

Technical Analysis – Olam.sg

Closing price: S\$2.21
Resistance: S\$2.50
Support 1: S\$2.18
Support 2: S\$2.00

Depending on traders' personal views on the market, we offer two course of action. Despite offering 2 alternative views, we are more bias to the downside.

Call to action:

A. Bullish view – rebound at support – BUY.

Cut loss at S\$2.18.

Ride it to top, near S\$2.50 or take profit when satisfied.

We recommend investors to be nimble and not greedy in these volatile times. The buy recommendation will be invalidated when counter closes or trades significantly below support of S\$2.18.

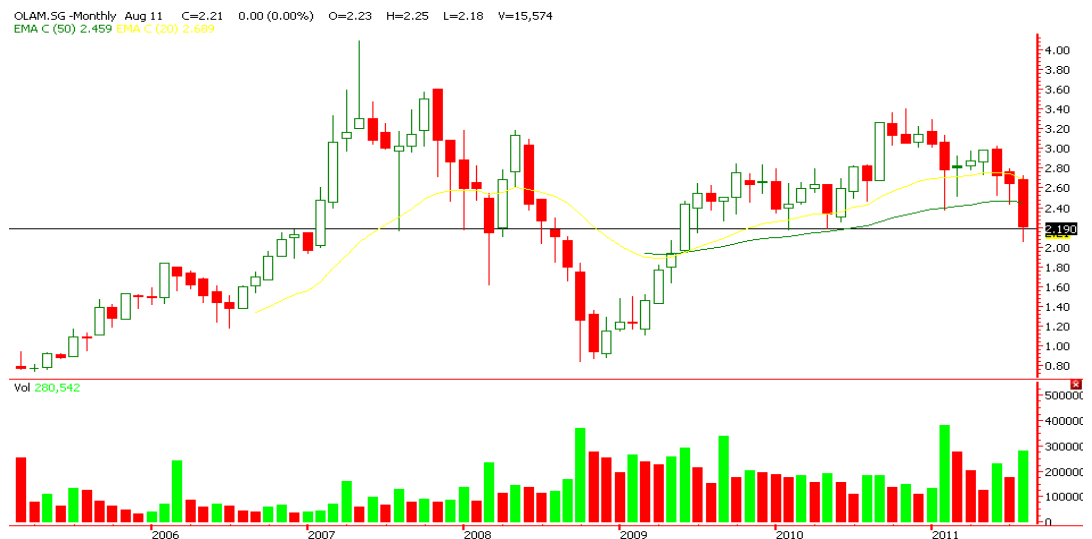
B. Bearish view – Close below support – SHORT

Cut loss at S\$2.18

To short half of desired size at S\$2.18 and to follow through with the second half when counter trades below S\$2.00

When counter falls below S\$2.00, it is in free fall mode but again, we advise clients to take profit when satisfied.

Chart 1. 2006 – 2011 Monthly Chart



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MICA (P) 003/01/2011
Ref No: SG2011_0247

Source: Poemsview

Basically, we treat S\$2.18 as a pivotal point. Base on a 5-yr chart, Olam's support is at \$2.18 - \$2.20 range. Hence investors and traders may consider modifying this pivotal point base on their personal risk appetite. Currently, the counter is trading close to support. We deem its technicals ripe for shorting upon breaking of this level.

We tend to hold a more bearish view for the stock because

- i. macroeconomic risks are increasing
- ii. stock is in downtrend since achieving high of S\$3.40 in October 2010
- iii. recent support of S\$2.50 had been broken
- iv. counter recently touched low of S\$2.06 again (but could be deemed as a rebound from low, hence the bullish alternative)
- v. daily and weekly moving averages are down hence the stock is likely to trend down in mid-long term.

Chart 2. Oct 2010 – Aug 2011 Daily Chart



Source: Poemsview

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