

Borneo Aqua Harvest will continue to uptrend

Taking Stock

By S.N. Lock

ONCE again, share prices on Bursa Malaysia consolidated within range-bound trading activities in line with the mixed performances on the regional stock markets last week. The FBM KLCI continued to stay above its critical resistance of 1,100 when it closed at 1,178.74 points last Friday.

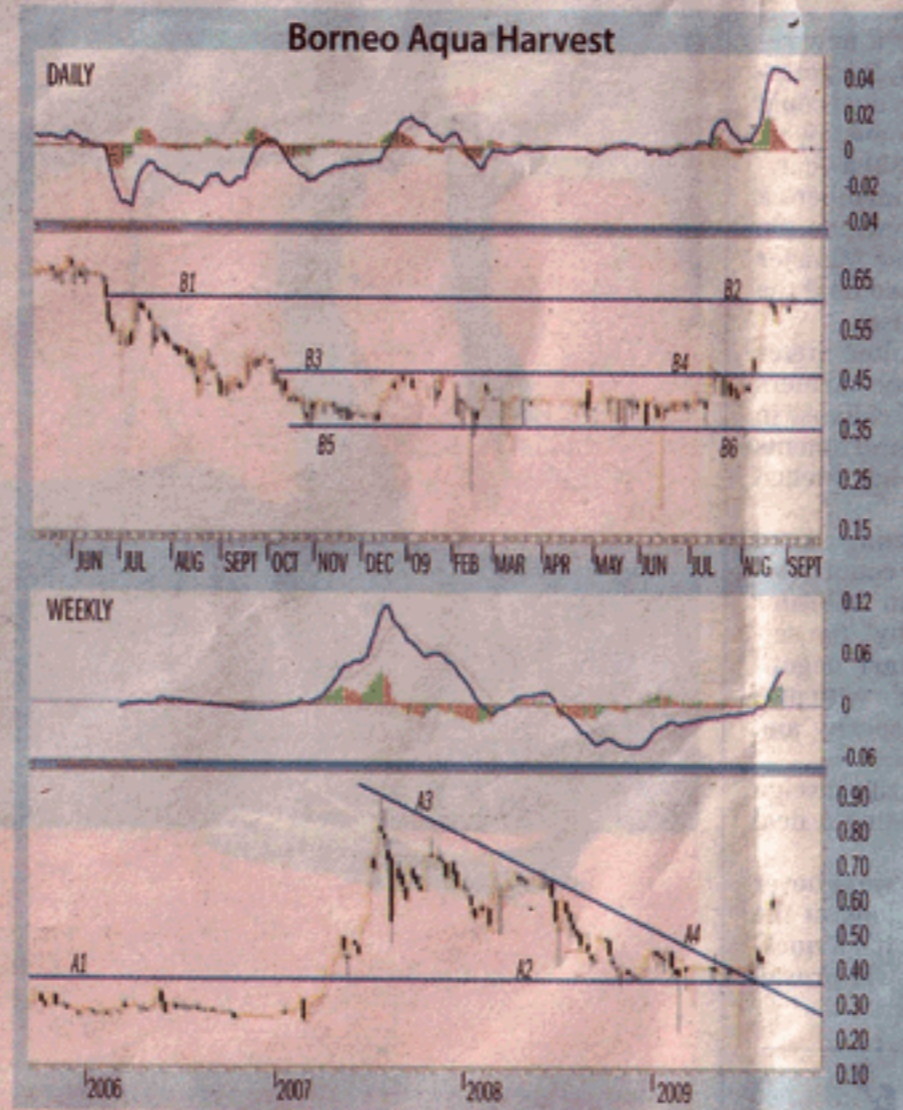
The FBM KLCI rebounded from its intra-week low of 1,163.57 last Wednesday to its intra-week high of 1,182.50 points last Friday, giving an intra-week trading range of 18.93 points.

The FBM KLCI closed marginally higher at 1,178.74 points last Friday, giving a week-on-week gain of 4.47 points, or 0.38 per cent.

Among other indices, the FTSE Bursa Malaysia Small Cap Index added 49.22 points, or 0.50 per cent, to close at 9,861.42 level while the FTSE Bursa Malaysia ACE Index eased 13.36 points, or 0.32 per cent, to 4,132.17 level.

Consolidations on the Wall Street saw Dow Jones Industrial Average (DJIA) continued to hang above its critical support of 9,000 for yet another trading week. The DJIA closed higher at 9,441.27 points last Friday, giving a week-on-week loss of 102.93 points, or 1.08 per cent.

The tech stock heavy Nasdaq Index managed to stay precariously above its critical support of 2,000 over the four trading days last



week. It closed at 2,018.78 points last Friday, giving a week-on-week loss of 9.99 points, or 0.49 per cent.

The Tokyo stock market continued to stay precariously above its critical support of 10,000 last week. The Nikkei 225 Index closed at 10,187.11 points last Friday, posting a week-on-week loss of

347.03 points, or 3.29 per cent.

Borneo Aqua Harvest Bhd staged a late-week mild rebound last week. Its daily price trend rebounded to close at 61 sen last Friday, giving a week-on-week gain of 1 sen, or 16.67 per cent.

The following are the readings of some of its technical indicators:

Moving Averages: Borneo Aqua

Harvest's daily price trend stayed above all its 10-, 20-, 30-, 50-, 100- and 200-day moving averages.

Momentum Index: Its short-term momentum index stayed above the support of its neutral reference line last Friday.

On Balance Volume (OBV): Its short-term OBV trend continued to stay below its 10-day moving average last Friday.

Relative Strength Index (RSI): Its 14-day RSI stayed above the 50 level. Its technical reading stood at the 68.93 per cent level at the market close last Friday.

Outlook

Borneo Aqua Harvest, an integrated marine aquaculture farm, played catch-up with other ACE market counters. The company has over the years acquired proven processes within the entire value chain of aquamarine farm. It is ready to join the big league marine aquaculture players.

Also, the company is one of those few ACE market counters that continued to post profits after its listing. Borneo Aqua Harvest posted gross profit of RM5 million, RM3.9 million and RM8.9 million for financial year ending 2007, 2008 and 2009 respectively.

In addition, the company's revenue is displaying some sort of quantum leap when it jumped from RM9.9 million in 2008 to RM21.3 million in 2009, showing an increase of RM11.4 million, or 115.15 per cent. After its initial gestation period, Borneo Aqua Harvest is ready to maintain its quantum leap over the next few years.

The recent typhoon in Taiwan had created havoc to the marine

aquaculture operators. Being void of a major player in the marine aquaculture sector, Borneo Aqua Harvest is likely to benefit from demand from its key markets including Hong Kong and China.

Chartwise, Borneo Aqua Harvest's monthly price trend rebounded after hitting its intra-year low of 18 sen in June 2009. It rebounded off its support of its intermediate-term low.

Its weekly price trend found critical support at the intersection of its two trendlines (See Borneo Aqua Harvest's weekly chart — A1:A2 and A3:A4). It continued to stay above its intermediate-term downtrend (A3:A4).

Its daily price trend staged a late-week technical breakout of its immediate overhead resistance (See Borneo Aqua Harvest's daily chart — B1:B2).

Borneo Aqua Harvest's weekly and monthly fast MACDs (moving average convergence divergence) continued to stay above their respective slow MACDs last week. Its daily fast MACD continued to stay below its daily slow MACD.

Its 14-day RSI stood at the 68.93 per cent level last Friday. Its 14-week and 14-month RSIs were at the 74.41 and 62.18 per cent levels respectively.

Borneo Aqua Harvest's daily price trend will continue to climb gradually higher towards its intermediate-term resistance of 88.5 sen.

The subject expressed above is based on technical analysis and opinions of the writer. It is not a solicitation to buy or sell.