

SCICOM (MSC) (0099)

Attempting Trend Reversal



Technical Highlights

The stock had been experiencing consolidation from its 52-week high since last year February. However, the stock regained momentum since June and started picking up with a pattern of closing at higher high and high low. Last Friday, its share price surged, forming a large green candle at closing and broke through an approximately 10-week long wedge pattern with considerable trading volume (1.8x higher than its average 90 days trading volume). With the break-out supported by these positive indicators, we think the upside potential of the stock is promising.

Last Friday, the golden cross in the MACD of the stock denotes its momentum is growing. Similarly, the upward pointing 20-EMA and RSI line ascertains the short-term bullishness of the stock.

With pattern break-out, we think the stock could potentially test the resistance at RM1.03 first and subsequently at RM1.12 (52-week high). Conversely, a descent below RM0.900 could indicate the commencement of a correction phase.

Entry – RM-0.930 – RM0.960
Stop Loss – RM0.870
Target Price – RM1.03 – RM1.12

Technical

Resistance 1 (RM)	1.03
Resistance 2 (RM)	1.12
Support 1 (RM)	0.900
Support 2 (RM)	0.850
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.960
52-week High (RM)	1.12
52-week Low (RM)	0.880

Company Profile

Scicom (MSC) Berhad is a company that principally engages in offering customer service outsourcing services.

NCT Alliance (0056)

Momentum is Back?



Technical Highlights

Consolidation was observed in the stock after it peaked at RM0.585 (52-week high). This also caused the stock to hover below its 20-EMA line. Despite that, we see this consolidation as healthy as the stock has rebounded and closed with large green candle at the closing last Friday. Additionally, this rebound also broke through the channel pattern 2-month lasting channel pattern with growing momentum (as shown by upticking RSI indicator). Buoyed by these positive signals, we think the upticking opportunity of the stock is immense.

Last Friday, the MACD exhibited a golden cross, which indicates strong momentum going forward. In addition, the RSI lines confirms its short-term bullishness.

With the pattern break-out supported by growing momentum, we think the share could test the resistance at RM0.545 first and subsequently at RM0.585 (52-week high). Conversely, consolidation starts if the share price dips below the RM0.450 support.

Entry – RM-0.495 – RM0.505
Stop Loss – RM0.420
Target Price – RM0.545 – RM0.585

Technical

Resistance 1 (RM)	0.545
Resistance 2 (RM)	0.585
Support 1 (RM)	0.450
Support 2 (RM)	0.405
MACD	Positive
RSI	Neutral

Stock Information

Last Close (RM)	0.505
52-week High (RM)	0.585
52-week Low (RM)	0.315

Company Profile

NCT Alliance Berhad is a Malaysian based property developer that offer property development services for various housing projects.

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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