

Hua Yang set to test overhead resistance level

TAKING STOCK

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THE FTSE Bursa Malaysia Kuala Lumpur Composite Index extended its rebound last week as sentiment on the local stock market remained relatively firm, with investors taking the cue from the bullish New York and Asian bourses.

The FBM KLCI traded above the 1,400 level for most of last week, touching a low of 1,392.10 on Monday and a high of 1,447.17 on Friday, giving a trading range of 55.07 points.

The benchmark index closed at 1,442.43 last Friday, posting a week-on-week increase of 42.38 points, or 3.03 per cent.

Among other indices, the FTSE Bursa Malaysia Small Cap Index gained 570.00 points, or 5.44 per cent, to 11,048.45 while the FTSE Bursa Malaysia ACE Market Index advanced 231.21 points, or 6.34 per cent, to 3,879.07.

Hua Yang Bhd closed higher at RM1.58 on Friday, rising 20 sen, or 14.49 per cent, for the week.

The following are the readings of some of its technical indicators:

Moving Averages: Hua Yang's daily price trend stayed above its 10-, 20- 30-, 50-, 100- and 200-day moving averages.

Momentum Index: Its short-term momentum index stayed above the support of its neutral reference line last week.

On Balance Volume (OBV): Its short-term OBV stayed above the support of its 10-day moving averages.

Relative Strength Index (RSI): Its 14-day RSI has since stayed above the 50 level. Its technical reading stood at the 68.06 per cent level at the market close last Friday.

Conclusion

Of the 30 component stocks of the FBM KLCI, 29 ended higher last week compared with 14 gainers in the previous week.

Heavyweight blue chips continued to dominate interest, reflecting the continuing buying support of institutional investors.

Among the outstanding per-



formers, RHB Cap, YTL Power and YTL Corp's weekly gains of 12.65 per cent, 10.84 per cent and 10.37 per cent respectively.

Select second and third liners came in with some speculative play. Hua Yang was one of these counters, advancing 20 sen, or 14.49 per cent, over the week.

Chartwise, Hua Yang's monthly price trend staged a technical breakout of the neckline of its double-bottom pattern formation. Its fast monthly MACD (Moving Average Convergence Divergence Indicator) continued to stay above its monthly slow MACD.

Its weekly price trend stayed above the support of the neckline (see Hua Yang's weekly price chart B1:B2) of its double-bottom pattern formation. Last week, its weekly price trend rebounded off the support of its neckline.

Hua Yang's daily price trend staged a technical breakout of its intermediate-term down-trend (see Hua Yang's daily

price trend C3:C4) last week and continued to stay above it at the market close on Friday. Earlier, its daily price trend staged a successful re-test of its immediate downside support (C1:C2).

Its daily and monthly fast MACDs stayed above their respective slow MACDs on October 14. However, its weekly fast MACD continued to stay below its weekly slow MACD.

Its 14-day Relative Strength Index (RSI) stood at the 68.06 per cent level. Its 14-week and 14-month RSI were at the 56.33 and 64.35 per cent levels respectively.

With the technical indicators on its daily price chart remaining intact, it is envisaged that Hua Yang's daily price trend is likely to stage a follow-through rebound, re-challenging its immediate overhead resistance at the RM1.75-RM1.90 levels.

The subject expressed above is based purely on technical analysis and opinions of the writer. It is not a solicitation to buy or sell.