MERCURY SECURITIES SDN BHD
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RCE Capital Berhad (9296)

Near-Term Trendline Breakout

Technical Highlights

The stock last closed at RM1.110, rebounding off its first support at RM1.070. Back in September, the stock had broken out of its one-year trendline and tested its first resistance at RM1.181. Subsequently, the stock had retraced back to its first support and broken out of its one-month trendline, reinforcing the trend reversal to remain bullish.

Momentum indicators show bullish signals from the RSI as it moves upwards towards the overbought zone. The MACD line had recently crossed above the signal line. However, the stock has been trading well below its 200-day EMA. To support this, the stock had recently crossed above its 20 and 50-day EMAs, indicating a bullish near-term potential.

On the upside, the immediate target is RM1.181 with further strength potentially extending towards RM1.343, given a sustained momentum. Conversely, a breach below its support levels would invalidate the bullish outlook and expose the stock to further downside.

Entry – RM1.100 – RM1.110
Stop Loss – RM1.020
Target Price – RM1.181 – RM1.343

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Technical	
Resistance 1 (RM)	1.181
Resistance 2 (RM)	1.343
Support 1 (RM)	1.070
Support 2 (RM)	1.027
MACD	Bullish
RSI	Positive

Stock Information	
Last Close (RM)	1.110
52-week High (RM)	1.770
52-week Low (RM)	1.020

Company Profile

RCE Capital Berhad is an investment holding company which provides management services. Through its subsidiaries, the Company invests in property, provides information technology, financial administrative, loan financing, broadcasting and advertising media services. RCE Capital is also involved in general trading, licensing and merchandising activities.

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Chemlite Innovation Berhad (0348)

Riding Momentum, Resistance Breakout

Technical Highlights

The stock last closed at RM0.270, a breakout of its resistance-turned-support at RM0.260. The stock had been consolidating since September with an opportunity rising for a buy on support rebound.

Momentum indicators show bullish signals from the RSI as it moves upwards towards the overbought zone. On the other hand, the MACD line had recently crossed above the signal line. In terms of moving averages, the stock had been trading well above its 200-EMA. The stock is expected to pick up near-term pace from the rebound, as it crosses above its 20 and 50-day EMAs.

On the upside, the immediate target is RM0.280, with further strength potentially extending towards RM0.292. Conversely, a breach below its support levels would invalidate the bullish outlook and expose the stock to further downside.

Entry – RM0.265 – RM0.270
Stop Loss – RM0.235
Target Price – RM0.280 – RM0.292

Technical	
Resistance 1 (RM)	0.280
Resistance 2 (RM)	0.292
Support 1 (RM)	0.260
Support 2 (RM)	0.240
MACD	Bullish
RSI	Positive

Stock Information	
Last Close (RM)	0.270
52-week High (RM)	0.290
52-week Low (RM)	0.135

Company Profile

Chemlite Innovation Berhad offers surface finishing treatments for semiconductor, telecommunication, medical devices, and automotive sectors. The Company provides surface machining, treatment, electro-polishing, and coating of intermediate metal products. Chemlite Innovation serves customers worldwide.

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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