

Melewar Industrial (3778)

Wedge Pattern Break-out



Technical Highlights

Yesterday, the share price of Melewar Industrial surged, causing the stock to trade above its upward-pointing 20-EMA line. As a result, the trading day ended with a large green candle, and the stock broke through an approximately 5-week-long wedge pattern with growing momentum (as indicated by rising RSI). We believe that there may be more room for upside potential, especially considering the pattern break-out was accompanied by substantial trading volume, which was 12.2 times higher than its average 90-day trading volume.

The golden cross exhibited by the MACD today ascertained the growing momentum. Likewise, the upward-pointing 20-EMA line confirmed short-term bullishness.

With the share price breaking through the pattern with momentum, we think the stock could potentially test the resistance at RM0.335 first and subsequently at RM0.385. Conversely, a dip below RM0.280 could mark the commencement of a correction phase.

Entry – RM0.315 – RM0.320

Stop Loss – RM0.275

Target Price – RM0.335 – RM0.385

Technical

Resistance 1 (RM)	0.335
Resistance 2 (RM)	0.385
Support 1 (RM)	0.280
Support 2 (RM)	0.250
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.315
52-week High (RM)	0.315
52-week Low (RM)	0.240

Company Profile

Melewar Industrial Berhad is principally involve in manufacturing and trading of steel pipes and tubes.

SKB Shutters Corp (7115)

Testing New All-time High?



Technical Highlights

The recent upswing, coupled with the formation of a double large green candle, had led SKB's share price to hover above all of its EMA lines for the past three weeks. Yesterday, the share price surged, forming a large green candle at the closing and breaking through the approximately three-week-long flag pattern with up-ticking momentum (RSI>70) and considerable trading volume (5.1 times more than its average 90-day trading volume). These positive indicators suggest that there may be more potential upside for the stock.

MACD shows momentum is strengthening with the MACD line crossing above the signal line recently. Similarly, short-term bullishness is further affirmed by the RSI hooking up.

With the flag pattern breaking out with positive momentum, we think the share could test the RM1.135 resistance (new all-time high) and subsequent RM1.220 resistance (derived based on the difference of RM0.085 of the high and low of the flag pattern). Conversely, consolidation starts if the share price dips below the RM0.520 support.

Entry – RM-1.130 – RM1.135
Stop Loss – RM0.515
Target Price – RM1.135 – RM1.220

Technical

Resistance 1 (RM)	1.135
Resistance 2 (RM)	1.220
Support 1 (RM)	0.520
Support 2 (RM)	0.390
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	1.13
52-week High (RM)	1.13
52-week Low (RM)	0.345

Company Profile

SKB Shutters Corporation Berhad is a company principally engage in manufacturing roller shutters and trading roller shutter parts.

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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