

Analyse This...

Retail Research

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Swing Media Technology

SWM SP; BUY;
TP:\$0.13

Price @06/08/09: S\$0.055
52-week range (SGD): 0.035 – 0.085
Market cap – S\$27.7m

Swing Media Technology – Attractively valued

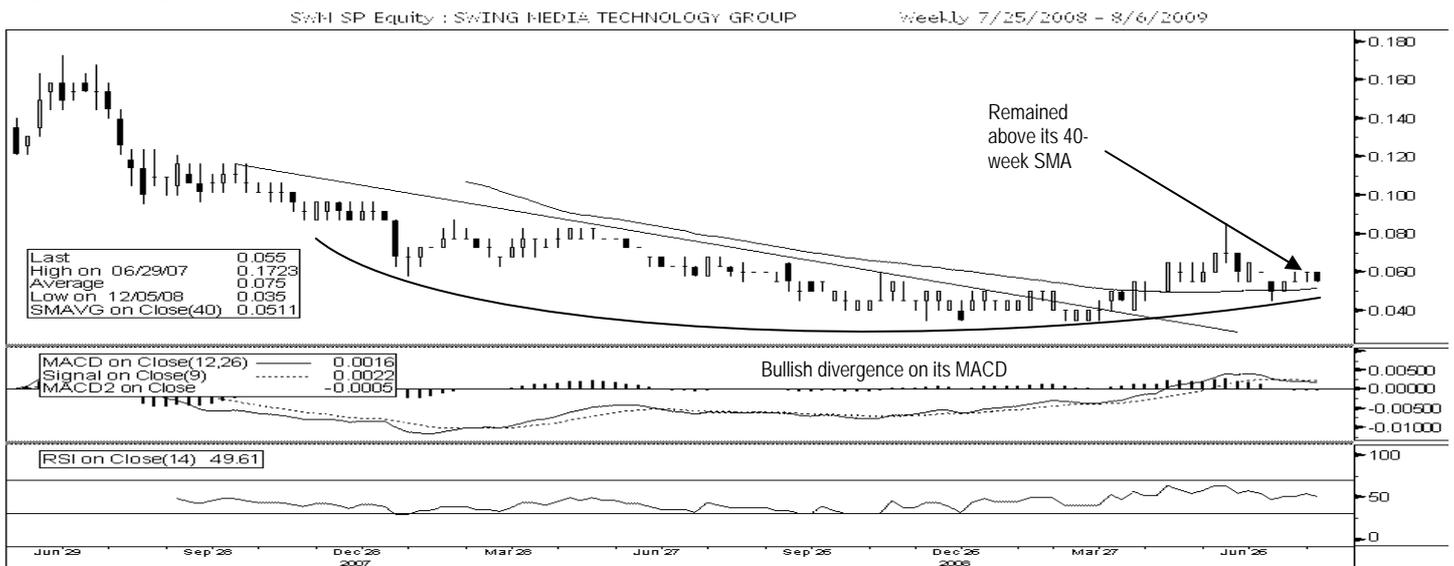
Attractive valuation warrants a buy. We like Swing Media for its cheap valuation, healthy sales growth and potential to build up its cash in the prospective periods. The stock is currently trading under its book value. We have a Buy recommendation and a target price of S\$0.13 based on Swing Media's 6 years average P/BV of 0.66x applied to CY09 book value per share of S\$0.20.

Saucer formation. Swing Media has formed a bullish saucer pattern, which is a long term rounding bottom. The stock has been rising steadily since breaking out above its long term resistance trend line in April. After the long-legged doji in late June, the stock has been holding above its 40-week SMA.

But daily chart looking weak. On the daily chart, we find that the stock is below its 50-day SMA. The daily MACD indicator appears to be ready to stage a negative crossover while its RSI is flat but starting to ease. Hence, we think that the stock is likely to undergo further consolidation to try to build a stronger base to rally from.

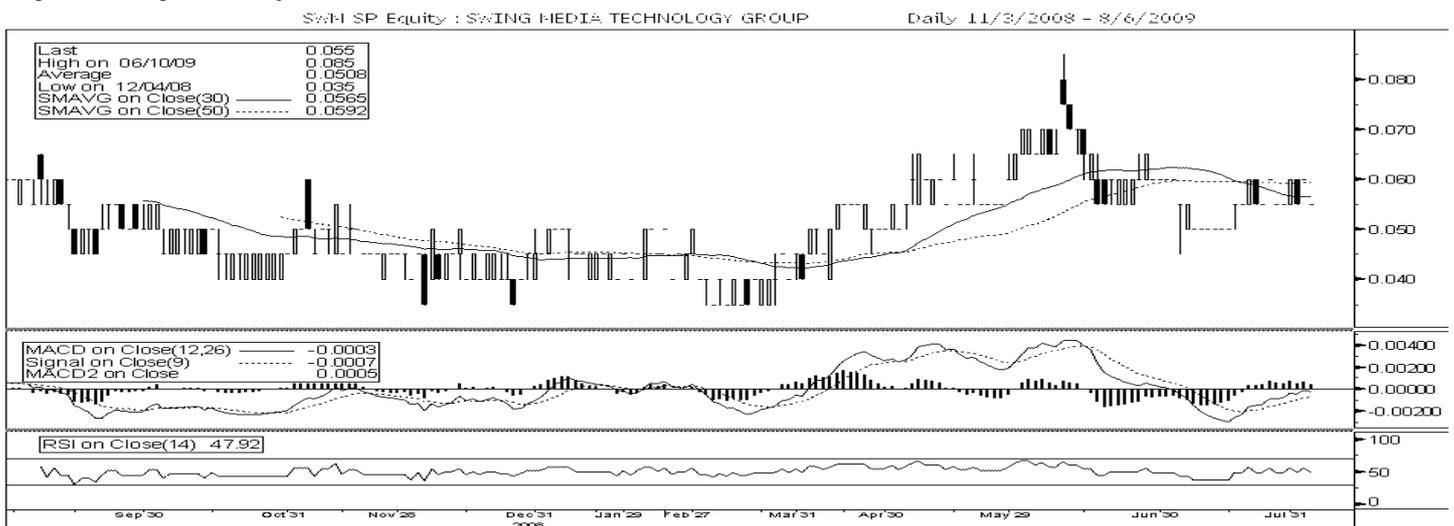
Accumulate on weakness. Investors who missed the earlier uptrend may choose to buy on weakness, preferably near the support levels at S\$0.045-0.05 and S\$0.035. Resistance is seen at S\$0.06 and S\$0.085.

Figure 1: Swing Media weekly chart (S\$0.055)



Source: Bloomberg & CIMB/CIMB-GK Research

Figure 2: Swing Media daily chart (S\$0.055)



Source: Bloomberg & CIMB/CIMB-GK Research

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SELL: The stock's total return is expected to be -15% or worse over the next three months.

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