

Econpile Holdings (5253)

Strong Reversal Signal Is Back?



Technical Highlights

The stock broke below the wedge pattern in July after consolidating from its 52-week high. After the pattern breakout, the stock regained its trading momentum and made multiple attempts to challenge the crucial resistance level at RM0.440, but was unsuccessful and sent multiple false reversal signals. However, we think a strong reversal signal in the stock has appeared, with trading momentum recently picked up and accompanied by a typical bullish W pattern. The stock surged and is now on the verge of breaking through the key resistance level at RM0.440.

Rebound in the RSI indicator and the occurrence of the golden cross in the MACD confirm the stock's strong momentum in the near term.

If the stock can break through the crucial RM0.440 key resistance level with sustained strong trading momentum, we think this shall warrant the stock to challenge its next resistance level at RM0.525. However, a potential correction could occur if the stock dips below its RM0.370 support level (derived from its recent low).

Entry – RM0.400 – RM0.430
Stop Loss – RM0.330
Target Price – RM0.440 – RM0.525

Technical

Resistance 1 (RM)	0.440
Resistance 2 (RM)	0.525
Support 1 (RM)	0.370
Support 2 (RM)	0.320
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.430
52-week High (RM)	0.545
52-week Low (RM)	0.265

Company Profile

Econpile Holdings Berhad is a foundation and civil engineering contractor that specializes in providing foundation and geotechnical works, structure works and design and build packages.

WCE Holdings (3565)

Uptrend Underway?



Technical Highlights

After reaching a 52-week high at RM1.14, the stock entered a period of consolidation and traded below all its EMA lines. However, the stock showed a significant surge in momentum yesterday, as evidenced by an increase in the RSI reading. This surge led to the formation of a large green candle and broke through the pennant pattern as well as the key resistance level at RM 0.760. We think these positive technical indicate that uptrend for the stock is potentially underway.

Strong momentum is displayed by the recent golden cross in the MACD indicator. Meanwhile, short-term bullishness in the stock is affirmed by both the upward-pointing 50-EMA and RSI lines.

With the pattern break-out supported by growing momentum, we see this as a strength for the stock to challenge its first resistance at RM0.810 and the subsequent resistance at RM0.905. Conversely, a stop loss can be put at the recent low price of RM0.720.

Entry – RM0.755 – RM0.785

Stop Loss – RM0.670

Target Price – RM0.810 – RM0.905

Technical

Resistance 1 (RM)	0.810
Resistance 2 (RM)	0.905
Support 1 (RM)	0.720
Support 2 (RM)	0.640
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.785
52-week High (RM)	1.14
52-week Low (RM)	0.640

Company Profile

WCE Holdings Bhd is a construction company that principally engages in designing, constructing and developing west-coast expressway 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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