

MONTHLY TECHNICAL REPORT

July 11, 2018

This report is intended to present a general view for the market. Equities and commodities subject under research, and not a recommendation to buy/sell/hold for any security or any other assets. 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.

Analyst

Jassim Al-Jubran - CFTe1

+966 11 2256248

i.aliabran@aljaziracapital.com.sa

Tadawul Index\Daily: The index continued its bullish trend towards the end of the (5) wave at 8550 points. From which, we expect the begging of profit taking towards 8130 levels.

Technical Summary



▪The index closed at 8419 points.

General Trend / Daily: TASI is closer to completing the fifth and last wave of the bullish trend (as per the numbers in the chart), as the 8550 area now is the most important resistance area in the technical pattern in the chart (please check the chart).

We also expect that forming a bullish pattern (triangle) after a major upward trend may set the grounds for a subsequent profit taking. We expect gradual profit taking transactions supported by the current oil price consolidation and the optimism for a positive 2Q2018 results.

The **RSI** indicator started to form a negative diversion pattern, which is expected to increase pressures to the index after achieving the target. We believe that breaking down the 8130 level (a main support point for the bullish trend) could increase selling pressures.

Forecasts: General outlook is more cautious as TASI moves closer to the current main resistance levels at **8550** level for now, and in case it fails to hold, we could see it on the short term heading towards the next support levels at **8280 – 8130** consecutively. The main resistance levels remain at **8460 – 8550** points.

Brent: As Brent crude oil approaches the new technical target at US\$ 82.50, we expect it to form a new peak from which profit taking starts.



Technical Summary

▪The index closed at US\$ **79.0** per barrel.

Monthly movement: Brent crude index continues its ascending trajectory, supported by the positive oil market news of supply leading to highest level in three years during last May at US\$ 80.50, possible consolidation towards US\$ 82.50 per barrel. Earlier, the oil index hit new price levels amid the developments related to the Iran Nuclear Agreement, which could result in significant changes in the oil market if Iranian exports were sanctioned amidst the current shortage in supplies. Possibly, markets are anticipating 4 November 2018 as the date sanctions are effected on Iran oil exports.

Brent's monthly movement is still good with the positive interplay of the **SMA**'s most significant monthly averages, after breaking it for the first time in the beginning of the year, indicating a possible short term consolidation before a subsequent profit taking. The **RSI** is moving at the 70 level, which in turn escalates caution for the current areas on the medium term.

Forecasts: Amid the weakness of the major technical indicators, expected to reach a peak of US\$ **82.50-89.0**, while the main support levels on the medium term remain at US\$ **70.0 - 65.50**.

Source: Bloomberg

Gold/Monthly outlook: The Gold index is at the main support area on the monthly movement of US\$ 1244, and if it maintains above at the end of the month, we expect gold price to remain stable for the time being.



Source: Bloomberg

Technical Summary

▪The index closed at US\$ 1254 per ounce.

Weekly movement: the **Gold** index declined towards the main support area of the monthly movement at US\$ 1244/ounce, which represents an important mark in setting the future movement of the precious metal. Breaking down this level, we believe, raises caution levels on the medium term.

The signal line for **MACD** index also started to move below the MACD line, which raises the level of caution until technical indicators improve. We believe that the Gold was negatively affected from the rising demand for US treasury bonds leading to weak demand for Gold, and this is despite rising trade risks between the US and China.

Monthly movement: the index field to hold above its main monthly simple averages SMA 10 and 20 consecutively. We believe that breaking the mentioned areas raise the level of caution until it exceeds the US\$ 1275 level.

Forecasts: Given the current technical data, we expect it to start climbing on the short term towards the support level of US\$ **1268 - 1285**, which represents the main resistance levels for the US Dollar movement. The most important short term support levels remain at US\$ **1247 - 1237**.

THE USD INDEX/Weekly: Signs of ending the first upward trend at 95.50 and starting profit-taking to target the 93.40-92.50 levels respectively.



DXY Currency (DOLLAR INDEX SPOT) Weekly 01AUG2016-10JUL2018
 Copyright© 2018 Bloomberg Finance L.P. 10-Jul-2018 14:32:14
 Source: Bloomberg

Technical Summary

- The USD index closed at 94.30 points

Weekly movement: the dollar index continued its short-term bullish trend approaching October 2017 peak around 95.1 points. Our expectations lean toward an end to the uptrend at current levels, after forming the first wave out of three ABC corrective waves (as illustrated in the chart). The US Dollar index closed after forming a reflective candlestick pattern, we expect to see profit taking soon while targeting a minimum of 92.40 points at before any subsequent bullish movement.

The **RSI** indicator started moving sideways after crossing the weekly level of 50, which in turn would pressure the main dollar movement over the next period to test the level of (50) before resuming its trend. The **MACD** monthly indicator is approaching a positive turn as the signal line moves closer to crossing the MACD line, which provide positive impression on the medium run.

Estimations: In light of the negative weekly candlestick pattern, the dollar index is expected to start taking profits from the current levels targeting **93.40 - 92.50** points, respectively. Thus, we expect it to take a bullish trend towards **96.60 - 99.0** points supported by improving monthly technical indicators.

RESEARCH DIVISION

Head of Research
Talha Nazar
+966 11 2256250
t.nazar@aljaziracapital.com.sa

Analyst
Sultan Al Kadi, CAIA
+966 11 2256374
s.alkadi@aljaziracapital.com.sa

Analyst
Jassim Al-Jubran
+966 11 2256248
j.aljabran@aljaziracapital.com.sa

Analyst
Waleed Al-Jubayr
+966 11 2256146
W.aljubayr@aljaziracapital.com.sa

Analyst
Muhanad Al-Odan
+966 11 2256115
m.alodan@aljaziracapital.com.sa

BROKERAGE AND INVESTMENT CENTERS DIVISION

General Manager - Brokerage Division
Mr. Ala'a Al-Yousef
+966 11 2256000
a.yousef@aljaziracapital.com.sa

Regional Manager - West and South Regions
Mansour Hamad Al-Shuaibi
+966 12 6618443
m.alshuaibi@aljaziracapital.com.sa

AGM-Head of international and institutional brokerage
Luay Jawad Al-Motawa
+966 11 2256277
lalmutawa@aljaziracapital.com.sa

Sales And Investment Centers Central Region Manager
Sultan Ibrahim AL-Mutawa
+966 11 2256364
s.almutawa@aljaziracapital.com.sa

Area Manager –Qassim & Eastern Province
Abdullah Al-Rahit
+966 16 3617547
aalrahit@aljaziracapital.com.sa

RESEARCH DIVISION

AlJazira Capital, the investment arm of Bank AlJazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. AlJazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. AlJazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, AlJazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

Asset Management | Brokerage | Corporate Finance | Custody | Advisory

Head Office: King Fahad Road, P.O. Box: 20438, Riyadh 11455, Saudi Arabia, Tel: 01 2256000 - Fax: 01 2256068

Disclaimer

The purpose of producing this report is to present a general view on the company/economic sector/economic subject under research, and not to recommend a buy/sell/hold for any security or any other assets. Based on that, 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, may not be suitable for all clients depending on their financial position and their ability and willingness to undertake risks. It is advised that every potential investor seek professional advice from several sources concerning investment decision and should study the impact of such decisions on his/her financial/legal/tax position and other concerns before getting into such investments or liquidate them partially or fully. The market of stocks, bonds, macroeconomic or microeconomic variables are of a volatile nature and could witness sudden changes without any prior warning, therefore, the investor in securities or other assets might face some unexpected risks and fluctuations. All the information, views and expectations and fair values or target prices contained in this report have been compiled or arrived at by Aljazira Capital from sources believed to be reliable, but Aljazira Capital has not independently verified the contents obtained from these sources and such information may be condensed or incomplete. Accordingly, no representation or warranty, express or implied, is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this report. Aljazira Capital shall not be liable for any loss as that may arise from the use of this report or its contents or otherwise arising in connection therewith. The past performance of any investment is not an indicator of future performance. Any financial projections, fair value estimates or price targets and statements regarding future prospects contained in this document may not be realized. The value of the security or any other assets or the return from them might increase or decrease. Any change in currency rates may have a positive or negative impact on the value/return on the stock or securities mentioned in the report. The investor might get an amount less than the amount invested in some cases. Some stocks or securities maybe, by nature, of low volume/trades or may become like that unexpectedly in special circumstances and this might increase the risk on the investor. Some fees might be levied on some investments in securities. This report has been written by professional employees in Aljazira Capital, and they undertake that neither them, nor their wives or children hold positions directly in any listed shares or securities contained in this report during the time of publication of this report, however, The authors and/or their wives/children of this document may own securities in funds open to the public that invest in the securities mentioned in this document as part of a diversified portfolio over which they have no discretion. This report has been produced independently and separately by the Research Division at Aljazira Capital and no party (in-house or outside) who might have interest whether direct or indirect have seen the contents of this report before its publishing, except for those whom corporate positions allow them to do so, and/or third-party persons/institutions who signed a non-disclosure agreement with Aljazira Capital. Funds managed by Aljazira Capital and its subsidiaries for third parties may own the securities that are the subject of this document. Aljazira Capital or its subsidiaries may own securities in one or more of the aforementioned companies, and/or indirectly through funds managed by third parties. The Investment Banking division of Aljazira Capital maybe in the process of soliciting or executing fee earning mandates for companies that is either the subject of this document or is mentioned in this document. One or more of Aljazira Capital board members or executive managers could be also a board member or member of the executive management at the company or companies mentioned in this report, or their associated companies. No part of this report may be reproduced whether inside or outside the Kingdom of Saudi Arabia without the written permission of Aljazira Capital. Persons who receive this report should make themselves aware, of and adhere to, any such restrictions. By accepting this report, the recipient agrees to be bound by the foregoing limitations.

Asset Management | Brokerage | Corporate Finance | Custody | Advisory

Head Office: King Fahad Road, P.O. Box: 20438, Riyadh 11455, Saudi Arabia, Tel: 011 2256000 - Fax: 011 2256068

Aljazira Capital is a Saudi Investment Company licensed by the Capital Market Authority (CMA), license No. 07076-37

www.aljaziracapital.com.sa

800 116 9999