

SMRT Holdings (0117)

More uptick potential?



Technical Highlights

Recent swing has sent the stock price to hover above the SMA 20 line. Last Friday, the stock surged, gapping up with the formation of a large green candle at closing. The gap-up broke through an approximately 1-month long triangle pattern with momentum (RSI>70) and considerable trading volume, signifying more upside potential may be on the card.

The recent golden cross shown by the MACD, coupled with the RSI and SMA 20 line pointing upward, could be a sign of short-term bullishness.

Based on the difference of RM0.185 derived from the high and low of the triangle pattern, we think the stock could potentially test the RM1.195 resistance and, subsequently, the RM1.380 resistance. Conversely, a dip below RM1.010 could signal the start of a correction phase.

Entry – RM-1.15 – RM1.16
Stop Loss – RM0.910
Target Price – RM1.195 – RM1.380

Technical

Resistance 1 (RM)	1.195
Resistance 2 (RM)	1.380
Support 1 (RM)	1.010
Support 2 (RM)	0.910
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	1.150
52-week High (RM)	1.150
52-week Low (RM)	0.630

Company Profile

SMRT Holdings Berhad is principally involved in providing software consultancy and development and its related services.

EG Industries (8907)

Flag break-out with Momentum



Technical Highlights

The recent formation of a double large green candle and double gap-up sent the share price to trade above all the EMA lines. Last Friday, a Marubozu candle was formed as the share price surged at closing with considerable trading volume (3.6x higher than its 90-day trading volume), breaking past an approximately 5-week-long flag pattern, signifying that more upswing may be underway.

With MACD hooking up and the RSI hovering above the overbought territory, this confirms the upward momentum and short-term bullishness.

With significant momentum, we think the stock could potentially test the resistance at RM2.370 first and subsequently at RM2.495 (determined by the difference of RM0.125 between the high and low of the flag pattern). Conversely, consolidation happens if the share price dips below the RM2.030 support (a few ticks below the recent downswing).

Entry – RM-2.260 – RM2.270
Stop Loss – RM1.930
Target Price – RM2.370 – RM2.495

Technical

Resistance 1 (RM)	2.370
Resistance 2 (RM)	2.495
Support 1 (RM)	2.030
Support 2 (RM)	1.440
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	2.260
52-week High (RM)	2.260
52-week Low (RM)	1.250

Company Profile

EG Industries Berhad is a Malaysia-based company that specialise in manufacturing and selling individual speaker drivers, speaker systems, and parquet flooring.

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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