

Sime Darby (4197)

Bullish Breakout Signals Opportunity



Technical Highlights

The stock broke above a downtrend line yesterday, accompanied by the highest buying volume since June 2024. It's currently trading above the 20-day EMA and has just touched the 50-day and 200-day EMAs following the breakout. The EMA zone around RM2.42 will be crucial to monitor in the coming days, as it could serve as a key support or resistance level.

Momentum indicators look positive for the stock. The RSI is at 54 and moving upward, suggesting strengthening momentum. Additionally, the MACD previously formed a golden cross, which is now trending higher. If this upward momentum continues, we may see another golden cross soon, adding to the bullish outlook.

An ideal entry range is between RM2.38 and RM2.43. The first resistance level is at RM2.52; if this level is breached, the next target will be RM2.73. Should the stock clear this second resistance, it may challenge its 52-week high at RM2.83. However, this could take time due to previous consolidation in this area, which will require strong turnover to break. On the other hand, if the stock struggles to challenge all three key EMAs, it could decline toward major support at RM2.23. A drop below this support level will indicate the beginning of a correction.

Entry – RM2.38 – RM2.43
Stop Loss – RM2.23
Target Price – RM2.52 – RM2.73

Technical

Resistance 1 (RM)	2.52
Resistance 2 (RM)	2.73
Support 1 (RM)	2.34
Support 2 (RM)	2.23
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	2.42
52-week High (RM)	2.83
52-week Low (RM)	2.08

Company Profile

Sime Darby Berhad operates as a trading and logistics company. The company offers assembling and distribution services for industrial, motors, and logistics sectors, as well as the healthcare, insurance, and retail segments.

HPP Holdings (0228)

Breaking 200 EMA Milestone



Technical Highlights

Yesterday, the stock made an impressive breakout from a long consolidation period, reaching a new high not seen since July 2022. In addition to the consolidation box pattern, it is also breaking out from an ascending triangle - a classic bullish signal. This breakout has allowed the stock to trade above all three key EMAs, suggesting a strong upward trajectory.

Momentum indicators are looking favourable, although the stock is slightly overbought with the RSI currently at 70. The MACD formed a golden cross before the breakout and continues to trend upwards. Furthermore, trading volume has spiked significantly compared to the usual levels over the past two years, highlighting increased interest and activity in the stock.

Given the stock's current momentum, it may be prudent to wait for a slight pullback before entering. The ideal entry range is between RM0.42 and RM0.44. The first resistance is RM0.50, closely aligned with its IPO opening price. A breakthrough at this level would reflect strong investor confidence and could pave the way for a rise to RM0.54. However, some sideways movement may occur as this area has historically acted as a significant resistance. On the flip side, if the stock falls below RM0.38 support, it could indicate a downward trend.

Entry – RM0.42 – RM0.44
Stop Loss – RM0.38
Target Price – RM0.50 – RM0.54

Technical

Resistance 1 (RM)	0.50
Resistance 2 (RM)	0.54
Support 1 (RM)	0.41
Support 2 (RM)	0.38
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.45
52-week High (RM)	0.45
52-week Low (RM)	0.31

Company Profile

HPP Holdings Bhd manufactures paper-based packaging solutions. The company specializes in the printing and production of paper-based packing, comprising corrugated, and non-corrugated packaging.

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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