

Ancom Nylex (4758)

Double Bottom Break-out



Technical Highlights

In early June, the stock's momentum started to decline, leading to consolidation. It reached a low point of RM0.955, its 52-week low, before showing signs of recovery as trading momentum picked up recently. This recovery seems sustainable as the stock has been following a pattern of higher highs and higher lows. Yesterday, the stock surged and formed a large green candle at the closing, breaking through the RM1.04 neckline of the double-bottom pattern with significant trading volume (2.25 times higher than its average 90-day trading volume). Additionally, the spike also sent the stock to trade above all its EMA lines.

Momentum in the stock is increasing, as evidenced by the recent golden cross in the MACD. Similarly, the stock's short-term bullishness is confirmed by the upward-pointing 50-EMA line.

With the bullish signal from the pattern break-out accompanied by strong momentum, we think this shall provide support for the stock to test its not-far-away first resistance at RM1.08. If the stock manages to break through this, it may attempt to test the subsequent resistance at RM1.19. As for the stop loss, it can be placed at the recent low price of RM1.01.

Entry – RM1.03 – RM0.06

Stop Loss – RM0.960

Target Price – RM1.08 – RM1.19

Technical

Resistance 1 (RM)	1.08
Resistance 2 (RM)	1.19
Support 1 (RM)	1.01
Support 2 (RM)	0.955
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	1.06
52-week High (RM)	1.22
52-week Low (RM)	0.955

Company Profile

Ancom Nylex Berhad is a company that principally engages in manufacturing and selling chemical products.

Seal Incorporated (4286)

Flag Pattern Break-out Ahead?



Technical Highlights

The stock had been trading in an uptrend pattern with higher high and higher low. Despite the stock consolidating significantly around mid July, it then rebounded quickly with the formation of multiple large green candles. Similarly, the trading momentum also continue to roll up after the sell down. At the closing yesterday, the stock was actually on the verge of breaking through the RM0.840 resistance level of its 5-week long flag pattern. We think the break-out is underway, supported by the pick-up in trading volume at closing yesterday (3.6x more than its average 90-days trading volume).

With the exhibition of the golden cross in the MACD yesterday, this confirms the growing momentum of the stock in the short-term. Additionally, the increase in the RSI indicator and upward-pointing 50-EMA line validate the short-term bullishness of the stock.

If the stock can break through the RM0.840 resistance level of the flag pattern with sustained trading volume and momentum, we believe this shall warrant the stock to test its subsequent resistance level at RM0.925 (derived according to the RM0.085 difference between the high and low of the flag pattern). Conversely, consolidation happens if the stock dips below its RM0.705 support level.

Entry – RM0.805 – RM0.835
Stop Loss – RM0.655
Target Price – RM0.840 – RM0.925

Technical

Resistance 1 (RM)	0.840
Resistance 2 (RM)	0.925
Support 1 (RM)	0.705
Support 2 (RM)	0.630
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.835
52-week High (RM)	0.835
52-week Low (RM)	0.385

Company Profile

Seal Incorporated Bhd is a Malaysian based company that engages in developing and managing properties, extracting timbers and trading of log and sawmilling.

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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