

Mestron (0207)

Rebound On The Card?



Technical Highlights

The stock has been consolidating since it reached its 52-week high in October 2023. There were no signs of a trend reversal until a large green candle emerged after the stock surged yesterday. This candle not only pushed the stock to trade above its 50-EMA but also broke through a 7-month pennant pattern with increasing momentum (as indicated by the RSI indicator) and significant trading volume (1.2 times higher than its average 90-day trading volume). These positive signals indicate that there is potential for further upside.

The stock's momentum was bolstered by a golden cross in its MACD yesterday. Additionally, the short-term bullishness is confirmed by upward-pointing 20-EMA and RSI lines.

In reference to the pattern break-out with growing momentum, we think the stock could potentially test the resistance at RM0.300 first and thereafter at RM0.350. Conversely, a dip below RM0.250 could signify the start of a correction phase.

Entry – RM-0.270 – RM0.280

Stop Loss – RM0.230

Target Price – RM0.300 – RM0.350

Technical

Resistance 1 (RM)	0.300
Resistance 2 (RM)	0.350
Support 1 (RM)	0.250
Support 2 (RM)	0.230
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.280
52-week High (RM)	0.550
52-week Low (RM)	0.230

Company Profile

Mestron Holdings Berhad is a company that engages in providing street lighting, decorative, camera, traffic and mid-hinge collapsable poles.

CB Industrial Product (7076)

Upswing On The Play?



Technical Highlights

The stock had been trading below all its EMA lines since early May. However, the momentum of stock picked up recently and pushed its share price to trade above all its EMA lines. At closing yesterday, the stock rebounded and closed with a large green candle. We think the stock may subject to more upside opportunity as evident by the green candle that broke through the 10-week long channel pattern with strong momentum (RSI is near approaching the overbought territory) and substantial trading volume (7.3x higher than its average 90-day trading volume).

The golden cross exhibited by the MACD yesterday indicates strong momentum going forward. Likewise, the upward pointing RSI and 20-EMA line confirms the short-term bullishness of the stock.

Given these positive technical indicators, we think the share could test the resistance at RM1.47 first and subsequently at RM1.57. Conversely, consolidation starts if the share price dips below the RM1.25 support.

Entry – RM-1.33 – RM1.36
Stop Loss – RM1.20
Target Price – RM1.47 – RM1.57

Technical

Resistance 1 (RM)	1.47
Resistance 2 (RM)	1.57
Support 1 (RM)	1.25
Support 2 (RM)	1.14
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	1.36
52-week High (RM)	1.47
52-week Low (RM)	1.04

Company Profile

CB Industrial Product Holding Berhad principally engages in manufacturing, marketing and trading of palm oil mill equipment and related spare 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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