THE EDGE MALAYSIA

MSM showing signs of potential rebound, says Kenanga

By Surin Murugiah / theedgemalaysia.com 18 Jul 2024, 09:51 am

KUALA LUMPUR (July 18): Kenanga Research said MSM Malaysia Holdings Bhd (KL:MSM) is showing signs of a potential rebound after consolidating at RM2.20, aligning with its 200-day simple moving average (SMA).

In a technical watch note on Thursday, the research house said MSM's daily chart had formed an 'inside day' candlestick pattern, suggesting a potential trend reversal.

It said that similarly, the monthly chart indicates a bullish setup, as the stock retraced near the 50-week SMA.

Kenanga said that technically, the daily stochastic oscillator is trending upwards from oversold territory, currently at 24.66, signalling renewed buying interest.

"The Tom Demark pressure ratio is stable at 50.75, and the relative strength index is rising from near-oversold levels at 40.90, indicating strengthening bullish momentum.

"Key levels to watch include immediate resistance at RM2.24, coinciding with the 50% Fibonacci retracement level.

"A break above this level could propel the stock towards the next resistances at RM2.27 and RM2.38, aligned with the five- and 13-day SMA levels.

"On the downside, support levels are at RM2.20 and RM2.09, providing a solid foundation against further decline," the research house said.

Kenanga said given these bullish indicators and the potential for a trend reversal, it recommends considering an entry around RM2.21.

"Setting a take-profit target at RM2.42 offers an attractive upside potential of approximately 9.5%.

"For risk management, placing a stop-loss at RM2.07 limits the potential downside to around 6.3%.

"This strategy presents a favourable risk-to-reward ratio, making it an appealing opportunity for investors looking to capitalise on MSM's potential upward momentum," Kenanga said.

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