

# ASX Weekly MoMo Report

A guide to what stocks are hot, and what stocks  
are not in the ASX



## Trade of the Week – IPL (Buy)

Incitec Pivot's earnings report last week was much better than the market expected and seems to show that the worst of the earnings declines may be over. IPL managed to close above key resistance at A\$3.32 with a **technical target of A\$3.70**.



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# ASX Daily Chart

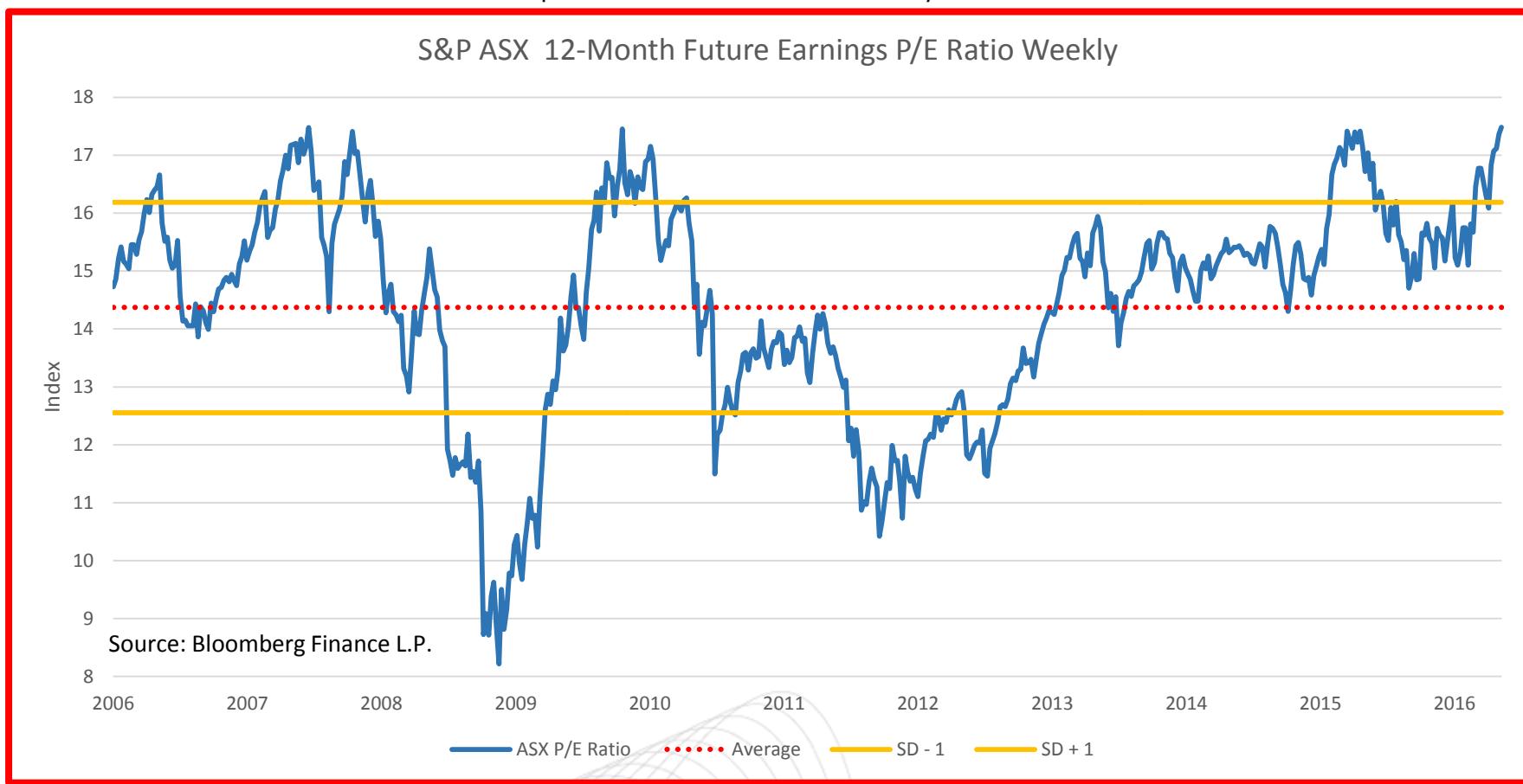
The ASX managed its highest close last week since mid-August, closing at 5372. However, it twice saw intraday highs above the 5400 level but failed to close at these levels. The candle sticks for these days, on Wednesday and Thursday, have formed textbook reversion dojis, where one has a large intraday rally (reflected by the line) but a comparatively very weak close (reflected by a squat bar). If the ASX does begin to start rolling over, the 20-day moving average is going to be a key support level for it to break. A close below 5270 would be a key signal that a sharp reversal could be imminent.



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# ASX Price-to-Earnings Ratio

The future price-to-earnings (P/E) ratio can tell traders if the valuation of the ASX 200 is "expensive" or "cheap" relative to its long-run average. While this can be used to time reversals, it is best used in conjunction with other inputs like market internals, price action and technical analysis. **Current: 17.48**



# ASX Market Internals

Market internals can be great tools for highlighting potential turning points in markets. Here we look at the percentage of companies trading above their 50- and 200-day moving averages. While this can show the level of participation in a rally or sell-off, it can also indicate when an index has too much positivity or negativity built-in.

We tend to see the ASX 200 find sellers when 80% of companies are above the 50-day MA and buyers at 20%, and sellers when 70% are above the 200-day MA and buyers at 40%.



50 day MA – 77.8%  
200 day MA – 71.9%

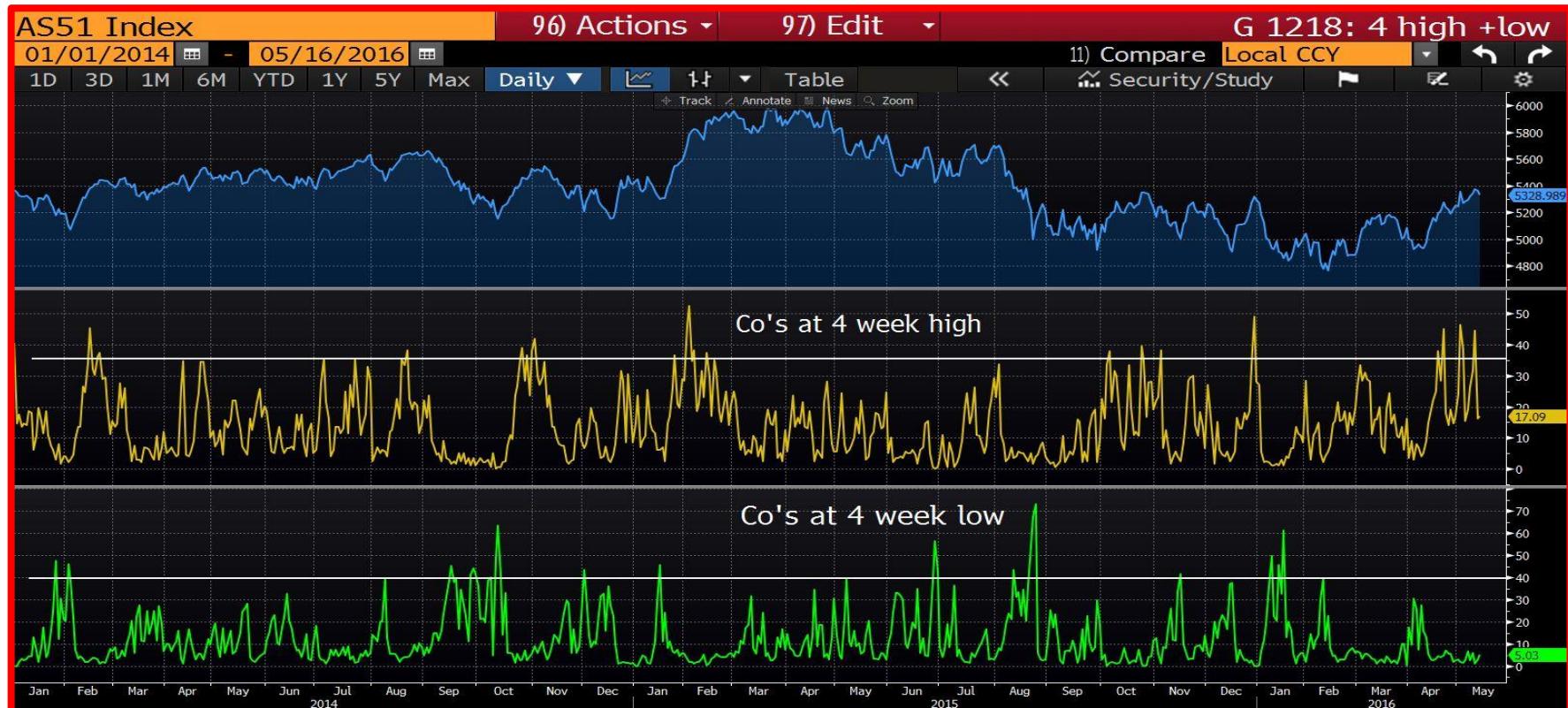
Both metrics are indicate the index is looking topy and at risk of profit taking. This is a view the model suggested last week and seems to be playing out.

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# ASX Market Internals

Market internals can be great tools for highlighting potential turning points in markets. Here we look at the percentage of companies making new four-week highs and four-week lows. While this can show the level of participation in a rally or sell-off it can also indicate when an index has too much positivity or negativity built-in.

We tend to see the ASX 200 find sellers when 35% of ASX listed companies are at four-week highs and buyers when 40% at four-week lows.



Four week high – 17.1%

Four week low – 5.0%

A reasonable reduction in the percentage of companies at four-week highs and certainly coming off levels where the market peaked out.

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# Biggest Weekly Increase in Short Positions

This shows the top ten stocks that have seen the biggest increase in short positions over the past week. This highlights stocks where market participants see greater downside risks. Have you missed the trade or is the move just beginning?

Stock Ticker	Week on Week % Increase in Short Positions
AOG Aveo Group	195.2
CTX Caltex	13.5
GMG Goodman Group	10.6
BSL Bluescope	10.2
LLC Lendlease	8.9
OZL Oz Minerals	5.6
QBE Insurance	5.5
NCM Newcrest Mining	4.8
ORA Orora	3.4
QAN Qantas	3.1



# Biggest Weekly Decrease in Short Positions

This shows the top ten stocks that have seen the biggest decrease in short positions over the past week. This highlights stocks where market participants see greater upside risks. Have you missed the trade or is the move just beginning?

Stock Ticker	Week on Week % Decrease in Short Positions
SAR Saracen Mineral	-68.2
SXL Southern Cross Media	-65.8
PMV Premier Investments	-61.7
AIO Asciano	-33.6
SAI Global	-32.8
ALL Aristocrat Leisure	-31.6
CHC Charter Hall Group	-29.8
PBG Pacific Brands	-29.7
API Australian Pharmaceuticals Ind.	-25.6
RRL Regis Resources	-23.6



## SCREENER: THE STRONGEST STOCKS

We have selected various inputs to screen for stocks with the strongest positive momentum. The logic behind the screener is that if any stock passes all these momentum screens, there is a higher probability they will continue on the current trajectory in the short-term. The idea of buying high and selling higher is key here.

Screening for the strongest stocks in the ASX we require a stock to:

- 1) be trading at a 30-day high;
- 2) price to be above the 5-day moving average;
- 3) the MACD above the Signal line (i.e. short-term momentum is accelerating to the upside);
- 4) price has closed above the upper Bollinger band.

Strongest stocks: IPL, NST



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## NST (Buy)

NST has been riding the wave of gold speculation higher. Even though gold had a relatively flat performance last week, NST broke out strongly above resistance at the A\$4.10 level.



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## High Volume Stocks

This stock screener tracks stocks that have trading volumes three times more than their 30-day average volume. Sharp increases in the volume of stocks traded often precipitate major moves in the stock price. Strong volume, accompanied by a break of key support or resistance levels can be a major consideration for technical traders.

High Volume: APN, CCP, NSR



# APN – High Volume



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# CCP – High Volume



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# NSR – High Volume



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