

Systemch (0050)

Further Rebound Ahead?



Technical Highlights

The stock had been trending downwards after reaching its 52-week high. The consolidation appears to have stopped as the stock recently started to rise from its 52-week low at RM0.31. We think there are strong signs of recovery, with a pattern of higher highs and higher lows, and has almost recouped the major losses from the recent sell-off. Additionally, a W pattern has formed, indicating renewed buying interest. Notably, the stock surged yesterday and closed with a large green candle, nearing a breakthrough of the key resistance at RM0.375, which was established from the recent pennant pattern breakout. Based on these positive technical indicators, we foresee significant upside potential for the stock moving ahead.

Strong momentum is expected as portrayed by the recent golden cross in the MACD reading. Similarly, short-term bullishness is ascertained by the growing RSI indicator and the stock trading above the short-term 50-EMA line.

If the stock convincingly breaches the RM0.375 key resistance level, we believe this will provide the strength for the stock to subsequently test the next RM0.470 resistance. Conversely, consolidation occurs if the share price dips below its RM0.340 support, which is set based on the recent low.

Entry – RM0.345 – RM0.365
Stop Loss – RM0.310
Target Price – RM0.375 – RM0.470

Technical

Resistance 1 (RM)	0.375
Resistance 2 (RM)	0.470
Support 1 (RM)	0.340
Support 2 (RM)	0.310
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.365
52-week High (RM)	0.600
52-week Low (RM)	0.310

Company Profile

Systec Bhd specialises in marketing software for multi-level marketing and direct selling industries.

Leong Hup International (6633)

Momentum is Back?



Technical Highlights

After reaching a 52-week high, there was a period of minor consolidation before the stock started to gain momentum again. This was short-lived, as the stock began to slowly decline with decreasing momentum. However, the stock spiked and formed a gapped-up green candle at the closing of yesterday's trading. Additionally, the gapped-up candle also appeared to have broken through the pennant pattern with significant trading volume (1.2 times higher than its average 90-day total trading volume). Based on these positive signals, we believe that the buying momentum has resumed and there may be more upside potential ahead.

The fresh golden cross in MACD yesterday confirmed the strong buying momentum. Despite the RSI reading being in neutral territory, an upward-pointing RSI and 50-EMA lines ascertain the bullishness trend in the short term.

With the pattern break supported by growing momentum and significant buying volume, we believe this will give strength to the stock, allowing it to test its resistance at RM0.625 first, followed by the next resistance at RM0.710 (52-week high). Conversely, a stop-loss can be placed below the recent low at RM0.585.

Entry – RM0.595 – RM0.615
Stop Loss – RM0.535
Target Price – RM0.625 – RM0.710

Technical

Resistance 1 (RM)	0.625
Resistance 2 (RM)	0.710
Support 1 (RM)	0.585
Support 2 (RM)	0.510
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.615
52-week High (RM)	0.710
52-week Low (RM)	0.510

Company Profile

Leong Hup International Bhd is a poultry company principally engages in offering breeding, egg production, boiler, and livestock feeding solutions.

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

Disclaimer & Disclosure of Conflict of Interest

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as “believe”, “estimate”, “intend” and “expect” and statements that an event or result “may”, “will” or “might” occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. (“Mercury Securities”) and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities’ website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Published & Printed By:

MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont’ Kiara,
50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my