of a position.

Sell: Sell the full position.

Stop Loss: Completely exit the position (or) Re-entry in cases of Selling.

Disclaimer

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Technical Analysis Department

Saleh Nasser

Chief Technical Strategist

Ahmed Hassan

Senior Technical Analyst

Dina Fahmy

Senior Technical Analyst

Tips on reading the report

The first page includes an analysis of two major indices in the Egyptian Stock Market; the norm is that we will analyze both the EGX 30 and 70, but sometimes we will compare the EGX 30 to its 50 counterpart if there is important information in this comparison. We also use the Hermes Last Index interchangeably with the EGX 30. The .HRMSL index has an important edge; it uses last prices instead of VWAP. First thing our clients should do is to read the indices analysis carefully to have a clear understanding on our overall view.

The second page includes stocks that broke out beyond their resistance levels, and those that violated their support levels. It also includes stocks that are testing their support levels and those that are testing their resistance. This analysis is important and it is the core of our recommendations. It is important to note though that not all stocks that are testing their support levels are bullish, and not all that are testing their resistance levels are bearish. To make it easier for our clients, we have placed a bull face 🐂 if we consider the stock under study bullish, and a bear face 🐻 if we consider it bearish. We also added a big bullet 🟩 if we are neutral.

It is important to note that you might find a stock that we consider bullish in our analysis (in the breakouts/testing section) but it remains as a hold or partial sell in the table. The conflict here is that the table is more conservative. This will not be an issue with our clients, because our analysis will explain why we are being bullish/bearish on the stock.