

● Daily Technical Highlights

18 November 2011

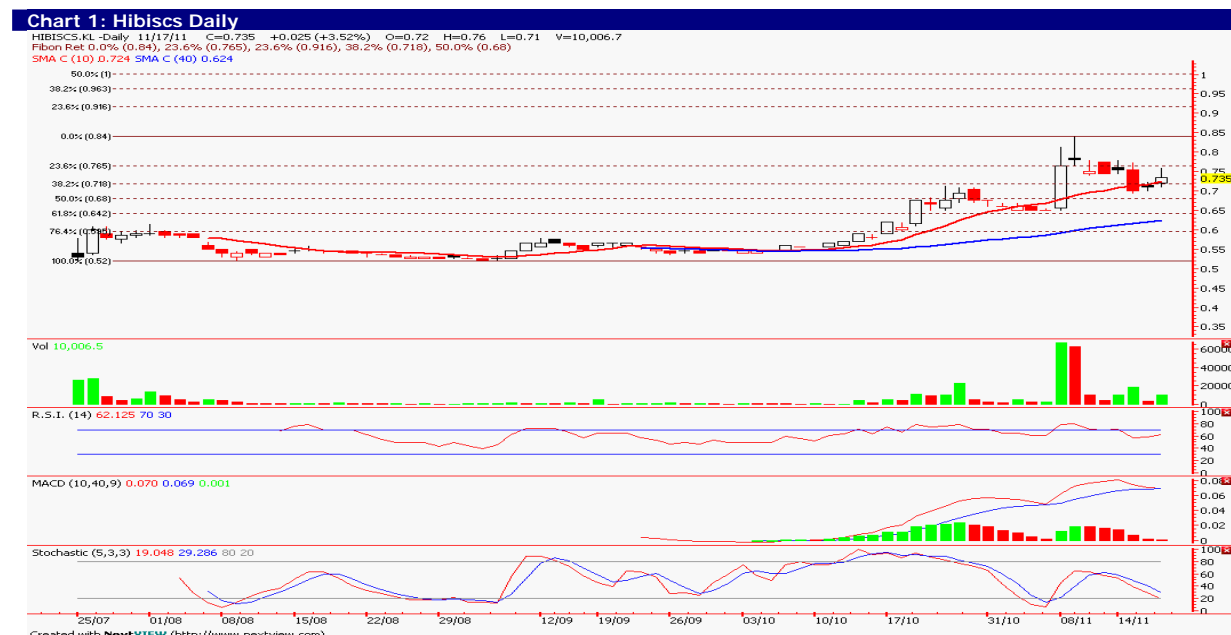
Hibiscus Petroleum (HIBISCS)

Anticipating A Volume Driven Rally In The Short Term...

Technical Research Team

Tel : (603) 9280 2584

E-mail: technicalresearch@rhb.com.my



Technical Interpretations:

- ◆ Since its listing on 25 Jul, Hibiscus’s share price briefly rose to a high of 61.5 sen on 1 Aug before buying interest wanes (as seen in the decline in trading volume during the period), pushing the share price down to a low of 52 sen in early-Aug.
- ◆ The stock’s price subsequently traded sideways within the 52-58 sen region over the next two months. Note that trading volume remained low throughout this period.
- ◆ Nevertheless, from 13 Oct onwards, trading volume picked up from a low of 3.8m shares to a peak of 66.9m (on 9 Nov) before subsequently tapering off. During this period, we note that the stock’s price rose to a high of 84 sen on 9 Nov, trading mostly above the 10-day SMA.
- ◆ The stock’s price subsequently corrected below the 10-day SMA, closing at 70 sen on 15 Nov.
- ◆ Yesterday, however, the stock’s price rose to a day-high of 76 sen (from its open of 71 sen) before pulling back to close above the 10-day SMA at 73.5 sen. Note that the stock’s price recovered to close above the 10-day SMA and recorded a relatively high trading volume of 10m shares yesterday.
- ◆ Noticeably, the convergence of the MACD and signal lines suggests no clear direction in the stock’s short-term outlook. Nevertheless, the stock’s medium-term outlook remains positive with both the MACD and signal lines positioned deep in the positive region.
- ◆ This is further confirmed by the increasing divergence of the 10-day SMA (RM0.724) above the 40-day SMA (RM0.624), which similarly suggests an increasingly positive outlook over the medium term.
- ◆ In addition, the gradual increase in the RSI (62.125 pts) signals the strengthening of buying momentum. On the contrary, the shorter-term Stochastic index saw a decrease although we note that it is at an oversold level.

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Daily Trading Strategy:

- ◆ Although both the RSI and Stochastic registered mix readings, we expect buying momentum to continue strengthening on expectations that a rebound would take place in the shorter-term Stochastic (given the oversold indication).
- ◆ Hence, we believe that Hibiscus's share price would retest the crucial 23.6% FR level of 76.5 sen in the immediate term. In the event the 76.5 sen barrier is removed, the stock's short-term outlook would then turn positive (from neutral currently) and we expect a surge in buying momentum to lift the stock's price towards its all-time high of 84 sen in the short term.
- ◆ Given the stock's positive medium-term outlook, any further breakout above the all-time high of 84 sen would then lead to an extended climb towards the next projected levels of 92 sen (23.6% FP level) and RM1.00 (50% FP level) over the medium term.
- ◆ As such, we advise investors to buy within the 72-76 sen region in anticipation of a volume-driven rally taking place in the short term.
- ◆ While we expect good support at the 50% FR level of 68 sen, breaching this level would turn both the short-term and medium-term outlooks negative. Hence, investors should cut loss below 68 sen.
- ◆ Nonetheless, we see a good risk to reward ratio for investors with an entry price of 74 sen given that the upside to the resistance of 84 sen and 92 sen is 10 sen and 18 sen respectively while the downside to its support of 68 sen is capped at 6 sen.

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Technical Recommendation:

Trading Buy = Short-term positive opportunity spotted. It is an aggressive trading recommendation with a book to sellers' price for short-term technical upside.
 Bargain Buy = Short-term positive but technical signals have yet to trigger a rally. Traders can park and queue for their desired entry level within a small range.
 Buy on Weakness = Short- to Medium-term positiveness anticipated, but technical readings are still negative. Traders can pick-up the stock for future rally.
 Sell on Strength = Short-term momentum still positive, Traders are advice to lock in profit base on current strength.
 Take Profit = Short-term target achieved. Traders are advice to exit before the technical readings turn bearish.
 Avoid = Risky situation in the short-term and high volatility expected on the share price. Traders' best strategy is staying away until it stabilises.

Technical Time Frame:

Immediate-term = short time frame within a contra period.
 Short-term = moderate time frame within two to three contra periods. For tracking purposes, we refer to 10 trading days.
 Medium-term = medium time frame usually refers to two to three weeks period. For tracking purposes, we refer to 20 trading days.

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