MERCURY SECURITIES SDN BHD
(A Participating Organisation of Bursa Malaysia Securities Bhd.)

TECHNICAL WATCH
Monday, 16 December 2024
Research Team
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QES Group (0196)

Consolidation Ends with Bullish Break

Technical Highlights

The stock has been facing challenges in breaking above the strong resistance at RM0.560, following a downtrend. After consolidating for four months, it formed a bullish W-shaped pattern. Recently, the stock managed to break out above the RM0.560 resistance and is now trading comfortably above it. This breakout is further supported by a pullback move, with the stock trading above all three key EMAs.

Momentum indicators further support the bullish sentiment. The RSI is currently at 67, moving upward but still below overbought levels. Meanwhile, the MACD continues to trend higher. Trading volume has also surged to its highest levels since August 2024.

An ideal strategy for this stock would be to wait for a slight pullback, preferably with the stock holding above the 200-day EMA. As such, a good entry range would be between RM0.570 and RM0.590. From there, the first target would be RM0.635, with RM0.675 as the next resistance if the upward momentum continues. On the downside, should the stock fall below RM0.530, it will enter a correction phase as it will then trade below all three key EMAs.

Entry – RM0.570 – RM0.590
Stop Loss – RM0.530
Target Price – RM0.635 – RM0.675

Technical	
Resistance 1 (RM)	0.635
Resistance 2 (RM)	0.675
Support 1 (RM)	0.560
Support 2 (RM)	0.530
MACD	Positive
RSI	Positive

Stock Information	
Last Close (RM)	0.590
52-week High (RM)	0.780
52-week Low (RM)	0.460

Company Profile
QES Group Berhad manufactures and distributes inspection, test, measuring, analytical, and automated handling equipment.

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WCT (9679)

Stock Gearing Up for a Breakout

Technical Highlights

The stock has shown a strong uptrend since early 2024, reaching a peak of RM1.35 in July before retracing to a recent low of RM0.81. Since September, it has been consolidating within a defined range. Encouragingly, the stock has formed a bear trap within this zone and is now trading above all three key EMAs for the first time during this consolidation phase—an early sign of potential upward momentum.

Momentum indicators are signaling improving strength. The RSI is at 52 and continues to trend upward, while the MACD also formed a golden cross earlier this month and continues to rise steadily. Additionally, trading volumes are also picking up after months of neutral activity, indicating renewed buying interest.

An ideal entry point lies between RM0.90 and RM0.92. If the stock breaks out of the rectangle box, the first resistance is at RM0.97, with further upside potential to RM1.08. On the downside, a break below RM0.85 could initiate a correction phase. This setup offers an appealing risk-to-reward ratio of 3.

Entry – RM0.90 – RM0.92
Stop Loss – RM0.85
Target Price – RM0.97 – RM1.08

Technical	
Resistance 1 (RM)	0.97
Resistance 2 (RM)	1.08
Support 1 (RM)	0.88
Support 2 (RM)	0.85
MACD	Positive
RSI	Positive

Stock Information	
Last Close (RM)	0.92
52-week High (RM)	1.35
52-week Low (RM)	0.46

Company Profile

WCT Holdings Berhad specialise in earthworks, highway construction, and related infrastructure works. The company also operates in property investment and development as well as trades building materials.

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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: - 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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