

Moovly Media's chart moves in mysterious ways

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Is the recent move seen in Moovly Media's chart trying to tell us something?

Sometimes a chart can tell you things that fundamentals may not. Although it can also be a bit like reading tea leaves – not exactly an accurate science and possibly complete rubbish. You never know until after the fact, and by then you've either missed the boat or perhaps you've had your head handed to you depending on how committed you were to your convictions. Nevertheless, we are going to have a look at a chart with some unusual recent activity in the absence of any official news (I don't surf the chatrooms, so it's possible someone is trying to turn this into a meme stock of sorts) and speculate what may or may not be going on.

The chart we are going to have a look at today is [Moovly Media Inc.](#) (TSXV: MVY | OTCQB: MVVYF), the leading provider of creative cloud-based tools used to tell marketing, communications and training stories using videos and video presentations. With clients including users from over 300 of the Fortune 500, small businesses, freelancers and Ivy league universities, Moovly is an intuitive, cost-effective choice for DIY creation of engaging video-based content.

The background for what we are about to review is that Moovly has been light on corporate press releases. Today [it had news](#) announcing the "Moovly E-Commerce Video Maker", an addition to its suite specifically aimed at online sellers. Previously it issued a [press release on Aug 4, 2022](#) (which wasn't super significant in my opinion), and the latest financial information

released by the Company was Aug 29 when they issued their quarterly results for the period ending June 30, 2022. This is why the activity over the last seven trading days (since September 30) have attracted my attention. It appears there is nothing obvious in the public domain to explain the previous five day double in the stock price.



Source: StockCharts.com

Three things jump out at me when looking at this chart. First, as noted, the stock doubled over a span of 5 days, although perhaps that isn't so unusual given it happened previously at the beginning of June. However, the June move corresponded with [news](#) that could be construed as significant and beneficial for Moovly's stock – the signing of a Global Partnership Agreement with Bayer AG, the German multinational pharmaceutical and life sciences company and one of the largest pharmaceutical companies in the world. The latest move happened in the complete absence of any corporate press releases or updates.

Second is the volume of the most recent rally. Unlike the move in June that corresponded with a press release, October 4 saw over 3 million shares traded, more than 4x the volume traded the day of the Bayer AG news. This is also 22x the average daily volume traded for Moovly, which is a huge deviation from the norm. Albeit the absolute dollar value of the trade isn't huge in the context of the overall market (approx. C\$330K), it's still a pretty big bet being placed by someone, or several someones.

Third is the stock move relative to what was happening in the general market over the same period. You may have heard the expression, "a rising tide lifts all boats". However, in this situation, the S&P 500 was setting new 1 year lows (at the time)

on September 29 and 30, which is when the Moovly rally appears to have begun. The macro market saw a bit of a 'dead cat bounce' on Monday (Oct 3) and Tuesday (Oct 4), which I'm sure benefitted the rise in Moovly's share price on those days, but then the S&P 500 resumed its downward travels culminating in a fresh new 52 week low yesterday. On the flip side, Moovly continued to gain strength all the way until yesterday when it finally got a little oversold in the short term (see the RSI indicator at the top of the chart) and had its first down day in 14 trading days, and on very small (below average) volume.

What does this all mean? I can't say for certain. All I know is that there is some unusual (technically quite bullish) activity that is seemingly inexplicable by anything that I can see in the public domain. Is it random or is something going on? Today's press release of a niche addition to their software suite was not particularly highly anticipated or market-moving news, shown by the fact that the market didn't react to it. What I do know is, based on the last quarterly results, Moovly Media is probably getting close to running low of working capital, unless revenue has increased dramatically or debt lines have been increased. Either of those could be perceived as positive developments, potentially explaining the recent stock price move. In the meantime, we watch and wait for what happens next for this C\$21 million market cap media company.

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Eyes on Moovly

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The efficient-market hypothesis in financial economics states that asset prices reflect all available information. This implies that it is impossible to “beat the market” consistently on a risk-adjusted basis since market prices should only react to new information. While this may hold some truth on a macro level, many people (including me) believe if you do your homework on less popular, less liquid stocks you can find some hidden gems out there. Now don’t jump to the conclusion that I’m about to serve up the hottest stock tip of the year. It’s the stock market after all, I could be right and wrong at the same time about the same stock given that if there aren’t enough buyers out there, an equity likely won’t go up in price regardless of underlying fundamentals or new information.

Today is more of an examination of the price action of a specific equity and its relative performance over the last six months given the information that has come available over that time and whether or not that seems to make sense. The stock under the microscope is [Moovly Media Inc.](#) (TSXV: MVY), the leading provider of creative cloud-based tools to create compelling marketing, communications and training videos and video presentations. Their clients including users from over 300 of the Fortune 500, small businesses, freelancers and Ivy League universities. Moovly is an intuitive, cost-effective choice for DIY creation of engaging video-based content. It’s a pretty cool technology company but today’s focus isn’t as much about what

they do but what happens after they announce something.

Looking back six months ago to January 29th of this year, Moovly's share price closed the day at \$0.315. News that [paid Education subscriptions grew more than 300%](#) year over year on February 9th helped push the stock up to a high of \$0.455 that day with momentum carrying through until the next news release on February 17th where it rallied to an intraday high of \$1.02 on the heels of news that they had signed a [reseller partnership agreement with VidiBuzz](#) to accelerate its sales in the US. Makes sense, two pieces of new information for the market that were taken positively given revenue should be up considerably and the partnership essentially expanded the company salesforce and accessibility to new customer sets. Both news items were impactful in their own right and arguably should put the company in a better place than it was at the end of January. Perhaps a triple of the stock price might have been a little overdone so it wouldn't be unusual to see the stock settle back into a more reasonable trading range.

And that's exactly what happened as the stock traded in a range of \$0.60 to \$0.80 through to the end of March. During that stretch of time, the company released its quarterly results for the period ending December 31, 2020, plus integrations of its software with [Wistia](#), [Microsoft](#), [Twitter](#) and [Instagram](#). All of which the market appeared to view with passive indifference even though one can argue the quarterlies confirmed the Company was moving in the right direction and all the integrations further expanded the ability to seamlessly access a larger user base. As well, the Company raised \$3.8 million at \$0.45 which could potentially cause a bit of selling pressure on the stock but provided capital to fund sales and marketing growth.

However, April Fool's Day proved to be no laughing matter for the share price of Moovly as the stock begin a steady journey

lower moving from \$0.61 to a low of \$0.155 by June 17th. But here's where the story gets interesting to me. On May 5th The Company announced it had [upgraded its platform](#) to support multiple languages, improving translation efficiency and overcoming multilingual challenges. I view this as a step-change in making Moovly's video software available to a much broader, global audience. But what do I know? The stock price was down 8% the day of this news. On June 23rd another [reseller and partnership agreement](#) was signed with UAE based SFA Dubai. At least that news rallied the stock a material 35% but only back to \$0.25 and was relatively short lived. Then July 7th one of Moovly's partners, Contenthouse announced it had [secured Dipl. Ing. Fust AG's content creation contract](#) using the Moovly platform. This dragged the stock price back up to a high of \$0.28 but again only briefly.

Despite all this information, it's true that the overall market can also have an impact on an equity as well. It's tough for an individual stock to have a prolonged rally in a bearish environment. However, if we look at the TSX Composite over this same time frame we see a February 18th close of 18,274 versus 20,230 yesterday, or a 9.7% gain over that period. Arguably a stock simply holding its own should at least be flat to positive over that time in light of the underlying market.

So I will now leave it up to you to decide if the market is correct now about Moovly at yesterday's close of \$0.21 (down 33% since Jan 29th), was it right in February or March or perhaps somewhere in between. Regardless, in my opinion, somewhere along the way the market stopped acting efficiently with this stock. I suspect the next quarterly results will help us all decide what the right answer is.