

Alkane Resources (ALK: \$A1.38)

Alkane Resources strengthens above moving average price
Monday September 28, 2020 16:00 AEST

Alkane Resources Limited (ASX:ALK), Australia's 47th largest Materials company by market cap, has increased 0.50c (0.4%) from its previous trading session to close at \$A1.38. Compared with the All Ordinaries Index which fell 5.6 points (0.09%) in the day, the relative price increase was 0.5%. Today the stock traded between its three-day high of \$A1.40 and 12-day low of \$A1.33.

The 200-day Moving Average Price (MAP) is 91.09c, up from 90.85c on Friday. The price to MAP ratio is 1.51. In the last 3 months the share price has exceeded MAP on 63/65 days; a bullish signal.

There were 2,460,169 shares worth \$A3.4 million traded today. The volume was 0.6 times the average daily trading volume of 4 million shares.

SUBSTANTIAL SHAREHOLDER BUYING

Chapelgreen Pty Ltd bought 35,800,000 shares worth AUD52,805,000 (\$US38,110,266) of Alkane Resources on September 18, becoming a substantial shareholder with 35,800,000 shares. The last price was AUD1.50.

Figure 1: Stock Identifiers

ISIN	AU000000ALK9
PermID	4295857008

Fig 2: Stock Summary

52-Week Range	46.50c-\$A1.54
Market Cap	\$A818.7 million
Shares Outstanding	595,388,800
Relative Strength (3 mo)	44

Fig 3: Technical Indicators

Name	Value	Comment
RSI	67.4	Neutral
MACD	0.1	Buy
William % R	-39.5	Neutral
MFI	73.8	Neutral

Fig 4: Moving Averages

Name	Value	Comment
P/MAP20	1.07	Price/MAP20 above 1 and rising
P/MAP50	1.15	Price/MAP50 above 1 and rising
P/MAP200	1.51	Price/MAP200 above 1 and rising

Fig 5: Financials Summary

Year ended Jun	FY2020	FY2019	FY2018
Sales (\$ M)	51.6	66.2	92.6
Pretax (\$ M)	14	17.9	22
Net (\$ M)	9.4	16.3	17.2
EPS (AUD)	0.0244	0.0457	0.048

Bullish Signals

Uptrend

Fig 6: Price/Moving Average Price and MACD:

- The Price/MAP of 1.51 for ALK is higher than the Price/MAP for the All Ordinaries Index of 1.01.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 1.36 minus the 26-day EMA of 1.29 is positive suggesting a bullish signal. Both the 12-day EMA as well as the 26-day EMA are rising, another bullish signal.
- The price to 50-day EMAP ratio is 1.1, a bullish indicator. In the past 50 days this ratio has exceeded 1.1, 16 times suggesting further upside. The 50-day EMAP has increased to \$A1.23. An increase is another bullish indicator.
- The price to 200-day MAP ratio is 1.51, a bullish indicator. In the past 200 days this ratio has exceeded 1.51, 48 times suggesting further upside. The stock is trading above both its MAPs and the 50-day MAP of \$A1.20 is higher than the 200-day MAP of 91.09c, another bullish indicator.

Past Month:

- The price soared 32.2% in the past month. The rise has been propped up by a firm volume of 1.2 times average for the month.
- Rises to Falls: in the past month the number of rises outnumbered falls 15:5 or 3:1.
- In the past three months the stock has hit a new 52-week high five times, pointing to an uptrend.

Fig 7: High Price Performance Indicators and rank of Alkane Resources in the Australian market:

Description	ALK Value	Rank In Market
Price/MAP200	1.51	In Top 11%
Today's Trading Turnover	\$A3.4 million	In Top 13%
MCap	\$A818.7 million	In Top 18%
Price/MAP50	1.15	In Top 22%

Undervaluation [compared with sector average]

Earnings Yield:

- Earnings yield of 1.8% is 2.1 times the 10-year bond yield of 0.85%.