

# TrendSpotter

Let's get technical

27 Jul 2017

## Top pick for the day: Lumber

**Technical Analysis Team**

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## Ripe for the next downturn cycle?

The historical cycle likely suggests that the lumber is ripe for the next downturn cycle in the coming months. Historically, the uptrend channel for the lumber usually could last for circa 1 to 2 years. This held true in four out of the past five uptrend channels. It is interesting to note that each uptrend channel usually ended when prices rallied towards the dotted trendline from the 488 high. If we are right, the lumber is likely to experience the next correction in the coming months. Judging from the previous five corrections following the end of the uptrend channel, lumber could potentially decline by 54% on average. Interestingly, each correction fell below the red regression line. If history repeats itself, the lumber could potentially fall below the red regression line over the next one to two years. Our bearish cycle view would be incorrect if price could break above the long-term resistance trend line from the 488 high.

**KLCI**

1,766

**FSSTI**

3,336

**HSI**

26,941

**ST Outlook (0-1mth)**
**LT Outlook (6-12mths)**
**Boon Koon Group**

Buy

**R2**

0.660

**R1**

0.600

**Last Price (local)**

0.555

**S1**

0.500

**S2**

0.450

**Hatten Land**

Buy

0.250

0.235

0.210

0.200

0.195

**Nan Hai Corp**

Buy

0.290

0.285

0.270

0.250

0.230

**Techfast Holdings**

Buy

**R2**

1.060

**R1**

0.955

**Last Price (local)**

0.860

**S1**

0.755

**S2**

0.745

**Ellipsiz**

Buy

0.650

0.630

0.605

0.580

0.550

**COSCO SHIPPING Development Co**

Buy

2.17

2.01

1.83

1.74

1.63

# Commodities / Indices...

## Indices

Indices	Last	% chg	Ytd % chg
Dow Jones	21,711.01	+0.5%	+10%
S&P 500 Index	2,477.83	+0.0%	+11%
Nasdaq Index	6,422.75	+0.2%	+19%
Euro Stoxx 50	3,491.19	+0.5%	+6%
Germany's DAX	12,305.11	+0.3%	+15%
UK's FTSE 100	7,452.32	+0.2%	+4%
Japan's Nikkei-225	20,050.16	+0.5%	+5%
Shanghai SE Composite Index	3,247.68	+0.1%	+5%
Hong Kong's Hang Seng Index	26,941.02	+0.3%	+23%
Australia's ASX 200 Index	5,776.63	+0.9%	+9%
India's BSE Sensex 30	32,382.46	+0.5%	+22%
Singapore's Straits Times Index	3,336.72	+0.3%	+16%
Taiwan TAIEX	10,419.11	-0.4%	+13%
Korea's KOSPI	2,434.51	-0.2%	+24%
Malaysia's FBMKLCI	1,766.00	+0.2%	+8%
Indonesia's JCI	5,800.21	-0.2%	+26%
Thailand's SET	1,583.17	+0.1%	+23%
Philippines' PCOMP	8,037.51	+0.8%	+16%

## Currencies

Currencies (Spot)	Last	% chg	Ytd % chg
US Dollar Index	93.67	-0.4%	-8%
Australian Dollar	0.8002	-0.1%	+11%
Canadian Dollar	1.2446	-0.0%	-7%
Euro	1.1737	+0.0%	+12%
Japanese Yen	111.18	-0.0%	-5%
Danish Krone	6.3359	-0.0%	-10%
British Pound	1.3118	-0.0%	+6%
Swiss Franc	0.9509	-0.0%	-7%
Singapore Dollar	1.3565	-0.1%	-6%
South Korean Won	1,121.85	-0.0%	-7%
Taiwan Dollar	30.35	-0.0%	-6%
Hong Kong Dollar	7.8092	-0.0%	+1%
Malaysian Ringgit	4.2847	-0.0%	-4%
Indonesian Rupiah	13,338.00	-0.0%	-1%
Thai Baht	33.39	-0.1%	-7%
Indian Rupee	64.37	-0.0%	-5%
Philippines Peso	50.65	-0.0%	+2%
China Renminbi	6.7540	-0.0%	-3%

## Global Commodities

Global Commodities	Last	% chg	Ytd % chg
ThomReuters/JefferiesCRB	179.45	+1.0%	-7%
Gold Spot (US\$/oz)	1,261.40	+0.1%	+9%
Silver Spot \$/Oz	16.64	-0.1%	+5%
WTI Crude Oil (US\$/barrel)	48.62	-0.3%	-9%
Brent Crude Oil	50.97	+1.5%	-10%
Natural Gas Futures	2.93	+0.1%	-21%
Copper Futures	287.00	-0.1%	+15%
Soybeans Futures	988.75	+0.7%	-1%
Soybean Oil Futures	33.73	+0.7%	-2%
Soymeal Futures	319.80	+0.5%	+2%
Sugar Futures	14.23	+2.4%	-27%
Cocoa Futures	1,912.00	-0.7%	-10%
Coffee Futures	134.80	+3.2%	-2%
Corn Futures	372.75	+1.1%	+6%
Wheat Futures	477.75	+0.8%	+17%
Live Cattle Futures	114.30	+1.0%	-2%
Cotton Futures	69.02	-0.8%	-2%
Palm Oil Futures (3th month)	2,629.00	+0.1%	-15%
Orange Juice Futures	134.05	+1.1%	-32%

## Most Actives

Most Active Malaysia	Last	% chg	Ytd % chg
UMW OIL & GAS CO	0.32	+1.6%	-64%
GLOBALTEC FORMAT	0.07	+0.0%	+44%
EKOVEST BHD	1.13	+4.6%	+31%
FRONTKEN CORP	0.38	-1.3%	+124%
KRONOLOGI ASIA B	0.70	+11.2%	+124%
Most Active Singapore			
ROWSLEY LTD	0.133	-11.9%	+8%
SINCAP GROUP LTD	0.03	-12.9%	+76%
THAI BEVERAGE	0.96	-1.0%	+16%
SWEE HONG LTD	0.02	-9.5%	+111%
KRISENERGY LTD	0.15	+4.1%	-18%
Most Active Hong Kong			
CHINA OCEAN INDU	0.05	-69.8%	-79%
KING FORCE GROUP	0.03	-12.9%	-39%
CHINA CANDY HOLD	0.23	+38.5%	+48%
BANK OF CHINA-H	3.82	+1.6%	+17%
CCB-H	6.52	+1.4%	+15%

# Crossroads Market Spotlight

27 Jul 2017

Regional Technical Team

## Thompson Reuters Jefferies CRB Index (179.45)

- R2: 182.90
- R1: 181.55
- S1: 171.90
- S2: 166.48
- The general picture for the index is fairly bearish amid the series of lower lows and lower highs formation.
- The recent rebound from the 166.48 low extended a tad more following the move above 176.72 and also its 30-day EMA. If the 176.68 level holds, then prices may push towards the next resistance at 181.55-182.90.
- Quickly falling back below 176.68-176.72 would signal that the next wave down is taking place. Longer term, we are still bearish on commodities.



Source: Bloomberg

## WTI Crude Oil (US\$48.75)

- R2: 50.00
- R1: 47.83
- S1: 44.65
- S2: 42.05
- The lower lows and lower highs since the 55.24 peak suggest that a downtrend is taking place here.
- The recent break above the 200-day EMA suggests that prices could continue to work its way higher towards the 49-50 range next.
- However, we maintained our longer term bearish view against 52.00 as the recent fall in prices has taken the commodity into bear market territory. We still expect crude to decline further in the coming weeks once this rebound ends. Falling below 43.90 would see prices fall to test 42.05 or lower.



Source: Bloomberg

# Malaysia *Trading Picks*

27 Jul 2017

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## Boon Koon Group (BOKG MK; RM0.555) – BUY

- R2: 0.66
- R1: 0.60
- S1: 0.50
- S2: 0.45
- The rising three candle pattern following the nearly 4-year rectangle formation breakout would suggest that more follow-through buying interest on the stock could potentially carry on next.
- Both MACD and RSI indicators are also moving in line with the price movements.
- Traders may add the stock to their trading portfolio. A push above the breakout target of RM0.60 would spur prices higher towards RM0.66 next. Keep a stop at RM0.49.



Source: Bloomberg

## Techfast Holdings (TECF MK; RM0.86) – BUY

- R2: 1.060
- R1: 0.955
- S1: 0.755
- S2: 0.745
- The long-term uptrend is still intact as the stock is still trading above all the EMAs and we do not see any negative divergence signal. Thus, the recent bounce off the 30-day EMA would likely mean that its upward momentum is resuming.
- RSI has started to recover whereas MACD is still taking a breather.
- Aggressive traders might accumulate here before the momentum engine starts. Breaking above RM0.955 will likely lift prices up to RM1.06 next. Keep a stop at RM0.75.



Source: Bloomberg

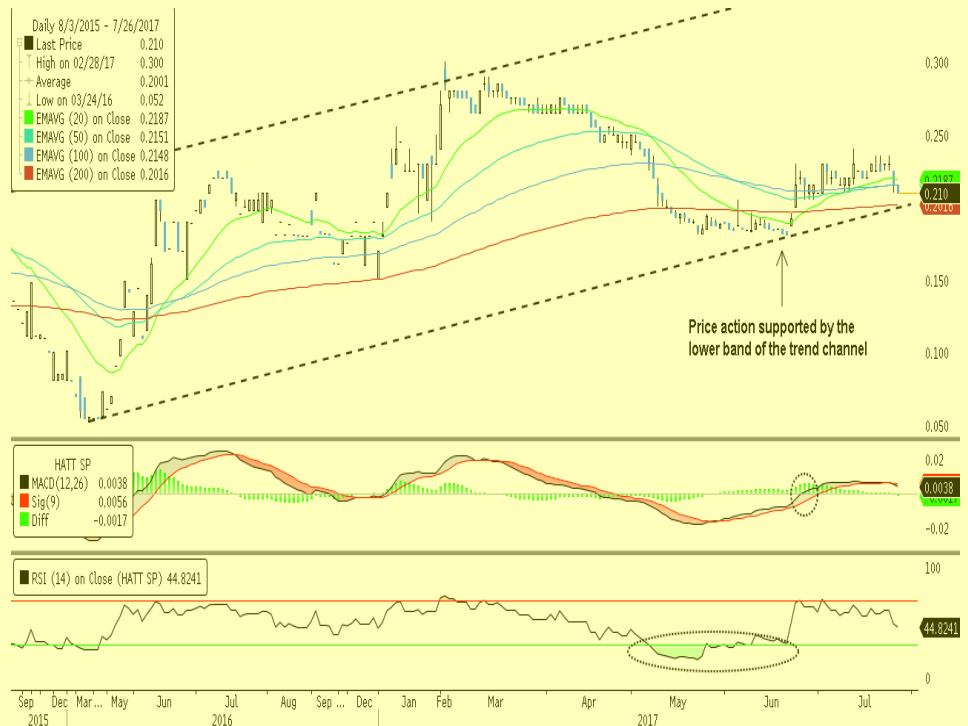
# Singapore *Trading Picks*

27 Jul 2017

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## Hatten Land (HATT SP; S\$0.21) – BUY

- R2: 0.250
- R1: 0.235
- S1: 0.200
- S2: 0.195
- (Review 1: -8.7% since 1<sup>st</sup> BUY call on 04/07). **Primary trend:** Uptrend. Weekly DMI is positive; (+DI: 28.8 > -DI: 22.1), ADX: 20.8. **Maintain Buy;** with a tight stop.
- **Intermediate trend:** Price action above 200day EMA(0.20). MACD is above the 0 line. **RSI:** 44.8.
- **Strategy:** Aggressive traders may buy now **or** when break above R1(0.235) with a **stop loss** place below S1(0.20). 1<sup>st</sup> profit target near R1(0.235), 2<sup>nd</sup> target R2(0.25) **or** ride the momentum with a trailing stop. R3(0.265), R4(0.28), R5(0.295).



Source: Bloomberg

## Ellipsiz Ltd (ELL SP; S\$0.605) – BUY

- R2: 0.650
- R1: 0.630
- S1: 0.580
- S2: 0.550
- (Review 2: -3.2% since 1<sup>st</sup> BUY call on 30/05). **Primary trend:** Uptrend. Weekly DMI is positive; (+DI: 29.6 > -DI: 13.1), ADX: 43.6. **Maintain Buy;** with a tight stop. Uptrend intact.
- **Intermediate trend:** Price action in consolidation mode and **sitting on the 50day EMA**(0.605). **MACD** is above the 0 line. **RSI:** 47.4.
- **Strategy:** Aggressive traders may buy now **or** when break above R1(0.63) with **stop loss** place below S1(0.58). 1<sup>st</sup> profit target near R1(0.63), 2<sup>nd</sup> target R2(0.65) **or** ride the momentum with a trailing stop. R3(0.67), R4(0.69), R5(0.72).



Source: Bloomberg

# Hong Kong *Trading Picks*

27 Jul 2017

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## Nan Hai Corp (680 HK; HK\$0.27) – BUY

- R2: 0.290
- R1: 0.285
- S1: 0.250
- S2: 0.230

- The general trend for the stock is up with prices possibly forming a triangle formation. With prices still trading above the EMAs, the odds would favour a thrust to the upside in the not too distant future.

- MACD and RSI are still trading sideways, which is in line with the price movements.

- Traders may go long here with a stop placed at HK\$0.245. The next leg up could see prices test HK\$0.285. If a breakout happens, then look for a move to the breakout target of HK\$0.34.



## COSCO SHIPPING Development Co (2866 HK; HK\$1.83) – BUY

- R2: 2.17
- R1: 2.01
- S1: 1.74
- S2: 1.63

- The stock appears to be breaking out of its 1.3-year triangle pattern. A firm breakout would be positive for the stock.

- Both MACD and RSI have been riding on their respective uptrend line.

- Aggressive traders may go long here with a stop at HK\$1.70. If the stock happens to break out of the pattern, then look for a move to HK\$2.01. The breakout target is HK\$2.35. One may choose to take partial profit at HK\$2.17.



# Core/Primary Portfolio

27 Jul 2017

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## Portfolio Monitor

### Trading portfolio

Stock	Weighting %	Shares	Entry price (local curr)	Current price (local curr)	Total cost (local curr)	Market value (local curr)	Stop loss (local curr)	Inst. Target (local curr)	Position	Market value RM	Dividend RM	Profit/loss RM	Profit/loss %
<b>Existing stocks</b>													
Sime Darby	16%	17,000	8.550	9.550	145,350.00	162,350.00	-	9.430	<b>LT LONG</b>	162,350.00	-	17,000.00	11.7%
Gamuda	16%	30,000	4.910	5.380	147,300.00	161,400.00	-	5.880	<b>LT LONG</b>	161,400.00	-	14,100.00	9.6%
Tenaga	17%	12,000	13.780	14.220	165,360.00	170,640.00	-	16.300	<b>LT LONG</b>	170,640.00	-	5,280.00	3.2%

### New purchases

### Share sales

### Cumulative dividend

### Cumulative realised gains/profits

### Cash balance + Cumulative dividend

Portfolio value (RM) 1,046,770.00

\* Assuming no transaction cost involved.

Note: Core/Primary Portfolio is a long-term investment (portfolio) product that recommends (consists of) long-term growth or high dividend yielding stocks. Most of the stocks recommended in the portfolio are selected from CIMB top picks. Any information, opinions and recommendations contained herein are entirely based on Fundamental Analysis. This portfolio is suited for investors who have NO time to monitor the stock market on a daily basis. Investors should be mindful of the risks involved.

The stock's relative return (against the FBMKLCI) is expected to exceed 10% over the next 12 months. Stock price targets have an investment horizon of **12 MONTHS OR MORE**.

Core/Primary Portfolio is a simulation that incorporates technical analysis as a means of stock-picking. The modus operandi is such that we select companies that were recommended in Trading Picks in Malaysia. Trading/Investing, however, may not take place on a day-to-day basis but from time to time, we may up our stop loss point towards breakeven or even to turn it into a trailing stop. For a start, we have allocated RM1,000,000 as our initial capital for this Portfolio.

There is no change to our portfolio today.

# Actively Managed Portfolio

27 Jul 2017

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## Portfolio Monitor

### Trading portfolio

Stock	Weighting %	Shares	Entry price (local curr)	Current price (local curr)	Total cost (local curr)	Market value (local curr)	Stop loss (local curr)	Target (local curr)	Position	Market value RM	Dividend RM	Profit/loss RM	Profit/loss %
<b>Existing stocks</b>													
Plentitude	6%	40,000	1.730	1.700	69,200.00	68,000.00	1.630	2.000	LONG	68,000.00	-	(1,200.00)	-1.7%
Bison Consolidated	7%	30,000	2.400	2.470	72,000.00	74,100.00	2.240	2.870	LONG	74,100.00	-	2,100.00	2.9%
GHL Systems	5%	40,000	1.580	1.530	63,200.00	61,200.00	1.480	1.870	LONG	61,200.00	-	(2,000.00)	-3.2%
Latitude Tree Holdings	5%	11,000	5.470	5.370	60,170.00	59,070.00	5.080	6.500	LONG	59,070.00	-	(1,100.00)	-1.8%

### New purchases

### Share sales

### Cumulative dividend

Cumulative realised gains/profits	117,744.00
Cash balance + Cumulative dividend	853,174.00
<b>Portfolio value (RM)</b>	<b>1,115,544.00</b>

\* Assuming no transaction cost involved.

Note: Actively Managed Portfolio is a medium-term investment (portfolio) product that recommends (consists of) fundamentally and technically sound high-flying stocks. Most of the stocks recommended in the portfolio are selected from the CIMB stock picks as well as small-cap picks (rated OR non-rated). Some of the stocks may not be under CIMB's coverage but has sound fundamentals (profitable companies). Any information, opinions and recommendations contained herein are based on both Fundamental (buy or hold calls) as well as Technical Analysis. This portfolio is suited for investors who have some or little time to monitor the stock market on a daily basis. Investors or traders should be mindful of the risks involved.

Maximum trading period for stocks recommended in "Actively Managed Portfolio" is **1 TO 3 MONTHS ONLY**. We will close the position(s) should the stocks fail to achieve our upside targets and/or remained above the cut loss level within the recommended timeframe.

Actively Managed Portfolio is a simulation that incorporates technical analysis as a means of stock-picking. The modus operandi is such that we select companies that were recommended in Trading Picks in Malaysia. Trading/Investing, however, may not take place on a day-to-day basis but from time to time, we may up our stop loss point towards breakeven or even to turn it into a trailing stop. For a start, we have allocated RM1,000,000 as our initial capital for this Portfolio. Our risk management is 0.4% per trade.

There is no change to our portfolio today.



# Opportunistic Portfolio

27 Jul 2017

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## Portfolio Monitor

### Trading portfolio

Stock	Weighting %	Shares	Entry price (local curr)	Current price (local curr)	Total cost (local curr)	Market value (local curr)	Stop loss (local curr)	Target (local curr)	Position	Market value RM	Dividend RM	Profit/loss RM	Profit/loss %
<b>Existing stocks</b>													
Unisem M	18%	55,000	3.620	3.710	199,100.00	204,050.00	3.460	4.050	ST LONG	204,050.00	-	4,950.00	2.5%
GHL Systems	11%	80,000	1.580	1.530	126,400.00	122,400.00	1.480	1.870	ST LONG	122,400.00	-	(4,000.00)	-3.2%
Mieco Chipboard	10%	120,000	0.960	0.920	115,200.00	110,400.00	0.880	1.150	ST LONG	110,400.00	-	(4,800.00)	-4.2%
CCK Consolidated Holdings	10%	120,000	0.955	0.930	114,600.00	111,600.00	0.865	1.110	ST LONG	111,600.00	-	(3,000.00)	-2.6%

### New purchases

### Share sales

### Cumulative dividend

Cumulative realised gains/profits	121,142.00
Cash balance + Cumulative dividend	565,842.00
<b>Portfolio value (RM)</b>	<b>1,114,292.00</b>

\* Assuming no transaction cost involved.

Note: Opportunistic Portfolio is a high-risk investment (portfolio) product whereby the stocks recommended are likely actively traded stocks. These stocks may consist of news-driven stocks, market thematic plays, volume-driven stocks or technically sturdy stocks. These stocks may even be loss-making listed companies. Any information, opinions and recommendations contained herein are entirely based on Technical Analysis, regardless of fundamentals. This portfolio is suited for investors who are actively scouting for opportunities in the stock market on a daily basis. Investors or traders should be mindful of the risks involved.

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Opportunistic Portfolio is a simulation that incorporates technical analysis as a means of stock-picking. The modus operandi is such that we select companies that were recommended in Trading Picks in Malaysia. Trading, however, may not take place on a day-to-day basis but from time to time, we may up our stop loss point towards breakeven or even to turn it into a trailing stop. For a start, we have allocated RM1,000,000 as our initial capital for this Portfolio.

There is no change to our portfolio today.

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