

Egypt TA Report



6-7-2010

Technical Summary

- This week, a rally towards the 6,250 level is expected.
- July's rallies are rare, but tend to be strong.

Update on Expected Scenario

Following on last week's footsteps, the market started off this week on a bearish note.

Our analysis continues to suggest that the market is extended on the downside (oversold) over the near-term horizon. Adding to that, the EGX30 is currently trading at a major support range (5,800 adj. – 5,930). Thus, we are expecting the market to see a decent rally this week towards the 6,250 level.

Moreover, we are uncertain of the following move, given that the MT trend is flat and the ST trend remains unclear for us.

Furthermore, seasonality suggests that July's rallies, though rare, tend to be one of the strongest months of the year.

Update on Suggested Trading Tactic

Near-term traders are advised to trade this potential NT rally, while MT investors are advised to readjust their exposure to accommodate a MT flat trend.



EGX30 Index – Candlestick chart – Daily closing values – Log. Scale

| Issue/Stock | Close | Daily % Δ | Rec. Status | Trading Tactic | Current Trend Status | Target Price (1) | Target Price (2) | Target Price (3) | TSL/TUT | Potential Risk | Potential Return | Fixed Triggers Lower | Fixed Triggers Upper |
|-----------------------------------|--------|-----------|-------------|----------------|----------------------|------------------|------------------|------------------|---------|----------------|------------------|----------------------|----------------------|
| Capital Equipment | | | | | | | | | | | | | |
| Al Ezz Steel Rebars | 16.72 | -0.1% | Active | Hold | Flat Correction | 18.70 (R) | 19.25 (R) | 20.00 | 16.50 | n/a | n/a | n/a | n/a |
| El Sewedy Cables | 64.00 | -1.2% | Active | Hold | Up Correction | 68.00 (R) | 70.00 | 72.00 | 61.00 | n/a | n/a | n/a | n/a |
| Chemicals | | | | | | | | | | | | | |
| Misr Chem. Ind. Co. | 8.90 | -1.0% | New | Hold | Flat Correction | n/a | n/a | n/a | n/a | n/a | n/a | 8.75 | 10.60 |
| Construction & Housing | | | | | | | | | | | | | |
| Orascom Constr. | 229.00 | 4.5% | New | Hold | Flat Trend (ST) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Cairo Housing | 4.60 | 3.8% | Closed | n/a | Up Correction | 4.65 (R) | 5.00 (R) | n/a | 4.15 | n/a | n/a | n/a | n/a |
| Nasr City Housing | 28.71 | -2.7% | Closed | n/a | Dn Trend (ST) | 32.00 (R) | 31.00 (R) | 30.25 (R) | 33.50 | n/a | n/a | n/a | n/a |
| SODIC | 79.44 | -0.7% | Closed | n/a | Up Correction | 82.50 (R) | 85.50 (R) | n/a | 75.00 | n/a | n/a | n/a | n/a |
| Oil & Gas | | | | | | | | | | | | | |
| Sidi Krier (SIDPEC) | 11.12 | -4.1% | New | TSL | Up Correction | n/a | n/a | n/a | 9.70 | n/a | n/a | n/a | n/a |
| Financial Services | | | | | | | | | | | | | |
| CIB | 64.67 | 1.6% | Closed | n/a | Up Correction | 73.00 (R) | 75.00 (R) | n/a | 63.00 | n/a | n/a | n/a | n/a |
| EFG-Hermes Holdings | 29.02 | -0.1% | Closed | n/a | Up Correction | 29.50 (R) | 30.50 (R) | n/a | 25.50 | n/a | n/a | n/a | n/a |
| Ahli Dev & Inv (AFDI) | 13.59 | 3.0% | New | TUT | Up Correction | n/a | n/a | n/a | 12.60 | n/a | n/a | n/a | n/a |
| Telecommunications | | | | | | | | | | | | | |
| ECMS (MobiNil) | 161.11 | -0.6% | New | Hold | Flat Trend (ST) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Orascom Telecom | 4.87 | 2.1% | Closed | n/a | Up Correction | 5.40 (R) | 5.50 (R) | 5.60 (R) | 4.88 | n/a | n/a | n/a | n/a |
| Telecom Egypt | 15.48 | 3.8% | New | Hold | Flat Trend (ST) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Textiles & Apparel | | | | | | | | | | | | | |
| Arab Polvara Spin. & Weav. | 3.66 | 9.6% | New | Hold | Up Trend (ST) | n/a | n/a | n/a | 3.25 | n/a | n/a | n/a | n/a |
| Arab Cotton & Ginning | 3.42 | 4.9% | Closed | n/a | Up Trend (ST) | 3.20 (R) | 3.30 (R) | 3.40 (R) | 2.94 | n/a | n/a | n/a | 3.82 |
| Tourism & Leisure | | | | | | | | | | | | | |
| Egyptian Resorts Co. | 1.85 | 1.6% | Active | Hold | Up Correction | 2.20 (R) | 2.30 (R) | 2.35 | 1.79 | n/a | n/a | n/a | n/a |

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Important Notes

- Recommendations provided in this bulletin are intended for the short term view and therefore are generally considered to be valid up to 3 months.
- The daily technical close of an issue is recorded as the last executed trade at 2:30 p.m.
- (R): Reached, this is provided should any given target is hit or reached in the report.
- Should a "New" recommendation be provided in the status column, risk and return ratios are automatically available.
- Risk ratio is calculated based on the difference between the last available closing price and the stop-loss.
- Return ratio is calculated based on the difference between the last available closing price and the last projected price target.
- A stop-loss (or trailed upper trigger) level is considered broken only when the **daily** closing price of the underlying issue is at least 1.00% (or more) below/above such level.
- The time duration for a short term trend is up to 3 months, for the medium term trend; 3 to 12 months, and for the long term trend; more than 12 months.

Technical Analysis guidelines for trading and managing positions

Status

This column categorizes the recommendations with respect to its progression in time.

| | |
|---------------|---|
| New | This is provided whenever a new recommendation is generated in the reports. |
| Active | This is provided when a recommendation is currently progressing and the position is underway. |
| Closed | This is provided when all targets in recommendation are reached. |
| N/A | This is provided when status is not available. |

Trading Tactic

This column provides the best "technically" advised course of action.

| | |
|-------------------|---|
| Buy | Enter a long position with full amount. |
| Accumulate | Enter long position with portion of the amount. |
| Hold | Do not cover or sell current position/ Do not initiate new positions. |
| Reduce | Sell a portion of a position. |
| Sell | Sell the full position. |
| TSL | Track the current stop-loss level. |

Trend Status

This column describes the direction of the market with respect to the time frame of such direction.

| | |
|----------------------------|--|
| Up Trend (MT) | When prices are seen trending in a medium term upward trend (3 to 12 months). |
| Up Trend (ST) | When prices are seen trending in a short term upward trend (less than 3 months). |
| Up Correction | When prices are seen correcting from a short term down trend (less than 1 month). |
| Dn. Trend (MT) | When prices are seen trending in a medium term downward trend (3 to 12 months). |
| Dn. Trend (ST) | When prices are seen trending in a short term downward trend (less than 3 months). |
| Dn. Correction | When prices are seen correcting from a short term up trend (less than 1 month). |
| Flat Trend (MT) | When prices are seen in a trendless medium term phase (3 to 12 months). |
| Flat Trend (ST) | When prices are seen in a trendless short term phase (less than 3 months). |
| Flat Correction | When prices are in a trendless correction from a short term up/dn. trend (less than 1 month). |
| Targets | It is best advised to reduce a portion of the position whenever a price target is reached. |
| Stop-Loss (SL) | The price level at which when broken up/down it is best advised to exit the undergoing position. |
| Fixed Trigger Range | A fixed price range above/below the current price that could be useful for trading within or as triggers for the future price direction of an issue. |



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