

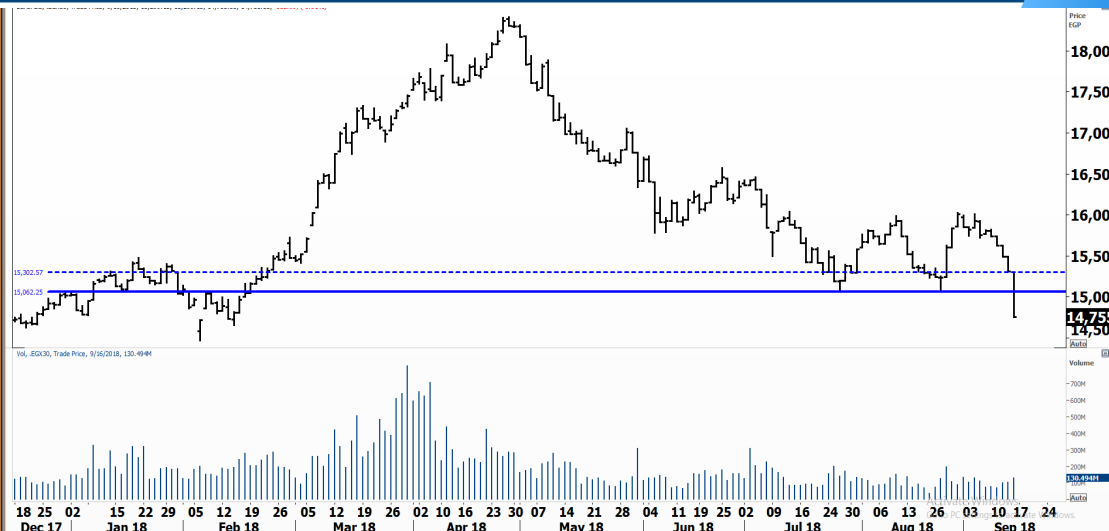


PIONEERSECURITIES

TECH TO THE POINT

17-Sep-18

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



Last	14,755.63
High Today	15,299.18
Low Today	14,755.63
Volume	M 130.494
First Support	14,500.00
Second Support	13,700.00
First Resistance	15,000.00
Second Resistance	15,600.00
Stop Loss	
HISTORICAL RETURN %	
1 WEEK	-6.25%
1 MONTH	-3.53%
1 QUARTER	-9.03%
1 YEAR	8.41%
YTD	-1.75%

Analysis

Yesterday's break below major support confirmed the market downtrend and signaled the beginning of a prolonged downward move that can lead the market to much lower levels. As we mentioned before, our minimum downward target lies at 12,000.

The question now is whether there is an upward move before the continuation of the current panic phase or not. First of all, our market has always been known to have a very high directional volatility, which means that it falls sharply for a prolonged period of time; the same applies during rises; since we are in a declining mood, then it will be natural to see a big series of declines with no upward movements.

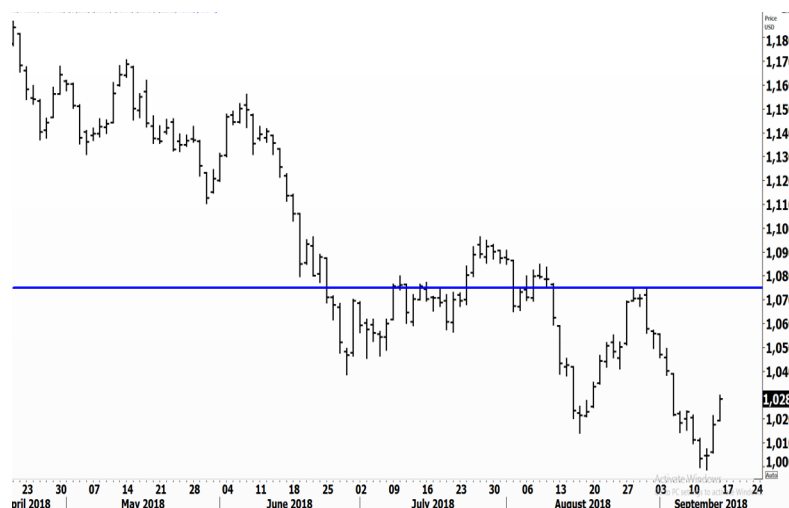
It is important to look at the probabilities of a temporary false break. By that we mean that we might witness a sudden rise that can take the market back above 15,000-15,100 before the decline continues. Today we will look at the 14,500 level, a rebound from this level will lead the index back to 15,000. We will not expect a significant rise, however, unless the EGX 30 breaks above yesterday's high which lies at around 15,300.

MSCI Index/ Daily Chart

Analysis






The chart belongs to the Morgan Stanley Emerging Markets Index. The correlation between the MSCI and the EGX 30 is positive from a long-term perspective. This correlation, however, fades away as we go more into the minor picture. Thus, movements within short-term boundaries have no effect on our market. This is the reason why the index rebounded sharply the past few sessions, while our market was falling swiftly and harshly.

There are some points worth our attention though. If we look at the upward levels, we will note that 1,075 is the current MSCI peak and important to watch. Only a break above this level will be bullish for the index, which will probably have a positive effect on our market. As long, however, as we are trading below the peak, then we will analyze each index individually.





Resistance

Support

- HELI**  Broke below 26.3, closing at around 25.85. HELI has a support at 24.5. Any rebound from this support will be short-lived and temporary. From an intermediate-term perspective, as long as HELI keeps trading below 31, the probability to break 24 downwards will be high. Such a violation will lead the stock to much lower levels.
- HRHO**  If the stock continues trading below its major support that lies at 15.75, our target will be set at round 11. Thus, only a break back above 15.75 will save HRHO from a strong and swift fall.
- EGTS**  Closed too far away from 1.8, showing how sellers were aggressive while dumping their positions. Volumes were not very high yesterday, but if the stock does not begin to rebound quickly, it will still have a lot of room to go downwards.
- PHDC**  The stock is already bearish since a long time. Its underperformance is clear since its major decline that began on April. If we look at the bigger picture however, we will note that it is approaching a very important area where it should begin to rebound. PHDC already retraced more than 62% of its total rise, and is testing a major trend line that appears on the monthly chart.
- AIND**  The one day decline from 0.94 to 0.86 is very tough. We expect AIND to reach 0.8 and then witness a short-term rebound.

Testing

Support

- CCAP**  Testing its major support that lies at 2.96. If CCAP violates this major level a sell signal will be triggered as the next decline will be strong. As long as it is trading above this support, we can trade it. We do not recommend stepping in, however, until CCAP breaks above 3.3 upwards.
- MNHD**  Despite that MNHD broke below 7.55, it still has its previous major peak that lies at 7.45. We do not expect this support to hold, and thus, we expect much more decline that will take the stock near 6.5.

Resistance

Symbol	S. Description	Last	Support 1	Support 2	Resistance 1	Resistance 2	Trend	Recommendation	Stop Loss/ Re-Entry
COMI.CA	COM INTL BK	82.10	81.90	80.00	86.25	88.50	↔	Hold	80.00
EAST.CA	EASTERN CO	88.50	84.50	75.50	96.50	105.00	↓	P.SELL	105.00
SWDY.CA	ELSWEDY ELECTRIC	179.00	171.00	165.00	205.00	225.00	↔	Hold	171.00
TMGH.CA	TALAT MOSTAFA	10.44	9.90	9.50	11.20	12.30	↔	Hold	9.90
ABUK.CA	ABU QIR FRT&CHM	31.00	30.00	28.50	32.60	33.50	↔	Hold	30.00
EKHO.CA	EGYPT KUWAIT HLD	1.22	\$1.17	\$1.12	\$1.23	\$1.35	↔	Hold	\$1.12
HRHO.CA	EFG HERMES HOLD	15.35	14.00	12.40	15.75	17.25	↓	P.SELL	17.25
GTHE.CA	GLOBAL TELECO	3.52	3.52 *	3.35	3.90	4.35	↓	P.SELL	4.35
AMOC.CA	ALX MINERAL OILS	10.67	10.44	10.00	11.09	11.70	↔	Hold	10.44
MNHD.CA	MEDINET NASR HOU	7.44	7.45	7.00	8.00	8.40	↓	P.SELL	8.00
SKPC.CA	SIDI KERIR PETRC	23.20	22.44	21.70	24.10	26.00	↔	Hold	22.44
OCDI.CA	6TH OCT DEV INV	20.69	20.00	19.00	22.00	23.90	↔	Hold	20.00
JUFO.CA	JUHAYNA FOOD IND	0.00	11.20	10.60	12.10	13.00	↔	Hold	10.60
ESRS.CA	EZZ STEEL	24.00	24.00 *	22.85	25.70	27.50	↓	P.SELL	24.00
ETEL.CA	TELECOM EGYPT	12.75	12.10	11.80	13.20	14.00	↓	P.SELL	14.00
CCAP.CA	CITADEL CAPITAL	3.02	2.96	2.70	3.30	3.50	↔	Hold	2.96
QNBA.CA	QNB ALAHLI	45.31	44.30	40.00	50.00	54.50	↔	Hold	44.30
PHDC.CA	PALM HILL DEV CO	2.60	2.50	2.20	2.90	3.30	↓	P.SELL	3.30
ORAS.CA	ORASCOM CONST	0.00	140.00	130.00	151.00	165.00	↔	Hold	140.00
HELI.CA	Misr Gedida Hou	25.83	24.50	22.00	28.80	31.50	↓	P.SELL	24.50
EFID.CA	EDITA FOOD INDS	0.00	17.50	16.00	19.00	21.50	↔	Hold	17.50
ISPH.CA	IBNSINA PHARMA	9.20	8.90	8.55	10.10	11.00	↓	P.SELL	10.10
EMFD.CA	EMAAR MISR DEV	4.00	3.95	3.84	4.25	4.60	↓	P.SELL	3.84
PIOH.CA	PIONEERS HLDG	5.93	5.55	5.00	6.12	7.00	↓	Hold	7.00
OIH.CA	ORASCOM INVESTMENT HOLDING	0.62	0.63 *	0.60	0.65	0.69	↓	P.SELL	0.72
EGAL.CA	EGYPT ALUMINIUM	36.58	36.00	31.20	41.65	45.00	↓	P.SELL	41.65
EGTS.CA	EGYPTIAN RESORTS	1.66	1.55	1.48	1.75	1.94	↔	Hold	1.75
PORT.CA	PORTO GROUP	0.98	0.98*	N/A	1.20	1.40	↓	P.SELL	1.40
IRON.CA	EGYPTIAN IR & ST	5.23	5.25 *	4.80	5.90	6.15	↓	P.SELL	6.50
ACGC.CA	ARAB COTTON GIN.	2.17	2.10	N/A	2.25	2.45	↓	P.SELL	2.45

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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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.