

Technical Analysis: The Phillip 20

May Monthly Review



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Singapore | TECHNICAL ANALYSIS | UPDATE

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- New Entries: China Everbright, ComfortDelGro, Memtech Intl, Jardine C&C, Wing Tai and Geo Energy Res
- Stop loss: Golden Energy, Riverstone, Miyoshi, Sembcorp Ind, Jumbo and UOL
- Total return since May 17 to May 18 is +0.48%
- STI currently in a correction phase with the 3350 – 3341 support area being the next target

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

The "Phillip 20 portfolio" performance

- May monthly return: -1.95%
- Total return since May 17: +0.48%

It was no surprise that the Straits Times Index (STI) entered into a correction mode in May after a stellar performance in April where the STI was up 5.4%. Unfortunately, the STI gave up all the April's gain and suffered -5.14% drawdown in May. In the [April monthly review](#), we stated a possibility of a deeper correction playing out due to the strong bearish price action at the 3611 resistance area. Moreover, in the week ended 4 May was when the [RSI bearish divergence](#) was confirmed.

Thus with the benefit of hindsight, the bearish view occurred as expected leading to the STI once again being stuck in a bigger range between the 3611 range high and 3341 range low. Nonetheless, the long-term uptrend that began since 2016 remains intact until the 3341 range low breaks down. Notice the uptrend structure of Higher Highs (HH) and Higher Lows (HL) remains valid even with the recent -5.14% selloff in May. More importantly, the 3341 Higher Low (HL) will be the reference point for keeping the structure of the Higher Highs (HH) and Higher Lows (HL) intact. Keep a close look out on that area if this correction deepens.

Figure 1: STI Weekly Chart – RSI bearish divergence signalling further downside



Source: Bloomberg, PSR

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

Jeremy Ng (+65 6212 1857)
Investment Analyst
jeremyngch@phillip.com.sg

Looking at the daily timeframe also shows the bears are still dominating as the recent rebound off the 200-day moving average since 1 June failed to sustain. As soon as the STI approached the 20-day moving average, it was knocked back down and looking at the current bearish price action suggests a high likelihood of price breaking below the 200-day moving average.

The 200-day moving average will be the most important level to watch in the near-term as it succeeded in halting the past two periods of sharp selloff in February and April shown by the highlighted areas. If the STI were to break and close below the 200-day moving average, expect the next wave of selling to begin with the bears targeting the crucial 3341 Higher Low (HL) support area.

Figure 2: STI Daily Chart – Bearish price action suggests a high likelihood of the 200-day moving average breaking down



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

With the disappointing performance from the STI, some of the stocks within the Phillip 20 Portfolio also triggered their stop losses. All in, the Phillip 20 Portfolio was down -1.95% as compared the STI of -5.14%.

Losers

In total, six trades were stopped out in May leading to an equal-weighted loss of -3.17% to the “Phillip 20 Portfolio” shown in the following table.

Figure 3: realised losses in May

The Phillip 20 Portfolio - Realised P&L for May 2018							
Company Name	Ticker	L	Entry Date	Entry price	Exit date	Exit Price	P&L
GOLDEN ENERGY	AUE	Long	2-Aug-17	0.425	4-May-18	0.360	-15.29%
RIVERSTONE	AP4	Long	12-Jul-17	1.065	9-May-18	0.995	-6.57%
MIYOSHI	M03	Long	23-Aug-17	0.074	22-May-18	0.062	-16.22%
SEMBCORP IND	U96	Long	23-Apr-18	3.270	30-May-18	2.970	-9.17%
JUMBO	42R	Long	22-Sep-17	0.575	31-May-18	0.525	-8.70%
UOL	U14	Long	12-Mar-18	8.830	31-May-18	8.170	-7.47%

Source: Bloomberg, PSR

New Entries

We have also added six new stocks to the “Phillip 20 Portfolio” shown in the following table, and they are mainly bottoming trading ideas.

Figure 4: new entries in May

The Phillip 20 Portfolio - May new entries as of 8 May 2018							
Company Name	Ticker	L	Entry Date	Entry price	Stop Loss	Last price	Current gain/loss (%)
CHINA EVERBRIGHT	U9E	Long	2-May-18	0.430	0.385	0.420	-2.33%
COMFORTDELGRO	C52	Long	9-May-18	2.280	1.950	2.390	4.82%
MEMTECH INTL	BOL	Long	10-May-18	1.330	1.190	1.230	-7.52%
Jardine C&C	C07	Long	14-May-18	34.200	31.590	34.540	0.99%
WING TAI	W05	Long	15-May-18	2.160	1.960	2.080	-3.70%
GEO ENERGY RES	RE4	Long	17-May-18	0.240	0.205	0.225	-6.25%

Source: Bloomberg, PSR

Watchlist

After a major reshuffling of the portfolio, there are currently 19 stocks within the “Phillip 20 Portfolio.” The following is the revised watch list that we are closely monitoring:

- AEM
- Alliance Mineral
- Avi-Tech
- CityDev
- Clearbridge
- CSE Global
- DairyFarm USD
- GSS Energy
- Haw Par
- Hi-P
- HMI
- Ho Bee Land
- Hong Leong Fin
- Jiutian Chemical
- Keong Hong
- KimHeng Offshore
- Man oriental USD
- Moya Asia
- Nordic
- Olam Intl
- SATS
- SBS Transit
- Sheng Siong
- SIA
- SingHoldings
- Sino Grandness
- SPH
- ST Engineering
- Tianjin ZX USD
- Tuan Sing
- UMS
- United Engineers
- UnUsUal
- UOB
- UOI
- UOL
- Y Venture
- Yongnam

Figure 5: Monthly performance

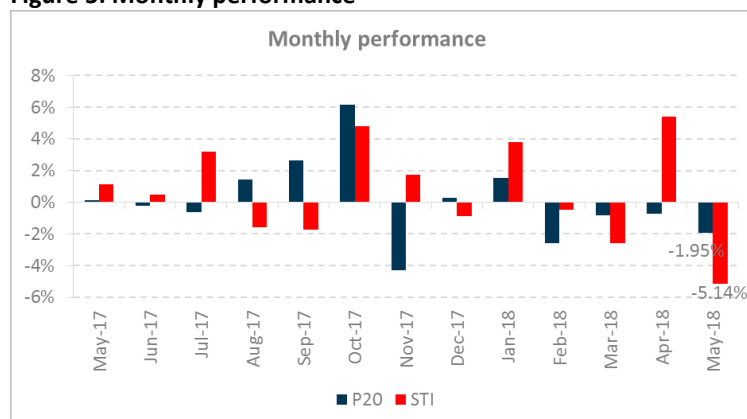
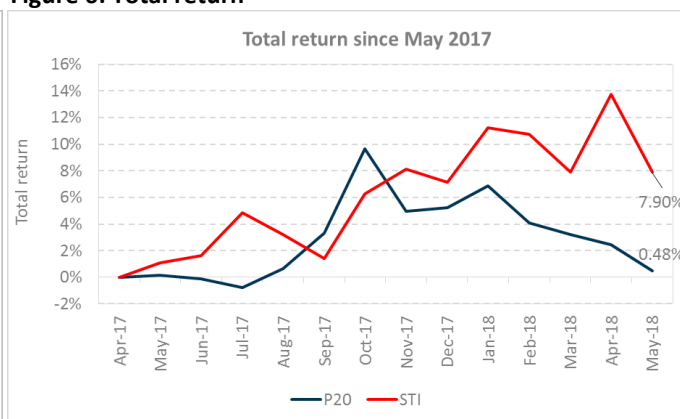


Figure 6: Total return



The Phillip 20 Portfolio - Our top technical picks as of 31 May 2018

Company Name	Ticker	L	Entry Date	Entry price	Stop Loss	Last price	Current gain/loss (%)
800 SUPER	5TG	Long	13-Feb-18	1.110	0.990	1.070	-3.60%
ALLIED TECH	A13	Long	27-Apr-18	0.049	0.041	0.046	-6.12%
BREADTALK	5DA	Long	2-Nov-17	0.823	0.735	0.935	13.68%
COMFORTDELGRO	C52	Long	9-May-18	2.280	1.950	2.460	7.89%
CHINA EVERBRIGHT	U9E	Long	5-Feb-18	0.430	0.385	0.420	-2.33%
CHIP ENG SENG	C29	Long	12-Dec-17	0.945	0.880	0.925	-2.12%
ELLIPSIZ	BIX	Long	3-Aug-17	0.645	0.575	0.550	-14.73%
FRENCKEN	E28	Long	20-Jul-17	0.525	0.445	0.510	-2.86%
GEO ENERGY RES	RE4	Long	17-May-18	0.240	0.205	0.225	-6.25%
GENTING SING	G13	Long	9-Apr-18	1.160	0.990	1.260	8.62%
Jardine C&C	C07	Long	14-May-18	34.200	31.590	34.360	0.47%
JB FOODS	BEW	Long	10-Apr-18	0.590	0.490	0.505	-14.41%
MEMTECH INTL	BOL	Long	10-May-18	1.330	1.190	1.290	-3.01%
OCBC	O39	Long	9-Feb-18	12.360	11.430	12.540	1.46%
SINGPOST	S08	Long	13-Mar-18	1.400	1.210	1.320	-5.71%
SINOSTAR PEC	C9Q	Long	28-Nov-17	0.194	0.149	0.154	-20.62%
WING TAI	W05	Long	15-May-18	2.160	1.960	2.030	-6.02%

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](#)
- [February 18 Performance](#)
- [March 18 Performance](#)
- [April 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.

Head of Research Paul Chew – paulchewkl@phillip.com.sg	Contact Information (Singapore Research Team) Research Associate Alvin Chia - alvinchiawy@phillip.com.sg	Research Operations Officer Mohamed Amiruddin - amiruddin@phillip.com.sg
Consumer Healthcare Soh Lin Sin - sohls@phillip.com.sg	Oil & Gas Energy Chen Guangzhi - chengz@phillip.com.sg	Macro Pei Sai Teng - peist@phillip.com.sg
Transport REITs (Industrial) Richard Leow - richardleowwt@phillip.com.sg	REITs (Commercial, Retail, Healthcare) Property Dehong Tan - tandh@phillip.com.sg	Technical Analysis Jeremy Ng - jeremyngch@phillip.com.sg
REITs (Commercial, Retail, Healthcare) Property Tara Wong - tarawongsj@phillip.com.sg	US Equity Ho Kang Wei - hokw@phillip.com.sg	Banking and Finance Tin Min Ying – tinmy@phillip.com.sg

Contact Information (Regional Member Companies)**SINGAPORE**

Phillip Securities Pte Ltd
Raffles City Tower
250, North Bridge Road #06-00
Singapore 179101
Tel +65 6533 6001
Fax +65 6535 6631
Website: www.poems.com.sg

JAPAN

Phillip Securities Japan, Ltd.
4-2 Nihonbashi Kabuto-cho Chuo-ku,
Tokyo 103-0026
Tel +81-3 3666 2101
Fax +81-3 3666 6090
Website: www.phillip.co.jp

THAILAND

Phillip Securities (Thailand) Public Co. Ltd
15th Floor, Vorawat Building,
849 Silom Road, Silom, Bangkok,
Bangkok 10500 Thailand
Tel +66-2 6351700 / 22680999
Fax +66-2 22680921
Website www.phillip.co.th

UNITED STATES

Phillip Capital Inc
141 W Jackson Blvd Ste 3050
The Chicago Board of Trade Building
Chicago, IL 60604 USA
Tel +1-312 356 9000
Fax +1-312 356 9005
Website: www.phillipusa.com

INDIA

PhillipCapital (India) Private Limited
No.1, 18th Floor, Urmi Estate
95, Ganpatrao Kadam Marg
Lower Parel West, Mumbai 400-013
Maharashtra, India
Tel: +91-22-2300 2999 / Fax: +91-22-2300 2969
Website: www.phillipcapital.in

CAMBODIA

Phillip Bank Plc
Ground Floor of B-Office Centre, #61-64,
Norodom Blvd Corner Street 306, Sangkat
Boeung Keng Kang 1, Khan Chamkamorn,
Phnom Penh, Cambodia
Tel: 855 (0) 7796 6151/855 (0) 1620 0769
Website: www.phillipbank.com.kh

MALAYSIA

Phillip Capital Management Sdn Bhd
B-3-6 Block B Level 3 Megan Avenue II,
No. 12, Jalan Yap Kwan Seng, 50450
Kuala Lumpur
Tel +603 2162 8841
Fax +603 2166 5099
Website: www.poems.com.my

INDONESIA

PT Phillip Securities Indonesia
ANZ Tower Level 23B,
Jl Jend Sudirman Kav 33A
Jakarta 10220 – Indonesia
Tel +62-21 5790 0800
Fax +62-21 5790 0809
Website: www.phillip.co.id

FRANCE

King & Shaxson Capital Limited
3rd Floor, 35 Rue de la Bienfaisance 75008
Paris France
Tel +33-1 45633100
Fax +33-1 45636017
Website: www.kingandshaxson.com

AUSTRALIA

Phillip Capital Limited
Level 10, 330 Collins Street
Melbourne, Victoria 3000, Australia
Tel +61-03 8633 9803
Fax +61-03 8633 9899
Website: www.phillipcapital.com.au

TURKEY

PhillipCapital Menkul Degerler
Dr. Cemil Bengü Cad. Hak Is Merkezi
No. 2 Kat. 6A Caglayan
34403 Istanbul, Turkey
Tel: 0212 296 84 84
Fax: 0212 233 69 29
Website: www.phillipcapital.com.tr

HONG KONG

Phillip Securities (HK) Ltd
11/F United Centre 95 Queensway
Hong Kong
Tel +852 2277 6600
Fax +852 2868 5307
Websites: www.phillip.com.hk

CHINA

Phillip Financial Advisory (Shanghai) Co Ltd
No 550 Yan An East Road,
Ocean Tower Unit 2318,
Postal code 200001
Tel +86-21 5169 9200
Fax +86-21 6351 2940
Website: www.phillip.com.cn

UNITED KINGDOM

King & Shaxson Capital Limited
6th Floor, Candlewick House,
120 Cannon Street,
London, EC4N 6AS
Tel +44-20 7426 5950
Fax +44-20 7626 1757
Website: www.kingandshaxson.com

SRI LANKA

Asha Phillip Securities Limited
2nd Floor, Lakshmans Building,
No. 321, Galle Road,
Colombo 03, Sri Lanka
Tel: (94) 11 2429 100
Fax: (94) 11 2429 199
Website: www.ashaphillip.net

DUBAI

Phillip Futures DMCC
Member of the Dubai Gold and
Commodities Exchange (DGCX)
Unit No 601, Plot No 58, White Crown Bldg,
Sheikh Zayed Road, P.O.Box 212291
Dubai-UAE
Tel: +971-4-3325052 / Fax: + 971-4-3328895

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