



# 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



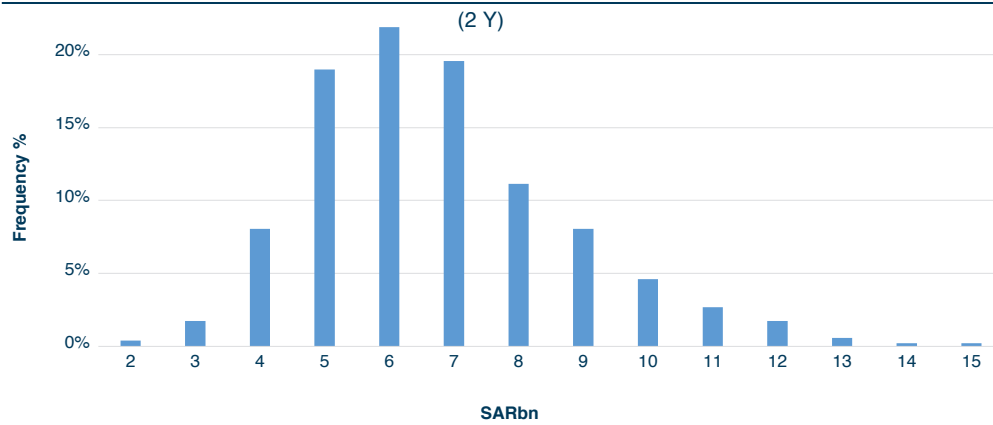
**Tadawul Index (Weekly):** The index is testing a significant declining trendline near 12,140 with a positive leading signal on the price momentum indicator.

The decisive weekly close above this level would suggest a potential upside target zone near 12,330 / 12,450. Meanwhile, the RSI indicator penetrated a declining trendline and started to bounce off the level of 50 indicating a potential similar breakout in the price action. Otherwise, a weekly close below the support level of the prior minor trough near 11,830 would indicate the weakness of the index and pave the way for a further decline toward the support level near previous bottoms around 11,640.



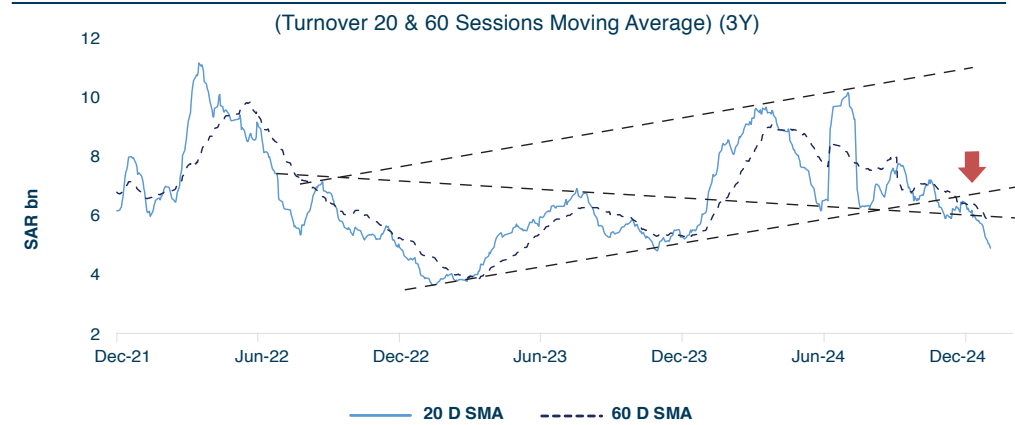
Source: Tradingview.com, Aljazira Capital

Daily Turnover



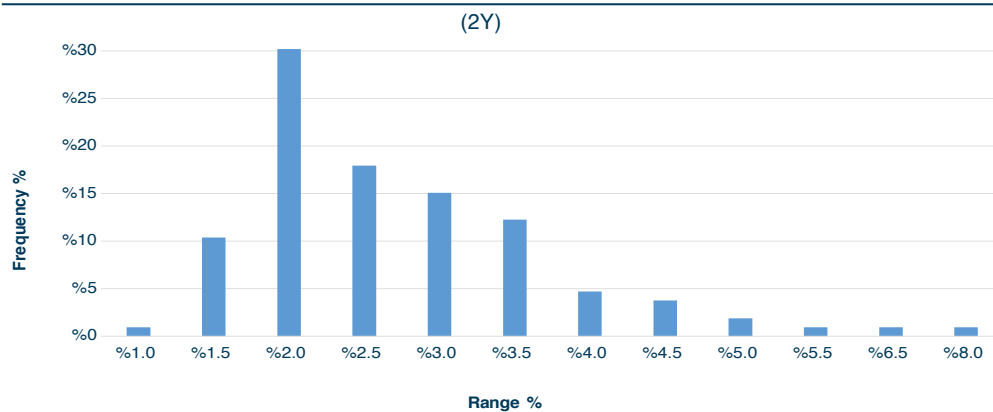
During the prior two years, TASI recorded daily turnovers between SAR 5 – 7bn nearly two-thirds of the time, with the highest frequency of SAR 6bn.

Liquidity Trend (3Y)



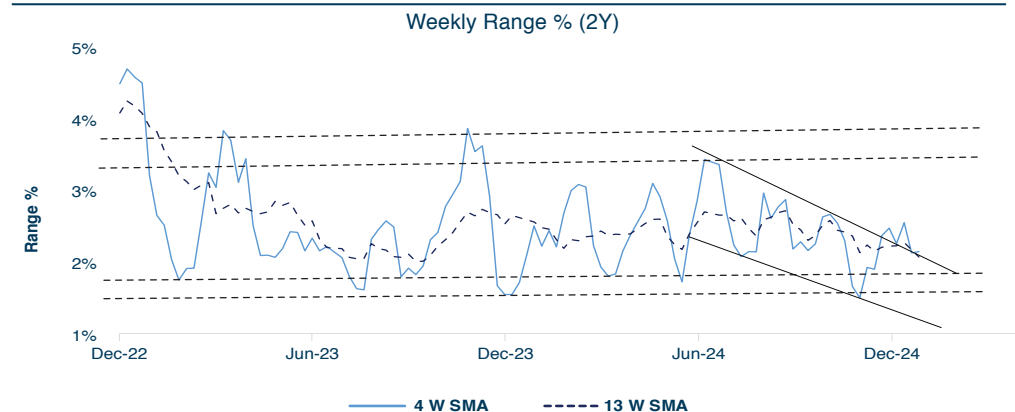
The trend of the liquidity of the index breached the lower boundary of a rising channel suggesting a possible further decline toward the previous bottom near 4.8bn which if breached would suggest a resumption toward 4.0bn.

Weekly Range %



During the prior two years, TASI recorded a weekly spread between 2.0 – 3.0% nearly two-thirds of the time with the highest frequency of 2.0%.

Volatility Trend



The weekly volatility is retesting the penetrated boundary of a declining channel suggesting a rise toward the prior peaks' level of around 3.30%.

Source: Argaam, Aljazira Capital

**Banks Sector (Weekly):** The index penetrated a significant resistance level of the previous peak, suggesting a potential further rise toward upside targets near 12,720 followed by 13,200. Moreover, the RSI indicator started to penetrate the level of the previous peak after its 50-level. On the flip side, a weekly close below the level of the previous peak near 12,340, would pave the way for a further decline toward the level of the 20-week SMA near 11,820.

**Materials Sector (Weekly):** Although the index is still moving within a declining price action, it has formed a weekly Inverted Hammer candlestick which requires a confirmation by a subsequent positive candlestick. Moreover, the RSI indicator is approaching a test of the level of previous bottoms. On the flip side, a weekly close below the level of 5,465 would suggest a further decline toward the level of the previous bottom near 5,410, which if breached could trigger an additional selling attitude.



Source: Tradingview.com, Aljazira Capital

**Energy Sector (Weekly):** The index is currently retesting the support of the 20-week SMA near 5,240, forming a weekly Doji candlestick with leading a positive momentum structure. A subsequent confirmation by a positive candlestick would suggest a potential rise toward a target zone near 5,495 / 5,585. Additionally, the RSI indicator is retesting level of a previous peak near its 50-level. Otherwise, a weekly close below 5,240 would pave the way for a further decline toward the level of the previous bottoms around 5,075.

**Telecommunication Services Sector (Weekly):** The index is still moving in a lateral action, and surpassing the level of 8,115 is required to suggest a target zone near 8,340 / 8,480. Meanwhile, the RSI indicator penetrated a declining channel as a leading positive signal suggesting a potential positive breakout in the price action. Otherwise, a weekly close below the level of the previous bottom around 7,750 would indicate a possible further decline toward the 200-week SMA near 7,525.



Source: Tradingview.com, Aljazira Capital

**Insurance Sector (Weekly):** The index finished a bullish inverted Head and Shoulders pattern near the lower boundary of a declining channel suggesting a potential target near 11,180. Meanwhile, the RSI indicator simultaneously penetrated a declining channel, confirming the price action. Otherwise, a weekly close below the 20-week SMA of around 10,370 could pave the way for a possible further decline toward the 10-week SMA near 10,020.



**Consumer Durables & Apparel Sector (Weekly):** The index started to penetrate upper boundary of a continuation rectangle pattern suggesting a potential target near 5,730. The RSI indicator has just penetrated the level of prior peaks after bouncing off its 50 level confirming the price action. Otherwise, a weekly close below the 10-week SMA near 5,335 would pave the way for a further decline toward 5,145.



Source: Tradingview.com, Aljazira Capital



# GLOBAL BROAD MARKETS ANALYSIS





**S&P500 (Weekly):** The index is currently testing its 20-week SMA near 5,825 with leading weakness signs on the price momentum indicator. Moreover, breaching this level would suggest a potential decline toward the lower boundary of the dominant rising channel near 5,680. Meanwhile, the RSI indicator displayed a negative divergence and breached the level of the prior trough, heading toward the level of 50. Otherwise, a weekly close above the resistance zone of 6,050 could lead to a further rise toward the target near the zone of 6,145 / 6,220.



Source: Tradingview.com, Aljazira Capital

**Brent (Weekly):** The contract has penetrated its 20-week SMA, heading to retest a crucial resistance of a previously breached rising trendline near USD 79.00 / 81.25, where a bullish breakout is required to suggest further upside targets. Moreover, the RSI indicator has penetrated the level of 50 heading to retest a declining trendline. On the flip side, a decisive weekly close below the 10-week SMA near USD 73.40 could trigger a possible further profit booking attitudes toward the support zone of USD 70.00 / 68.70.



Source: Tradingview.com, Aljazira Capital

**Gold (Weekly):** The contract tests the 20-week SMA near the lower boundary of a rising channel with leading weakness signs on the price momentum indicator. A decisive weekly close below USD 2,595 would suggest a potential further decline toward the 50-week SMA near the zone of USD 2,450 / 2,435. Additionally, the RSI indicator breached a rising trendline as well as the level of the prior bottom. Otherwise, a weekly close above the declining trendline near USD 2,750 would pave the way for a possible further rise toward the previous target zone near USD 2,815 / 2,850.



Source: Tradingview.com, Aljazira Capital

**U.S. Dollar Index (Weekly):** The index penetrated the level of the previous peak after penetrating the upper boundary of a declining channel, which suggests an upside target zone near 109.85. Moreover, penetrating this level would suggest another upside target near 112.00. Additionally, the RSI indicator penetrated a declining trendline confirming the price action. Otherwise, a decisive weekly close below the support level of 107.50 would indicate the weakness of the index and pave the way for a further decline toward the upper boundary of the channel near the zone of 106.00 / 105.50.



Source: Tradingview.com, Aljazira Capital

**Bitcoin (Weekly):** The contract is currently moving laterally above the 10-week and a decisive weekly close above USD 109,000 is still required to suggest a new upside target near USD 113,500 followed by a target zone near USD 119,000 / 125,500. Moreover, the RSI indicator is still hovering laterally above the level of a prior peak. On the flip side, a weekly close below the 10-week SMA of around USD 93,250 could pave the way for a further decline toward the 20-week SMA of around USD 78,000.



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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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