

KIM LOONG (5027)

Triangle Breakout with Momentum



Technical Highlights

A 2-month long triangle break-out is seen, supported by the spike in volume (3x higher than the 90-day average volume) and the formation of a large green candle, suggesting that strong buying interest resumed. The stock is currently trading at RM2.20 and is close to breaking through the crucial RM2.27 resistance (52-week high). We think breakout is underway, especially with the growing momentum (RSI is growing).

The MACD line is crossing above the signal line with the MACD pointing straight upward. This shows a strong bullish signal going forward. The 20-EMA pointing up also signifies a short-term bullish trend.

If it breaks through the crucial RM2.27 level, we think the stock could potentially test the next RM2.37 resistance. Conversely, a drop below RM2.10 support could signal the start of a correction phase.

Entry – RM-2.20 – RM2.22

Stop Loss – RM2.05

Target Price – RM2.27 – RM2.37

Technical

Resistance 1 (RM)	2.27
Resistance 2 (RM)	2.37
Support 1 (RM)	2.10
Support 2 (RM)	2.05
MACD	Positive
RSI	Positive

Stock Information

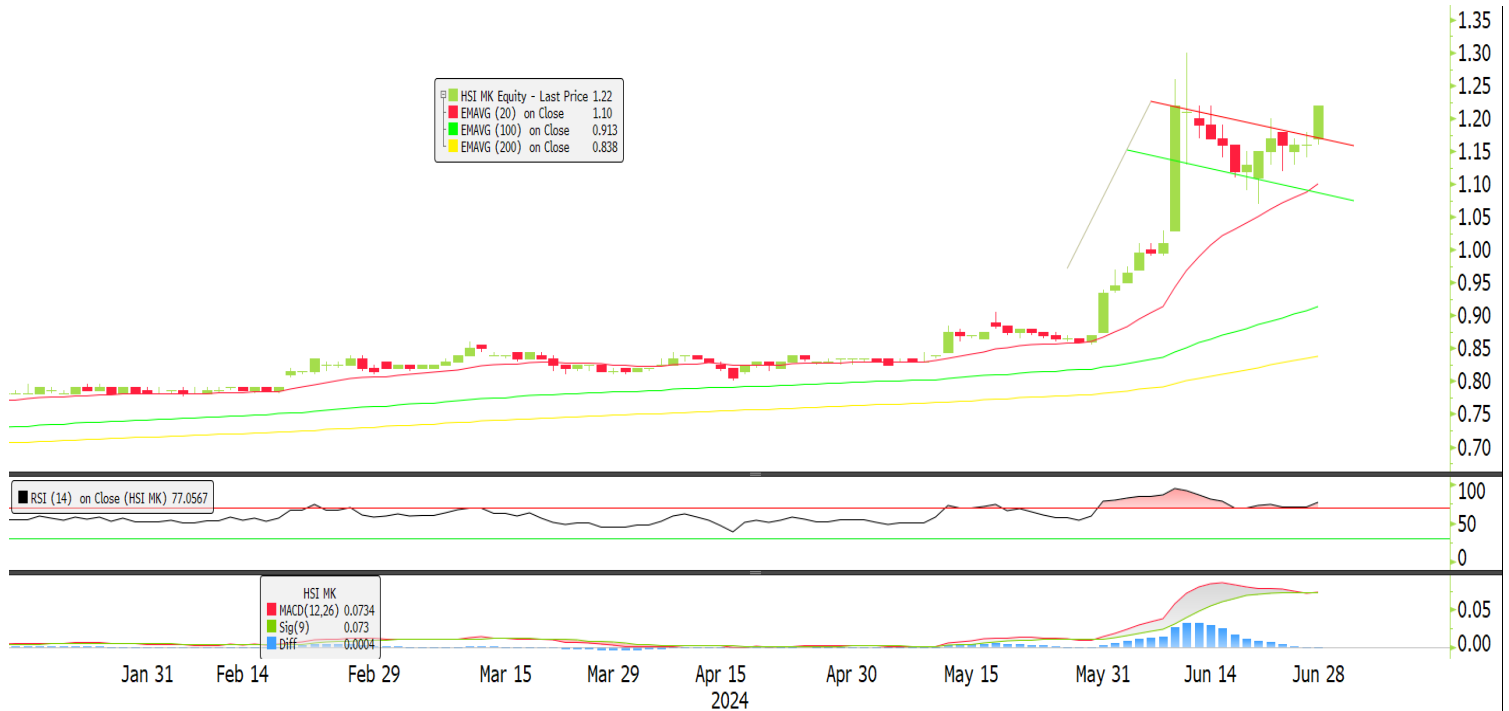
Last Close (RM)	2.20
52-week High (RM)	2.27
52-week Low (RM)	1.62

Company Profile

Kim Loong is principally involved in cultivation of oil palm, processing of oil palm fresh fruit bunches and marketing of oil palm products.

Hup Seng Industries (5024)

2-week Flag Breakout



Technical Highlights

A 2-week-long flag break-out is seen, accompanied by the formation of a large green candle, suggesting that strong buying interest continues. The stock is currently trading at RM1.22 which is at the 52-week high. We think the uptick is likely to continue, especially with the growing momentum (RSI>70).

The stock's MACD has been hovering above the zero line for a while, signifying a bullish trend in the short term. This bullish trend is further supported by the recent upward cross of the MACD over the signal line.

If the share price surpasses the RM1.22 resistance, we think it is likely to test the next resistance level at RM1.32. Conversely, consolidation happens if the share price falls below the RM1.10 support.

Entry – RM-1.22 – RM1.24
Stop Loss – RM1.05
Target Price – RM1.25 – RM1.32

Technical

Resistance 1 (RM)	1.22
Resistance 2 (RM)	1.32
Support 1 (RM)	1.10
Support 2 (RM)	1.03
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	1.22
52-week High (RM)	1.22
52-week Low (RM)	0.61

Company Profile

Hup Seng Industries Bhd is principally involved in manufacturing, selling, and distributing biscuits, confectioneries, and other foodstuffs.

Glossary of commonly used technical terms

Exponential Moving Average (EMA)	An indicator frequently used in technical analysis showing the average value of a security's price over a set period with greater weightage placed on the most recent data points.
Moving Average Convergence Divergence (MACD)	A trend-following momentum indicator that shows the relationship between two moving averages of prices. The MACD is calculated by subtracting the 26-day exponential moving average (EMA) from the 12-day EMA. A 9-day EMA of the MACD, called the "signal line", is then plotted on top of the MACD, functioning as a trigger for buy and sell signals.
Stochastic	A technical momentum indicator that compares a security's closing price to its price range over a given time period. The indicator's sensitivity to market movements can be reduced by adjusting the time period or by taking a moving average of the result.
Average True Range (ATR)	A measure of volatility whereby the indicator is the greatest of the following: <ul style="list-style-type: none">- current high less the current low;- the absolute value of the current high less the previous close;- the absolute value of the current low less the previous close;
Bollinger Band	A band plotted 2 standard deviations away from a simple moving average.
On-Balance Volume (OBV)	A method used in technical analysis to detect momentum, the calculation of which relates volume to price change. OBV provides a running total of volume and shows whether this volume is flowing in or out of a given security.
Support	The price level which, historically, a stock has had difficulty falling below. It is thought of as the level at which a lot of buyers tend to enter the stock.
Resistance	The price at which a stock or market can trade, but not exceed, for a certain period of time. Often referred to as "resistance level".
Reversal	A change in the direction of a price trend. On a price chart, reversals undergo a recognisable change in the price structure. An uptrend, which is a series of higher highs and higher lows, reverses into a downtrend by changing to a series of lower highs and lower lows. A downtrend, which is a series of lower highs and lower lows, reverses into an uptrend by changing to a series of higher highs and higher lows.
Divergence	When the price of an asset and an indicator, index or other related asset move in opposite directions.
Overbought	In technical analysis, this term describes a situation in which the price of a security has risen to such a degree – usually on high volume – that an oscillator has reached its upper bound. This is generally interpreted as a sign that the price of the asset is becoming overvalued and may experience a pullback.
Oversold	A situation in technical analysis where the price of an asset has fallen to such a degree – usually on high volume – that the oscillator has reached a lower bound. This is generally interpreted as a sign that the price of the asset is becoming undervalued and may represent a buying opportunity for investors

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