

ECA Integrated (0267)

Volume-Driven Trend Reversal



Technical Highlights

The stock has been in a downtrend movement since early June 2024. During these periods, the stock initiated multiple attempts to breach the downtrend but was unsuccessful each time. The recovery signal was only reignited when the spike in trading volume yesterday (9.2x more than its average 90-day total volume) caused the stock to hook up substantially and break through the triangle pattern. Supported by these bullish signals, the stock is likely to trend upward further, signalling the commencement of a trend reversal.

Momentum indicators are showing strength. The RSI is trending upward sharply, indicating the build-up of solid trading interest. Similarly, the upward-pointing MACD is reflecting the strengthening of the stock's momentum.

The ideal entry point can be observed in between RM0.200 to RM0.220. The first resistance to watch would be at RM0.240. If the trading momentum is sustained, this could fuel the stock rally towards its secondary resistance at RM0.280. A successful breakout beyond this point could lead to a swift move toward the subsequent resistance at RM0.310. Conversely, if the stock descends towards RM0.180, this could mark a false trend reversal and consolidation could follow.

Entry – RM0.200 – RM0.220

Stop Loss – RM0.160

Target Price – RM0.240 – RM0.280 – RM0.310

Technical

Resistance 1 (RM)	0.240
Resistance 2 (RM)	0.280
Support 1 (RM)	0.180
Support 2 (RM)	0.150
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.220
52-week High (RM)	0.565
52-week Low (RM)	0.190

Company Profile

ECA Integrated Bhd specialises in providing automated test integrated production system and automated equipment.

Wentel Engineering (0298)

Positive Trend Movement Ahead



Technical Highlights

After reaching its 52-week high in late May, the stock entered a significant consolidation phase as buying interest waned, driving it into a bearish trend. Yesterday, the rebound in buying interest pushed the stock to close higher and initiated a triangle pattern breakout. This breakout, coupled with the stock trading above its EMA 20 line, suggests a potential shift toward sustained positive momentum and an upward trend ahead.

Momentum indicators are showing strength in favour of trend reversal. The RSI is showing a clear uptick after a prolonged subdued phase, highlighting the resurgence of buying interest. Meanwhile, the exhibition of a golden cross in the MACD yesterday signals the stock is entering a positive trajectory.

Looking at the price range between RM0.275 and RM0.285 could yield an attractive entry opportunity. The first resistance level is at RM0.300, and if the stock successfully breaks through, it could climb towards the RM0.345 level. On the flip side, the stock could dip into a correction phase if the stock falls below RM0.260, its recent support level.

Entry – RM0.275 – RM0.285
Stop Loss – RM0.240
Target Price – RM0.300 – RM0.345

Technical

Resistance 1 (RM)	0.300
Resistance 2 (RM)	0.345
Support 1 (RM)	0.260
Support 2 (RM)	0.210
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.285
52-week High (RM)	0.390
52-week Low (RM)	0.260

Company Profile

Wentel Engineering Holdings Bhd specializes in providing metal fabrication and bending, laser cutting, welding, surface treatment, coating, assembly of finished products and structure machining services.

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 recognizable 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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