

MONTHLY TECHNICAL REPORT

September 10, 2018

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10 September 2018

Monthly Technical Report

TASI/Daily: The bearish movement is expected to end between 7420 - 7600 points, while the current technical indicators expect a near positive price reverse movement.

Technical Summary

▪The index closed at 7729 points.

General Trend/Daily: As expected, the index reached the second declining wave at 7600 points after breaking the previously mentioned support area at 7830 points and the 200 day average. The current turmoil in emerging markets reflected negatively on TASI's movement. The index movement is still within the last wave of decline which could reach the levels of 7420 points max, and likely to start building a strong support area for an ascending movement.

The index is still moving in a major correction wave (ABC wave as indicated in the chart), and is currently moving to complete the third and last corrective wave C, as wave C is expected to extend when breaking below 7,600 points.

The daily **RSI** is showing a positive divergence, which is expected to support the end of the bearish wave fast near the current areas and start a bullish move.

Forecasts: The bearish wave is likely to be near end in light of the positive of some technical indicators, the end of wave C is likely to be between **7600 - 7420** points to end the current bearish wave. Later, we expect the index to start a bullish move towards the important levels of resistance at **7830 - 8045** respectively, and we expect that bypassing the **8045** level will confirm the end of the downward path.



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Source: Bloomberg

10 September 2018

Monthly Technical Report

Banks Sector / Daily: Technical indicators signal the near end of the bearish trend for the sector, where we expect the bottom to be between 6430 - 6600 points.

Technical Summary

▪ The index closed at 6699 points.

General Trend/Daily: During July the Banks sector index failed to hold above the support levels of the ascending channel (see chart), setting the stage for profit taking and adding pressure to the Saudi Main index due to its high weight in the index. We expect continued decline to around 6430 points in light of the weak consolidation above the current support at 6,600 points.

The daily **RSI** exhibits a positive divergence which is expected to support the end of the bearish wave near current areas of 6430 - 6600 points and the start of a bullish move subsequently.

Forecasts: The general outlook signals the end of the short bearish movements at **6430 - 6600** points, then a return to the upside again due to the support of some technical indicators such as the RSI. The most important resistance levels of the index will be at **6740 - 7000** points, and we believe that bypassing the 7000 points will provide a clear signal of the bearish trend end.



Source: Bloomberg

10 September 2018

Monthly Technical Report

Brent: Expectations of continued horizontal movements amid demand fears from emerging markets and the disruption of some refineries in the Gulf of Mexico, where support levels expected to remain between \$72 and \$67 for the next period.



Source: Bloomberg

Technical Summary

▪The index closed at US\$ 76.80 per barrel.

General Trend/Weekly: Brent crude index continues its horizontal movement as the divergence of oil market analyzes and forecasts, where Brent reached its highest level in three years during last May at US\$ 80.50. It is also likely that during the current period to continue the movement in a sideways. We anticipate that short-term price movements will be negatively impacted by demand fears from emerging markets and the disruption of some of the current refineries in the Gulf of Mexico. Where oil markets are likely to remain on track for a second round of sanctions on Iran's oil and gas sectors by November 4, 2018.

The Weekly RSI is showing a negative divergence that raises expectations of the continued pressure on the movement of Brent in the short term.

The Brent index monthly movement (Mid-term) is still good while consolidating above the major monthly averages of SMA (10 and 20), which indicates a potential for medium-term consolidation above \$65.

Forecasts: Under the current technical indicators, it is expected to see pullbacks towards **72.0 – 67.0** USD/barrel, while the most notable resistance levels of the index will remain at **80.50** dollars, which we believe that penetrating USD 80.50 may support index to achieve new price levels for the current year 2018.

10 September 2018

Monthly Technical Report

THE USD INDEX: Signs of ending the first bullish wave at 97.00 and the start of short profit-taking targeting levels of 93.60 points before any eventual rise later.



Source: Bloomberg

Technical Summary

▪ The USD index closed at 95.40 points

General Trend/Weekly: The dollar index completed the first bullish wave (A) of three expected corrective waves ABC after the formation of a peak at 97.00 point levels (shown in the chart). We expect an end to wave A after forming a reflective candlestick pattern, we expect to see profit taking soon while targeting 93.60 points before any subsequent bullish movement. The medium-term outlook remains positive as U.S. economic indicators improve and liquidity is channeled toward US bonds amid concerns towards emerging markets.

The RSI indicator started descending after testing the weekly level of 70, which in turn would pressure dollar movement over the next short period to test the level of (50). The **MACD** weekly indicator is approaching a negative turn as the signal line moves closer to crossing the MACD line, which provides a negative impression on the short term.

Estimations: Under the negative candlestick pattern on the weekly movement, the dollar index is expected to see continued profit taking from the current area towards **93.60** levels, and then to move upwards towards **97.0 – 99.0** points, as some of the monthly technical indicators improve.

Gold/Weekly: Gold index holds at strong support areas with expected short rebounds to \$1249; however, gold is still moving in a downward corrective wave over the medium term.



Source: Bloomberg

Technical Summary

▪The index closed at US\$ 1197 per ounce.

General Trend/Weekly : The gold index was able to hold at a major support area of \$1172/ounce, representing the 61.8% Fibonacci area from the recent bullish wave started at 1046 to 1365 dollars, where we expect more purchasing pressures on the yellow metal over the next period after the price drops by 15% from its peak in April. We also expect that current tensions in emerging economies may be a short term catalyst for the current gold movement.

The weekly **RSI** index penetrated the 30 levels, raising the level of technical purchasing. We believe that Gold was negatively affected from the rising of the Dollar movements and rising demand for US treasury bonds, even during rising trade risks between the US and China.

On the monthly movement, the index failed to hold above its main monthly averages at 10 and 20, for the fourth consecutive month. We believe that exceeding the US\$ 1275 level for Gold is necessary for stability on the medium run.

Estimations: Given the current technical data, we expect it to start climbing on the short term towards the level of US\$ 1249 – 1260 which represents the main resistance levels for the US Dollar weekly movement and then to retreat again. The most important medium term support levels remain at US\$ 1120 – 1045. We also expect that returning to absolute positive movements requires the index to close above the monthly level of US\$ 1275/ounce,

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