

# Technical Analysis: The Phillip 20

February Monthly Review



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- New Entries: OCBC, 800 Super, Sunright, Micro-Mechanics
- Take Profit: PanUnited
- Stop loss: YZJ Shipbldg SGD, Sunningdale Tech, Yoma Strategic, China Aviation, SPH, Golden Agri-Res, Thaibev
- Total return since May 17 to February 18 is +4.94%
- Uptrend in the STI resumed as the 3354 – 3341 support area held up

*"The Phillip 20" is a portfolio of our top technical stock picks on SGX.*

#### The "Phillip 20 portfolio" performance

- February monthly return: -1.81%
- Total return since May 17: +4.94%

February was met with volatility storm as the VIX index spiked up more than 100% on 5 February while the S&P 500 index only fell by -4.9%. At one point, the VIX index spiked to a high of 50 on 6 February causing the market to go into a tailspin. The general equity market headed into a risk-off mode where we saw most equity indices from Asia, Emerging markets and European markets sold-off significantly in February.

The direct impact was seen in the US equity market where the S&P 500 index fell as much as -12% intra-month to a low of 2530 points before the buyers re-emerged. As a result, we saw some contagion effect from the US spreading to the Singapore market as well after the Volatility explosion event since 5 February. The STI suffered a substantial selloff of -7.5% as it hit an intra-month low of 3340 points.

Amidst the sharp selloff, we believe a recovery back into the uptrend is underway as the market stabilises. Our "[Phillip Recession Tracker](#)" which tracks the general strength of the US equity market still signalled risk-on mode as 14 out of 15 recession indicators remained well in check. Only the VIX index indicator had triggered the threshold of 27.8 but keep in the mind the general equity market does not form a top immediately after the threshold is triggered. Historically, it goes through a period of consolidation around a higher floor of 16 before the subsequent abnormally spikes above 30 signals further panic and turmoil.

Hence, we believe the US equity market will head back into a period of stabilisation where the uptrend retakes control. From a correlation perspective, we expect the risk-on sentiment from US to translate back into the rest of the world including Singapore. Moreover, the long-term correlation coefficient between the S&P 500 index and STI is north of 0.5 suggesting strong positive correlation. Thus, a risk-on sentiment in the US should also drive the STI back into the uptrend.

From a price action perspective on STI, after falling -7.5% off the 3611 high on 24 January to a low of 3340 points on 9 February, the subsequent strong bullish recovery has also shown some sign of strength. The STI rebounded off a critical support area at the 200 day moving average and 3341 support area, keeping the uptrend intact. The intraday low of 3340 points on 9 February should be the next higher low (HL) point for this uptrend.

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STI Daily Chart – uptrend held up by the 3340 support area



Source: Bloomberg, PSR

Red line = 20 period moving average, Blue line = 60 period moving average, Green line = 200 period moving average

Moreover, the bullish recovery since 9 February has also lifted price back above the 20 and 60 day moving average signals the bullish momentum has returned. Moving forward, expect the uptrend to spur the STI higher to retest the 3600 psychological round number followed by 3650. We should continue to see the 20 and 60 day moving average propelling price higher as the market volatility stabilises.

As a result of the sharp selloff in the STI, the “Phillip 20 Portfolio” was adversely affected by the risk-off sentiment. The “Phillip 20 Portfolio” suffered losses of -1.81% in February. On the other hand, STI was down -0.45% in February.

The Phillip 20 Portfolio - Realised P&L for February 2018

Company Name	Ticker	L	Entry Date	Entry price	Exit date	Exit Price	P&L
SUNNINGDALE TECH	BHQ	Long	<a href="#">23-Jan-18</a>	1.940	<a href="#">7-Feb-18</a>	1.860	-4.12%
YZJ SHIPBLDG SGD	BS6	Long	<a href="#">10-Jan-18</a>	1.610	<a href="#">7-Feb-18</a>	1.470	-8.70%
PANUNITED	P52	Long	<a href="#">22-Aug-17</a>	0.550	<a href="#">9-Feb-18</a>	0.666*	21.15
YOMA STRATEGIC	Z59	Long	<a href="#">1-Dec-17</a>	0.505	<a href="#">9-Feb-18</a>	0.470	-6.93%
CHINA AVIATION	G92	Long	<a href="#">13-Dec-17</a>	1.670	<a href="#">13-Feb-18</a>	1.510	-9.58%
SPH	T39	Long	<a href="#">25-Sep-17</a>	2.750	<a href="#">13-Feb-18</a>	2.530	-8.00%
GOLDEN AGRI-RES	E5H	Long	<a href="#">26-Oct-17</a>	0.400	<a href="#">13-Feb-18</a>	0.350	-12.50%
THAIBEV	Y92	Long	<a href="#">14-Mar-17</a>	0.955	<a href="#">23-Feb-18</a>	0.825	-13.61%

\*PanUnited last price includes the Xinghua Port Share at HKD1.46.

Winners

[PanUnited](#) was closed out on [9 February](#) at 0.420 as mentioned in the previous monthly update. As a result, this trade contributed 1.06% to the “Phillip 20 Portfolio” after factoring in the Xinghua Port share.

Losers

Seven positions in the “Phillip 20 Portfolio” triggered their stop losses namely, YZJ Shipbldg SGD, Sunningdale Tech, Yoma Strategic, China Aviation, SPH, Golden Agri-Res and Thaibev.

New Entries

The following table is the list of new trades were added into the “Phillip 20 Portfolio” in February.

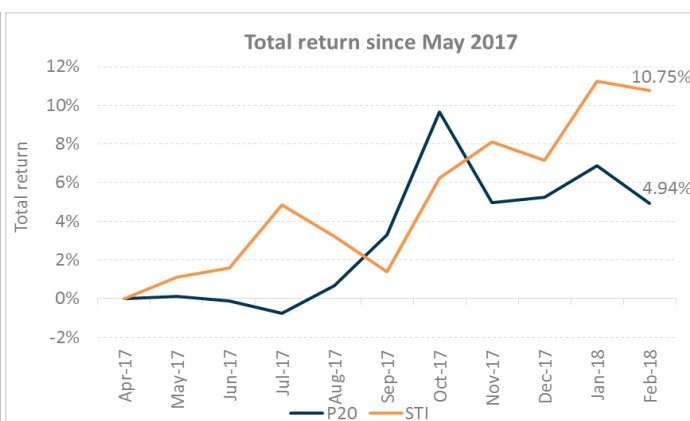
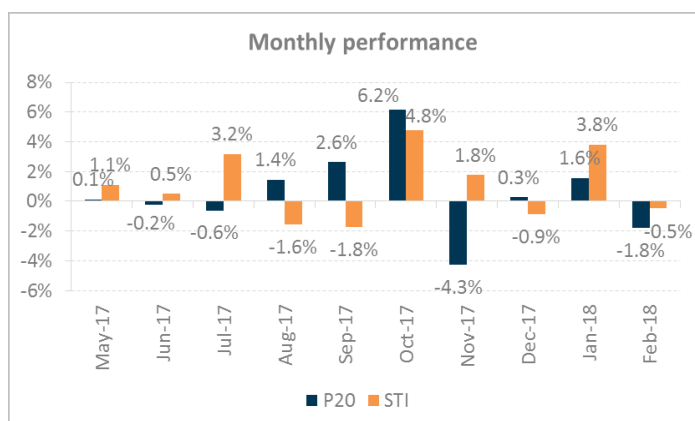
**The Phillip 20 Portfolio - January new entries as of February 2018 as of 9 March 2018**

Company Name	Ticker	L	Entry Date	Entry price	Stop Loss	Last price	Current gain/loss (%)
OCBC	O39	Long	<a href="#">9-Feb-18</a>	12.360	11.430	13.310	7.69%
800 SUPER	5TG	Long	<a href="#">13-Feb-18</a>	1.110	0.990	1.110	0.00%
SUNRIGHT	S71	Long	<a href="#">20-Feb-18</a>	0.905	0.755	0.940	3.87%
MICRO-MECHANICS	5DD	Long	<a href="#">21-Feb-18</a>	2.220	1.890	2.150	-3.15%

**Watchlist**

After a major reshuffling of the portfolio, there are currently 16 stocks within the “Phillip 20 Portfolio.” The following is the revised watch list that we are closely monitoring:

- China Sunsine
- Sunningdale Tech
- Jiutian Chemical
- POSH
- Olam Intl
- Hotung Inv
- SingPost
- Geo Energy Res
- Valuetronics
- Asian Pay TV
- UOL
- Avi-Tech
- KimHeng Offshore
- UOI
- Yongnam
- Allied Tech
- CityDev
- InnoTek
- UOB
- Mermaid Maritime
- Hi-P
- Memtech Intl
- AEM
- Haw Par
- Shangri-La HKD
- SBS Transit
- Wheelock Prop
- Venture
- DBS
- UnUsUal
- Sunright
- Oxley
- Nordic
- Centurion
- SATS
- Keong Hong
- Clearbridge
- UMS


**The Phillip 20 Portfolio - Our top technical picks as of 28 February 2018**

Company Name	Ticker	L	Entry Date	Entry price	Stop Loss	Last price	Current gain/loss (%)
800 SUPER	5TG	Long	<a href="#">13-Feb-18</a>	1.110	0.990	1.090	-1.80%
BREADTALK	5DA	Long	<a href="#">2-Nov-17</a>	1.645	1.470	1.790	8.81%
CHIP ENG SENG	C29	Long	<a href="#">12-Dec-17</a>	0.945	0.880	0.945	0.00%
ELLIPSIZ	BIX	Long	<a href="#">3-Aug-17</a>	0.645	0.575	0.670	3.88%
FRENCKEN	E28	Long	<a href="#">20-Jul-17</a>	0.525	0.445	0.625	19.05%
F & N	F99	Long	<a href="#">24-Mar-17</a>	2.220	2.220	2.360	6.31%
GOLDEN ENERGY	AUE	Long	<a href="#">2-Aug-17</a>	0.425	0.360	0.410	-3.53%
JUMBO	42R	Long	<a href="#">22-Sep-17</a>	0.575	0.525	0.570	-0.87%
MICRO-MECHANICS	5DD	Long	<a href="#">21-Feb-18</a>	2.220	1.890	2.160	-2.70%
MIYOSHI	M03	Long	<a href="#">23-Aug-17</a>	0.074	0.062	0.072	-2.70%
OCBC	O39	Long	<a href="#">9-Feb-18</a>	12.360	11.430	13.060	5.66%
RIVERSTONE	AP4	Long	<a href="#">12-Jul-17</a>	1.065	0.995	1.040	-2.35%
SUNRIGHT	S71	Long	<a href="#">20-Feb-18</a>	0.905	0.755	0.875	-3.31%
SINOSTAR PEC	C9Q	Long	<a href="#">28-Nov-17</a>	0.194	0.149	0.181	-6.70%
WING TAI	W05	Long	<a href="#">11-Dec-17</a>	2.270	2.060	2.200	-3.08%

**Monthly Phillip 20 performance update**

- [May 17 performance](#)
- [June 17 performance](#)
- [July 17 Performance](#)
- [August 17 Performance](#)
- [September 17 Performance](#)
- [October 17 Performance](#)
- [November 17 Performance](#)
- [December 17 Performance](#)
- [January 18 Performance](#)

\*\*Take profit will be updated accordingly in the future technical pulse report

Note: The "Phillip 20 Portfolio" is an actively managed portfolio that utilises technical analysis for selecting stocks. We have capped the amount of stocks to 20 for the portfolio, and each trade is equally weighted at 5% of the initial capital.

Inception date is the start of May 2017 with an initial capital of \$100,000.

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