



# MONTHLY TECHNICAL REPORT

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This report is intended to present a general view for the market. This report does not take into consideration the specific financial position of every investor and/or his/her risk appetite in relation to investing in the security or any other assets, and hence, no information in this analysis should be considered as being business, financial and legal advice.



# KSA Equity Market ANALYSIS



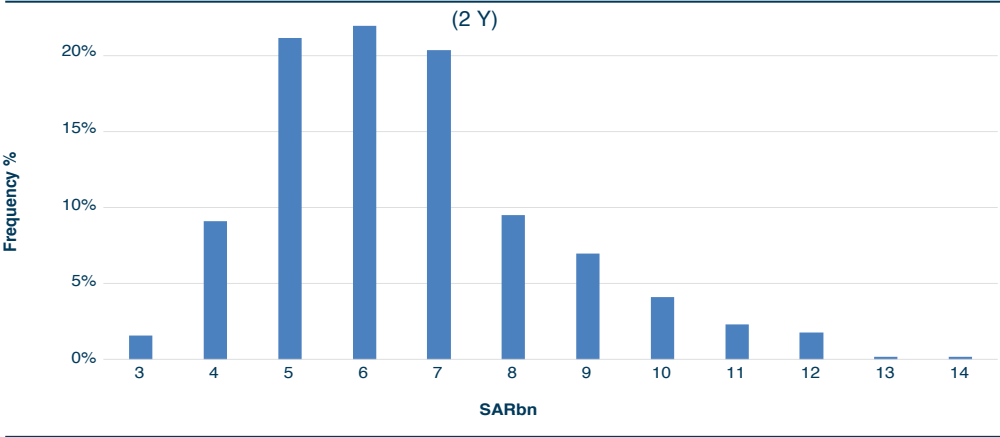
**Tadawul Index (Weekly):** The index started to breach the lower boundary of a rising channel suggesting a target zone near 11,050 – 11,000 where buying power may re-emerge to finish the previous correction. Meanwhile, the RSI indicator has breached the level of 50, confirming the bearish price action. Otherwise, a weekly close above the 10-week SMA near the level of 11,750, would pave the way for a further rise toward the 20-week SMA around 12,100.



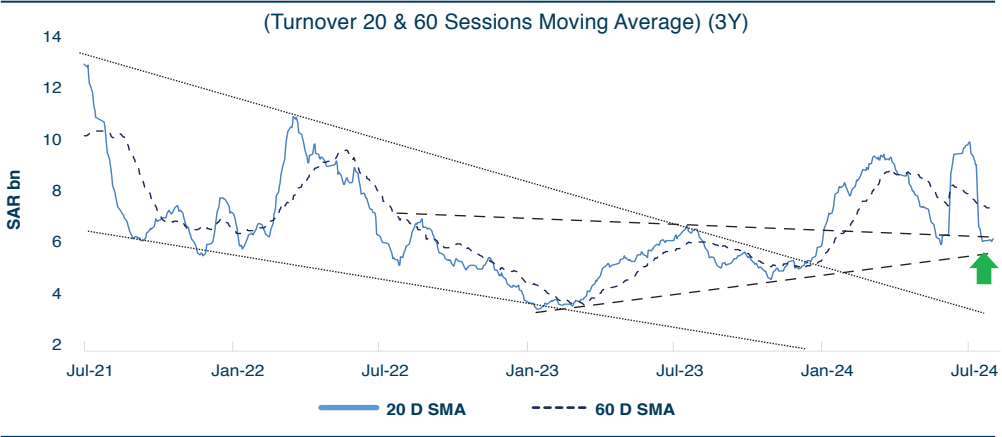
Source: Tradingview.com, Aljazira Capital

**Tadawul Index (Stat.):** During the prior two years, TASI recorded daily turnovers between SAR 5 – 7bn almost two-thirds of the time, with the highest frequency of SAR 6bn. It recorded a weekly spread between 2.5 – 3.5% more than half of the same period with the highest frequency of 2.5%. The trend of the liquidity of the index turned into an uptrend, nevertheless, the liquidity records hover around the prior bottom of around 6bn suggesting a possible rise toward the previous peak near 10bn. Moreover, the average weekly spread is hovering near the level of prior bottoms suggesting a potential rise toward the levels of prior peaks around 3.30% - 3.80%.

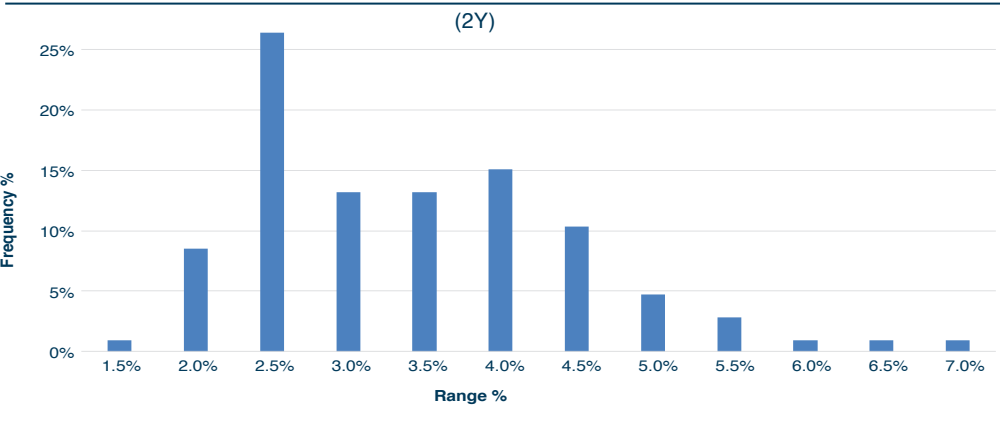
Daily Turnover



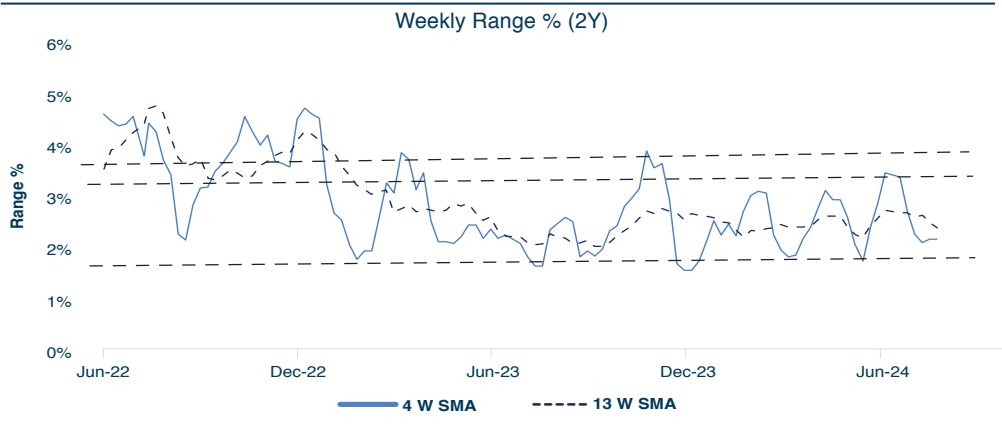
Liquidity Trend (3Y)



Weekly Range %



Volatility Trend



Source: Argaam, Aljazira Capital

**Banks Sector (Weekly):** The index is testing the lower boundary of a bearish Wedge pattern and the breach would suggest a target near 10,950. Moreover, the RSI indicator started to breach a rising trendline as well as the level of 50 confirming the price action. On the flip side, a weekly close above the 20-week SMA near the level of 11,850, would pave the way for a further rise toward the prior peak of around 12,200.

**Materials Sector (Weekly):** The index started to breach the level of the prior bottom near 5,590, suggesting a target near 5,300. Moreover, the RSI indicator is moving within a declining channel confirming the price action. On the flip side, a weekly close above the 10-week SMA around 5,750 would indicate the strength of the index and pave the way for a possible further rise toward the 20-week SMA around 6,000.



Source: Tradingview.com, Aljazira Capital

**Energy Sector (Weekly):** The index is currently testing the significant support level of the previous bottom near 5,075, and breaching it would suggest a target near 4,875. Moreover, the RSI indicator is currently hovering within its oversold zone after penetrating a declining trendline. Otherwise, a weekly close above the 10-week SMA around 5,290 would indicate the strength of the index and pave the way for a possible further rise toward the 20-week SMA around 5,500.

**Telecommunication Services Sector (Weekly):** The index started to breach a rising trendline which suggests a potential further decline to test the prior bottom near 7,100. Moreover, breaching it would suggest another target near 6,925. Meanwhile, the RSI indicator is moving downward below the 50 level. Otherwise, a weekly close above the 20-week SMA around 7,600 would indicate the strength of the index and pave the way for a possible further rise toward 7,800.



Source: Tradingview.com, Aljazira Capital

**Insurance Sector (Weekly):** The index is breaching the 20-week SMA, suggesting a further decline toward the support zone near 9,950 – 9,380. Meanwhile, the RSI indicator continued to decline after testing a declining trendline. On the flip side, a weekly close above the 10-week SMA around 10,900 would indicate the strength of the index and pave the way for a possible further rise toward the prior peak around 11,570.



**Commercial and Professional Services Sector (Weekly):** The index started to breach the 100-week EMA; suggesting a potential further decline toward a target zone around the 200-week SMA near the 4,450 – 4,390. Moreover, the RSI indicator is moving within a declining channel below the 50 level confirming the price action. Otherwise, a weekly close above the 10-week SMA around 5,000 would indicate the strength of the index and pave the way for a possible further rise toward the upper boundary of the declining channel near 5,325.



Source: Tradingview.com, Aljazira Capital

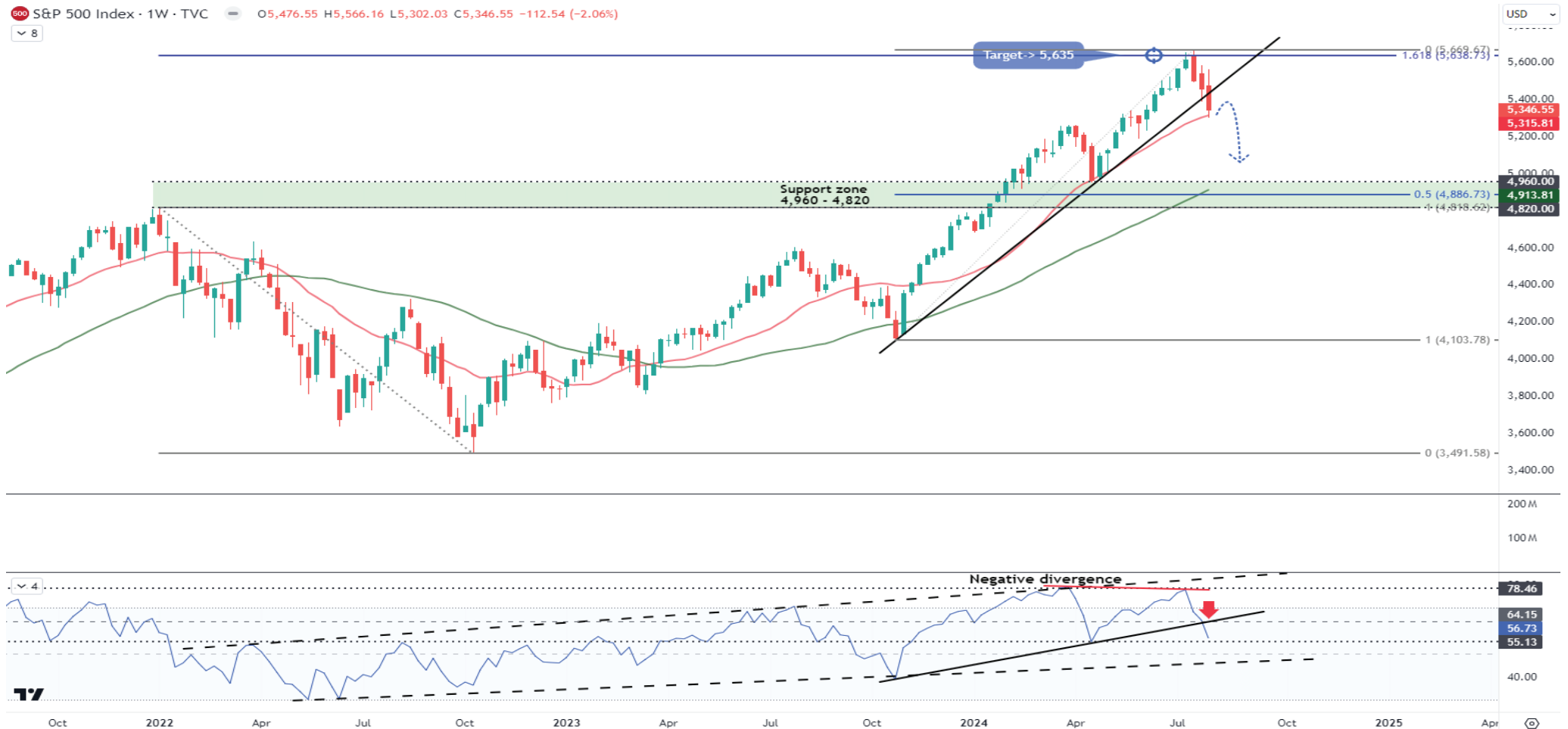


# GLOBAL BROAD MARKETS ANALYSIS





**S&P500 (Weekly):** After fulfilling the target around the 161.8% Fibonacci level, the index experienced selling pressure; breaching a rising trendline and suggesting a potential breach of the 20-week SMA which could pave the way for a possible further decline toward the support zone near 4,960 – 4,820. Additionally, the RSI indicator breached a rising trendline after exhibiting a bearish divergence. On the flip side, a weekly close above the level of 5,670 could suggest a possible further rise toward the level of 6,145.



Source: Tradingview.com, Aljazira Capital



**Brent (Weekly):** The contract is approaching a test of the significant support zone near the lower boundary of a declining channel and a major rising trendline near USD 74.00 – 72.00; where a potential positive rebound toward the 10-week SMA around USD 79.00 – 81.50 may start. Moreover, the RSI indicator is currently testing the lower boundary of a declining channel. On the flip side, a decisive weekly close below USD 72.00 would pave the way for a possible further decline toward the zone of USD 67.25 – 65.50.



**Gold (Weekly):** The contract has penetrated the upper boundary of a positive Rectangle price pattern; suggesting a potential target of around USD 2,560 – 2,610. Additionally, the RSI indicator is currently heading to re-test a previously breached rising trendline indicating a potential appearance of a profit-booking attitude around the aforementioned target. On the flip side, a weekly close below the level of USD 2,315 would indicate the weakness of the contract and pave the way for a further decline toward the level of around USD 2,300.



Source: Tradingview.com, Aljazira Capital



**U.S. Dollar Index (Weekly):** The index breached the lower boundary of a rising channel, heading towards a target near 102.25. Moreover, the RSI indicator simultaneously breached the lower boundary of a rising channel confirming the price action. On the flip side, a weekly close above the 20-week SMA around 104.90 would pave the way for a possible further rise toward the level of 106.00.



Source: Tradingview.com, Aljazira Capital

**US 10Y T-Bonds Yield (Weekly):** The yield almost fulfilled the 1st target of the Wedge pattern around 3.75% and breaching this level could pave the way toward the 2nd target near 3.25%. Meanwhile, the RSI indicator has breached the level of the prior bottom; heading toward the lower boundary of a declining channel. On the flip side, a weekly close above 4.20% would pave the way for a further rise toward the level of around 4.50%.



Source: Tradingview.com, Aljazira Capital

**Bitcoin (Weekly):** After retesting the upper boundary of the declining channel, the contract breached its 20-week SMA and currently is heading to test the support zone of the 38.2% - 50% Fibonacci retracement near USD 55,500 – 49,670. Moreover, the RSI indicator started to decline after retesting a previously breached rising trendline indicating a potential decline in the price action. On the flip side, a weekly close above the 20-week SMA of around USD 65,100 would indicate the strength of the price and pave the way for a further rise toward the level of around USD 70,800.



Source: Tradingview.com, Aljazira Capital



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**Candlestick:** A candlestick (candle) is a type of price chart used to display the high, low, opening, and closing prices of a security for the period under consideration. The candlestick's wide part is known as the 'real body' and shows opening and closing levels of the security for the period. The shadows of the candlestick show the high and low prices for the period. The shape of the candlestick varies based on the relationship between the high, low, opening, and closing prices.

**Bullish candle:** This is a candle whose closing value is higher than the opening value (usually green in color).

**Bearish candle:** This is a candle whose closing value is lesser than the opening value (usually red in color).

**Support:** This is the price level at which demand is strong enough to avoid any further price decline.

**Resistance:** This is the price level at which supply is strong enough to stop any further price increase.

**Pattern/formation:** This is a plot of a security's price activity over a certain period that can be used to identify potential trends, reversal of trends, price targets, entry and exit points, etc. There are various formations – such as head & shoulders, triangles, flags, etc.

**Simple moving average:** A simple moving average is formed by computing the average price of a security over a specific number of periods. Moving averages are based on closing prices; for example, a 5-day simple moving average is the five-day sum of closing prices divided by five.

**Exponential moving averages (EMA):** Exponential moving averages reduce the lag by applying more weight to recent prices. The weights applied to the most recent price depend on the number of periods in the moving average.

**Relative strength index (RSI):** RSI is a momentum indicator that compares a security's price gains to its losses for a predetermined number of periods (generally, 14 periods are used). The RSI attempts to point out how security, in relative terms, is in the overbought/oversold zone. Securities with a RSI above 70 could be considered "overbought" and those below 30 could be considered "oversold"

**Moving average convergence/divergence (MACD):** MACD is a trading indicator that shows changes in the strength, direction, momentum, and duration of a trend in a stock's price through a collection of three-time series calculated from historical closing prices.

**Fibonacci retracements:** These are horizontal lines that indicate the expected areas of support/resistance for a security based on a predetermined price movement. These are usually indicated by Fibonacci ratios of 23.6%, 38.2%, 50.0%, 61.8%, and 100% from that movement.

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