

CPE Technology (5317)

Multiple Signals Supportive of Recovery



Technical Highlights

After touching its 52-week high, the stock fell into a major consolidation phase that lasted for 11 months. Recently, the stock seemed to establish a bottom as it started to rebound with a pattern of higher highs and higher lows. At the yesterday's closing, the stock jumped and gapped-up, leading to a formation of a large bullish candle. This action also confirmed the triangle pattern breakout with the stock now also trading above its 50-EMA line. With these multiple technical signals in place, we think this could form a stage for the stock to extend its recovery trajectory in the near term.

Momentum indicators are displaying positive signals. The RSI continued its uptrend movement, suggesting the built-up of the stock's strong buying interest. Similarly, the golden cross displayed in the MACD recently, painting the stock's short-term bullish outlook.

An attractive entry opportunity can be set at the range between RM0.630 and RM0.640. The first resistance level lies on RM0.700. A potential breach above this level could pave way for the stock to test the next target at RM0.740. Conversely, a false pattern breakout signal could re-emerge if the stock descent below its recent support level of RM0.570.

Entry – RM0.630 – RM0.640
Stop Loss – RM0.560
Target Price – RM0.700 – RM0.740

Technical

Resistance 1 (RM)	0.700
Resistance 2 (RM)	0.740
Support 1 (RM)	0.570
Support 2 (RM)	0.500
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.640
52-week High (RM)	1.45
52-week Low (RM)	0.455

Company Profile

CPE Technology Berhad is a company primarily involves in providing precision machining and mechanical assembly.

Cahaya Mata Sarawak (2852)

Double Bottom Breakout



Technical Highlights

The stock has been on market correction phase since early August 2024. After touching its bottom, the stock regained momentum and recovered strongly. Yesterday, driven by the resurgence of the stock's buying momentum (3.5x higher than its average 90-days trading volume), the stock closed higher with a gain of 5.3%. Following this positive closing, this also confirmed a double bottom pattern breakout backed by a typical W-pattern and the stock's reclamation above its 50-EMA line, supporting the case that the stock could extend its positive movement over the horizon.

The momentum indicators are looking favourable. The RSI is growing, indicating the stock's buying interest is accumulating. Similarly, the stock's bullish outlook is ascertained by the recent exhibition of golden cross in the MACD.

In terms of entry points, a favourable range would be between RM0.970 and RM0.990. The first major resistance is at RM1.04. A successful break above this could push the stock toward RM1.12. However, on the downside, if the stock falls below RM 0.900, it could retrace further to around RM0.850. Stop loss wise, it can be placed at RM0.89 level.

Entry – RM0.970 – RM0.990
Stop Loss – RM0.890
Target Price – RM1.04 – RM1.12

Technical

Resistance 1 (RM)	1.04
Resistance 2 (RM)	1.12
Support 1 (RM)	0.900
Support 2 (RM)	0.850
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	0.990
52-week High (RM)	1.48
52-week Low (RM)	0.800

Company Profile

Cahaya Mata Sarawak Berhad manufactures building materials, and offers construction services and software.

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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