

Technical Analysis: The Phillip 20

July Monthly Review



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Singapore | TECHNICAL ANALYSIS | UPDATE

20 August 2018

- New Entries: SATS, Singtel, UMS, Venture, UOB and China SunSine
- Stop Loss: OCBC, China SunSine, CityDev, Haw Par, Wing Tai, Allied Tech and China Everbright
- Total return since May 17 to June 18 is 1.07%
- 3200 psychological round number needs to hold for the long-term uptrend in the STI to remain intact

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

The "Phillip 20 portfolio" performance

- July monthly return: -1.19%
- Total return since May 17: +1.07%

The Straits Times Index (STI) finally rebounded modestly in July after two months of selloff. As explained in the [June review](#) where the critical support area is at the 3200 psychological round number, we were expecting it to hold up for the long-term uptrend to stay intact. With the benefit of hindsight, the 3200 psychological round number held up perfectly.

However, the bullish move was rather short-lived as the overhead resistance at the 3341 area halted the ascent. The 3341 area was first established in July 2017 as resistance, and since breaking above it in October 2017, it has been acting as a solid floor in November 2017, February 2018 and April 2018 shown by the yellow highlighted boxes. Thus, the 3341 area is widely respected by the market. The current bearish rejection off the 3341 area is once again proving that it is an important area to watch.

On the weekly timeframe, the bulls failed to break above the 3341 area over three weeks suggesting the near-term sentiment is still very weak. The bears are still resiliently defending the 3341 resistance area.

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Figure 1: STI Weekly Chart – all eyes on 3200 psychological round number to reverse the current bearish sentiment



Moreover, there was further bearish price action on the daily timeframe that signals a move lower next. Since June, the 20-day moving average has crossed below the 60-day moving average suggesting the immediate trend has turned bearish. Despite the recent bullish rebound in July, the correction move was capped by the 60-day moving average adding further strength to the 3341 resistance area. The subsequent bearish follow-through broke price below the pullback line and 20-day moving average suggests a continuation move lower for the bears to retest the 3200 – 3189 critical support area next.

Figure 2: STI Daily Chart – approaching the critical crossroad at 3200 points



Source: Bloomberg, PSR

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

Keep in mind the 3200 – 3189 support area and 200-week moving average will determine the validity of the long-term uptrend. Watch this support area closely for a possible rebound back into the uptrend. However, if bears succeed in breaking and closing below that support area on the weekly perspective, expect the STI to head into a more sustained downtrend with 3105 support area being the next target.

Overall, the “Phillip 20 Portfolio” lagged behind the STI performance in July. The STI was up +1.56% while the “Phillip 20 Portfolio” was down –1.19%. The bulk of the losses stemmed from property-related stocks due to the excessive selloff from the new cooling measures implemented in early July.

New Entries

With the volatile market, we managed to identify six new trades in July. We have added the following six stocks into the “Phillip 20 Portfolio” in July.

*Note: The July new entries of UMS and China SunSine have hit their respective stop loss in early August resulting in -11.49% and -14.69% loss to the portfolio. Average losses from these trades were -1.3%.

Figure 3: new entries in July

The Phillip 20 Portfolio - July new entries as of 31 July							
Company Name	Ticker	L	Entry Date	Entry price	Stop Loss	Last price	Current gain/loss (%)
SATS	S58	Long	6-Jul-18	5.080	4.810	5.190	2.17%
SINGTEL	Z74	Long	9-Jul-18	3.270	2.980	3.210	-1.83%
*UMS	558	Long	16-Jul-18	0.870	0.770	0.815	-6.32%
VENTURE	V03	Long	18-Jul-18	17.140	15.980	16.680	-2.68%
UOB	U11	Long	23-Jul-18	26.670	25.540	27.020	1.31%
*CHINA SUNSINE	CH8	Long	25-Jul-18	1.430	1.220	1.500	4.90%

Source: Bloomberg, PSR

Losers

A total of seven counters were stopped out in July due to the overall negative sentiment caused by the cooling measures implemented in early July.

Figure 4: realised losses in July

The Phillip 20 Portfolio - Realised P&L for July 2018								
Company Name	Ticker	L	Entry Date	Entry price	Exit date	Exit Price	P&L	
OCBC	O39	Long	9-Feb-18	12.360	4-Jul-18	11.430	-7.52%	
CHINA SUNSINE	CH8	Long	1-Jun-18	1.550	5-Jul-18	1.410	-9.03%	
CITYDEV	C09	Long	19-Jun-17	11.320	9-Jul-18	10.560	-6.71%	
HAW PAR	H02	Long	8-Jun-18	13.690	9-Jul-18	12.810	-6.43%	
WING TAI	W05	Long	28-Jun-18	1.970	9-Jul-18	1.870	-5.08%	
ALLIED TECH	A13	Long	27-Apr-18	0.049	10-Jul-18	0.041	-16.33%	
CHINA EVERBRIGHT	U9E	Long	2-May-18	0.430	23-Jul-18	0.385	-10.47%	

Source: Bloomberg, PSR

Watchlist

After a major reshuffling of the portfolio, there are currently 14 stocks within the “Phillip 20 Portfolio.” The following is the revised watch list that we are closely monitoring:

- Banyan Tree
- CSE Global
- China Sunsine
- Cityneon
- DairyFarm USD
- DBS
- HMI
- Hong Leong Fin
- Haw Par
- IFAST
- JB Foods
- Jardine C&C
- JMH USD
- Moya Asia
- Olam
- OCBC
- SPH
- Sheng Siong
- Samurai
- Tianjin ZX USD
- Tuan Sing
- United Engineers
- UnUsUal
- UMS
- United Engineers
- Wing Tai
- Y Venture
- YZJ Shipbldg SGD

Figure 5: Monthly performance

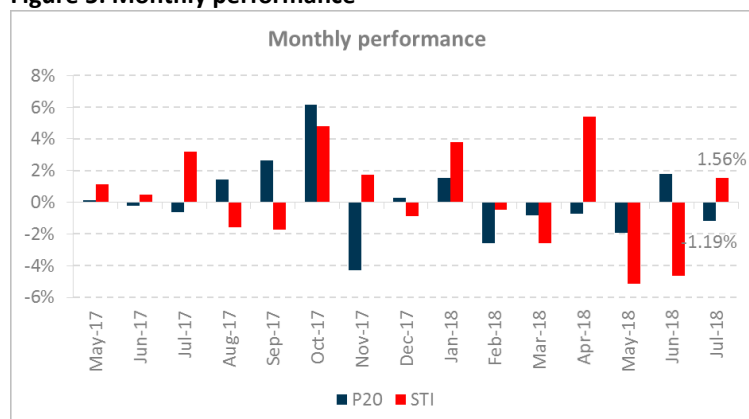
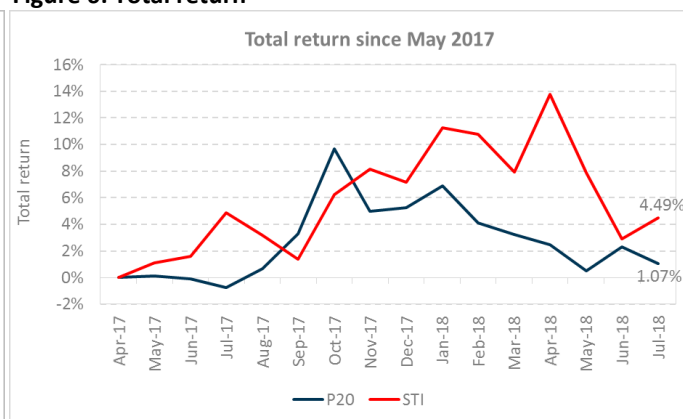


Figure 6: Total return



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

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	1.000	-9.91%
BREADTALK	5DA	Long	2-Nov-17	0.823	0.735	1.160	41.03%
CHINA SUNSINE	CH8	Long	25-Jul-18	1.430	1.220	1.500	4.90%
COMFORTDELGRO	C52	Long	9-May-18	2.280	1.950	2.350	3.07%
GEO ENERGY RES	RE4	Long	17-May-18	0.240	0.205	0.240	0.00%
GENTING SING	G13	Long	9-Apr-18	1.160	0.990	1.280	10.34%
JB FOODS	BEW	Long	10-Apr-18	0.590	0.490	0.615	4.24%
UOB	U11	Long	23-Jul-18	26.670	25.540	27.020	1.31%
UMS	558	Long	16-Jul-18	0.870	0.770	0.815	-6.32%
SINGTEL	Z74	Long	9-Jul-18	3.270	2.980	3.210	-1.83%
SATS	S58	Long	6-Jul-18	5.080	4.810	5.190	2.17%
SINGPOST	S08	Long	13-Mar-18	1.400	1.210	1.340	-4.29%
SINOSTAR PEC	C9Q	Long	28-Nov-17	0.194	0.149	0.193	-0.52%
VENTURE	V03	Long	18-Jul-18	17.140	15.980	16.680	-2.68%

Note: The "Phillip 20 Portfolio" is an actively managed portfolio that utilises technical analysis for selecting stocks. We have limited 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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