

LGMS (0249)

Will the Triangle Break Higher?



Technical Highlights

The stock has been consolidating within a triangle pattern following a recent downtrend, indicate that a critical turning point may be near. Buying volume has steadily increased in recent sessions, and the stock is approaching a key test of its 50-day, 100-day, and 200-day EMAs. A breakout above the triangle and these EMAs could pave the way for significant upside potential.

Momentum indicators are showing encouraging signs. The MACD, which had been flat over the past month, is beginning to trend upward. Additionally, the RSI has climbed to 47 and continues to rise, reinforcing the case for a potential breakout.

For this setup, an ideal entry range is between RM1.23 and RM1.25. The first resistance lies at RM1.32, and a successful breakout could see the stock rally toward RM1.48, a key resistance level. On the downside, a break below RM1.17 would indicate a bearish reversal and lead to a sharper correction.

Entry – RM1.23 – RM1.25

Stop Loss – RM1.17

Target Price – RM1.32 – RM1.48

Technical

Resistance 1 (RM)	1.32
Resistance 2 (RM)	1.48
Support 1 (RM)	1.20
Support 2 (RM)	1.17
MACD	Neutral
RSI	Positive

Stock Information

Last Close (RM)	1.25
52-week High (RM)	1.80
52-week Low (RM)	0.86

Company Profile

LGMS Berhad is a cyber security penetration testing firm. The firm specializes in web application, mobile application, source code review, wireless network, intelligence LED, cyber drill, lot device, and CREST penetration testing.

Pentamaster (7160)

Breakout, Pullback, and Next Rally



Technical Highlights

The stock reached a peak in July 2024 before entering a prolonged downtrend. However, it has recently shown signs of a turnaround. After struggling to break the key resistance level at RM4.00, the stock finally broke out in early December, supported by a bullish W pattern. What's more encouraging is the healthy pullback above the RM4.00 resistance, which confirmed the breakout's strength. With yesterday's 4.2% gain, the stock is now trading firmly above its all three key EMAs.

Momentum indicators further support the bullish outlook. The RSI is at 68 and still trending upward, though staying below the overbought threshold, which leaves room for further gains. Additionally, the MACD formed a golden cross in late November and continues to move higher, indicating sustained positive momentum.

An ideal strategy for this stock would be to wait for a slight pullback, with an entry range between RM4.11 and RM4.23. The first resistance level is at RM4.61, and if the stock breaks through this, it could rally toward the second target at RM5.03. On the downside, if the stock falls below RM3.92, it risks a sharp decline to RM3.35.

Entry – RM4.11 – RM4.23
Stop Loss – RM3.92
Target Price – RM4.61 – RM5.03

Technical

Resistance 1 (RM)	4.61
Resistance 2 (RM)	5.03
Support 1 (RM)	4.00
Support 2 (RM)	3.83
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	4.25
52-week High (RM)	5.35
52-week Low (RM)	3.31

Company Profile

Pentamaster Corporation Bhd manufactures automated and semi-automated machines and equipment, designs and manufactures precision machinery components, as well as assembles and installs computerized automation systems and equipment.

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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