

PESTECH (5219)

Reverse Head Shoulder Break-out



Technical Highlights

A 7-month-long reverse head and shoulder break-out is seen, backed by spike in volume (10.7x higher than the 90 days average volume) and breaking through the 9-month primary resistance at RM0.233 (the black line shown). This suggests reversal of primary downtrend and the start of primary uptrend. The primary reversal is further affirmative with the formation of a large green candle at the closing.

The MACD line has recently crossed above the signal line, which shows a strong bullish signal going forward. The 20-EMA pointing up also signifies a short-term bullish trend.

Based on the difference of RM0.095 between the high and low price of the head and shoulder, we think the stock could potentially test the resistance at RM0.340 and RM0.39 (52-week high) respectively. Conversely, a drop below RM0.205 support could signal the start of a correction phase.

Entry – RM-0.245 – RM0.255

Stop Loss – RM0.195

Target Price – RM0.34 – RM0.39

Technical

Resistance 1 (RM)	0.340
Resistance 2 (RM)	0.390
Support 1 (RM)	0.205
Support 2 (RM)	0.190
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.245
52-week High (RM)	0.390
52-week Low (RM)	0.190

Company Profile

PESTECH is principally involved in offering industrial electric power contracting services for engineering, procurement, manufacturing, construction and commissioning aspects of project planning.

Hextar Healthcare (7803)

Double Bottom Break-out



Technical Highlights

A 2-months-long double bottom break-out is seen, accompanied by a spike in volume (9.0x higher than the 90-day average volume), suggesting reversal of the downtrend. The break-out is more affirmative, supported by the formation of large green candle at the closing. The stock is currently trading at RM0.265 which is close to breaking the crucial RM0.295 resistance level. We think breakout is underway, especially with the growing momentum (RSI is growing).

The stock's MACD crossed above the signal line recently which shows a strong bullish signal going forward. The short-term bullishness is affirmative with the EMA 20 pointing upward.

If the share price break through the RM0.295 resistance, we think it is likely to test the next resistance level at RM0.33 (difference between the high and low of the double bottom) which is also the 52-week high. Conversely, consolidation happens if the share price falls below the RM0.23 support.

Entry – RM-0.265 – RM0.270

Stop Loss – RM0.225

Target Price – RM0.295 – RM0.330

Technical

Resistance 1 (RM)	0.295
Resistance 2 (RM)	0.330
Support 1 (RM)	0.230
Support 2 (RM)	0.200
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.265
52-week High (RM)	0.330
52-week Low (RM)	0.195

Company Profile

Hextar Healthcare is principally engaged in two core business segments: manufacturing, distribution and trading of gloves and producing In-vitro Diagnostics (IVD) medical devices.



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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