

WAM Microcap (WMI: \$A2.08)

WAM Microcap increases 1.5% on rising relative strength
Wednesday September 22, 2021 16:00 AEST

WAM Microcap Limited (ASX:WMI), Australia's 55th largest Diversified financials company by market cap, has increased 3.0c (1.5%) from its previous trading session to close at \$A2.08. Compared with the All Ordinaries Index which rose 30.7 points (0.4%) in the day, the relative price increase was 0.9%.

Today its volatility (highest price minus lowest price/lowest price) of 4.0% was 2.6 times its average daily volatility of 1.6%. The high for the day was \$A2.08 and low for the day was \$A2.0.

In the Australian market, the stock's relative price strength percentile is rising at 53 for 6 months, 66 for 3 months, and 72 for 30 days. A price rise combined with a rising relative strength is a bullish signal.

There were 303,124 shares worth \$A630,498 traded today. Wednesday's price rise was propped up by robust volume of 1.6 times the average daily volume of 189,512 shares.

Figure 1: Stock Identifiers

ISIN	AU000000WMI5
PermID	5055942908

Fig 2: Stock Summary

Market Cap	\$A431.1 million
Shares Outstanding	207,247,850
Relative Strength (3 mo)	66

Fig 3: Technical Indicators

Name	Value	Comment
RSI	47.3	Neutral
MACD	0.05	Buy
William % R	-60.0	Neutral
MFI	37.6	Neutral

Fig 4: Moving Averages

Name	Value	Comment
P/MAP50	1.04	Price/MAP50 above 1 and rising
P/MAP200	1.15	Price/MAP200 above 1 and rising

Fig 5: Financials Summary

Year ended Jun	FY2021	FY2020	FY2019
Sales (\$ M)	87	15.9	9.5
Pretax (\$ M)	78	10.8	6.3
Net (\$ M)	55.5	8.3	5.1
EPS (AUD)	0.3889	0.0801	0.05

Bullish Signals

Uptrend

Fig 6: Price/Moving Average Price and MACD:

- The Price/MAP of 1.15 for WMI is higher than the Price/MAP for the All Ordinaries Index of 1.06.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 2.11 minus the 26-day EMA of 2.06 is positive suggesting a bullish signal.
- The price to 50-day EMAP ratio is 1.0, a bullish indicator. In the past 50 days this ratio has exceeded 1.0, 20 times suggesting further upside. The 50-day EMAP has increased to \$A2.0. An increase is another bullish indicator.
- The price to 200-day MAP ratio is 1.15, a bullish indicator. In the past 200 days this ratio has exceeded 1.15, 110 times suggesting further upside. The stock is trading above both its MAPs and the 50-day MAP of \$A1.99 is higher than the 200-day MAP of \$A1.82, another bullish indicator.

Past Month:

- The price jumped 8.1% in the past month. The rise has been propped up by firm volume of 1.4 times average for the month.
- Rises to Falls: in the past month the number of rises outnumbered falls 15:7 or 2.1:1.

Undervaluation [compared with sector average]

Price/Earnings and Earnings Yield:

- Price/Earnings of 5.3. The P/E of 5.3 plus annual inflation in the Australia of 0.9% adds up to 6.2, well within the value benchmark Rule of 19.
- Earnings yield of 18.7% is 14.8 times the 10-year bond yield of 1.26%.

Dividend Yield:

- The relative yield of WMI, defined by its yield of 4.8%, divided by average yield of dividend yielding stocks in the All Ordinaries Index of 4.6% is 103.9%. This suggests WAM Microcap stock is undervalued in dividend yield terms.

Price to Sales:

- Price/Sales of 3.6 [4.9]. We estimate WAM Microcap stock is trading at a current year Price/Sales of 1.6 and a forward year Price/Sales of 0.7.

Price to Book:

- Price to Book of 1.3 [2.0]. We estimate WAM Microcap stock is trading at a current year Price to Book of 0.9 and a forward year Price to Book of 0.7.

MCap/Total Assets:

- Tobin's Q Ratio, defined as MCap divided by Total Assets, is 1.2. Compared with the rest of the market the stock is undervalued.

Undervaluation Indicators and rank of WAM Microcap in the Australian market:

Description	Value	Rank In Market
Price/Earnings	5.3	In Top 14%
P/E * P/NTA	7.06	In Top 23%

Fig 7: Short-Term Technical Ranking: 4 out of 5 [5 is best]



Stocks are scored on a set of technical parameters reflecting price performance and trading volumes. They are ranked according to the average values of those parameters. The highest ranking is 5 and the lowest ranking is 1.