

Nestcon (0235)

Revisiting 52-week High?



Technical Highlights

In May, there were double surges which propelled the stock to trade above all of its EMA lines, initiating an uptrend cycle. After that, the stock traded within a range until a substantial sell-off in early August. However, the stock quickly regained momentum and reversed all the losses from the sell-off. Yesterday, the stock experienced a surge and closed with a Marubozu candle. This Marubozu candle also broke through a pennant pattern that had been forming for about a month, accompanied by a decent trading volume (about 2.9 times higher than its average 90-day trading volume), indicating a positive uptrend.

Growing momentum can be observed via the upticking MACD line, which is just on the verge of initiating a golden cross. Likewise, the short-term bullish trend is indicated by both the upward-pointing 50-EMA and RSI lines.

Since the pattern break-out is supported by the abovementioned positive indicators, we think this warrants the stock to test its first resistance level at RM0.450, which is also its 52-week high. If the trading momentum sustains, the stock could potentially test the next new 52-week high resistance level at RM0.500. On the flip side, consolidation occurs if the share price dips below its RM0.400 support, which is derived from its recent low.

Entry – RM0.410 – RM0.425
Stop Loss – RM0.350
Target Price – RM0.450 – RM0.500

Technical

Resistance 1 (RM)	0.450
Resistance 2 (RM)	0.500
Support 1 (RM)	0.400
Support 2 (RM)	0.325
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.425
52-week High (RM)	0.450
52-week Low (RM)	0.325

Company Profile

Nestcon Bhd is a construction company specialises in developing infrastructure, civil work and building construction services.

WMG Holdings (6378)

Regaining Momentum?



Technical Highlights

The stock experienced multiple spikes that drove its price towards its 52-week high in late April. After reaching this high point, there was a brief period of consolidation as the stock's trading momentum weakened. However, the buying momentum picked up and the stock gradually rose. Yesterday, the pace of trading momentum increased rapidly, as indicated by a sharp upward-pointing RSI line, causing the stock to surge and form a large green candle at closing. This move broke through a pennant pattern that had lasted for approximately 4 months. We think this breakout, accompanied by growing momentum, as a strong signal of short-term bullishness in the stock.

The recent exhibition of a golden cross in the MACD supports a strong growing momentum narrative. Similarly, an upward-pointing 50-EMA line indicates a short-term bullish trend for the stock.

Relying on the breakout pattern supported by growing momentum, we think that this strength will prompt the stock to test its initial resistance at RM0.440, followed by the subsequent resistance at RM0.495 (the 52-week high). Conversely, a stop-loss can be placed below the recent low at RM0.345.

Entry – RM0.400 – RM0.430

Stop Loss – RM0.295

Target Price – RM0.440 – RM0.495

Technical

Resistance 1 (RM)	0.440
Resistance 2 (RM)	0.495
Support 1 (RM)	0.345
Support 2 (RM)	0.205
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.430
52-week High (RM)	0.495
52-week Low (RM)	0.085

Company Profile

WMG Holdings Bhd is a company principally engages in offering property development and wholesaling and retailing of hardware, building materials, and related goods.

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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