

Karex (5247)

Pattern Break-out Ahead?



Technical Highlights

The stock has been in a consolidation phase for eight months and is now showing signs of a potential breakout. After briefly dipping below its 200-day EMA, it rebounded strongly by 16%, highlighting significant buying interest. Since the stock is holding above its 200-day EMA with its share trading in a pattern of higher high and higher low recently, we think the break-out of the key resistance of the triangle pattern at RM0.825 is imminent.

Momentum indicators are also turning positive, with the MACD recently forming a golden cross, which often signals the start of an upward trend.

A successful breakout above the RM0.825 resistance level of the triangle pattern, could quickly push the stock to challenge the next resistance at RM0.885 (52-week high). Conversely, if the price dips below RM0.755, it could signal the beginning of a correction phase.

Entry – RM-0.790 – RM0.810

Stop Loss – RM0.745

Target Price – RM0.825 – RM0.885

Technical

Resistance 1 (RM)	0.825
Resistance 2 (RM)	0.885
Support 1 (RM)	0.755
Support 2 (RM)	0.685
MACD	Positive
RSI	Neutral

Stock Information

Last Close (RM)	0.810
52-week High (RM)	0.885
52-week Low (RM)	0.504

Company Profile

Karex Berhad is involved in the manufacturing of condoms, lubricating jelly and other medical devices such as catheters and probe cover.

VS Industries (6963)

Revisiting its 52-week High?



Technical Highlights

Recently, the stock underwent a period of consolidation after reaching its 52-week high. This led to the share price trading below its 20-EMA line and subsequently breaking through the support line of the channel pattern. However, the stock showed signs of reversal when it rebounded above the support line of the channel pattern yesterday, supported by growing momentum (indicated by growing RSI reading) and substantial trading volume (2.1x higher than its average 90-day trading volume). With these positive technical indicators, we see the opportunity for the stock to revisit its 52-week high as promising.

The stock's momentum was bolstered by a golden cross in its MACD yesterday. Additionally, the short-term bullishness is confirmed by upward-pointing 20-EMA and RSI lines.

Relying on the trend reversal with strong momentum and trading volume, we believe the stock has the potential to test the resistance at RM1.33 (52-week high) first and subsequently at RM1.40. Conversely, a dip below RM1.10 could signify the start of a correction phase.

Entry – RM-1.20 – RM1.24
Stop Loss – RM1.05
Target Price – RM1.33 – RM1.40

Technical

Resistance 1 (RM)	1.33
Resistance 2 (RM)	1.40
Support 1 (RM)	1.10
Support 2 (RM)	1.00
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	1.24
52-week High (RM)	1.33
52-week Low (RM)	0.937

Company Profile

VS Industries Berhad principally engages in manufacturing and assembling plastics molded and electronic parts and components.

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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