

12 August 2020

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Daily technical highlights – (COASTAL, DELEUM)

Daily Charting – COASTAL (Trading Buy)



About the Stock:		Key Support & Resistance Levels		
Name	Coastal Contracts Bhd	52 Week High/Low	: 1.51/0.53	
Bursa Code	Coastal	3-m Avg. Daily Vol.	: 674,029	
CAT Code	5071	Free Float (%)	: 28.9	
Market Cap	RM360.6m	Beta vs. KLCI	: 1.6	
		Last Price	: RM0.685	
		Resistance	: RM0.79 (R1) RM1.03 (R2)	
		Stop Loss	: RM0.59	

Coastal Contracts Bhd (Trading Buy)

- COASTAL shares are looking attractive from a risk-return perspective. The stock – after tumbling from a peak of RM1.51 in mid-January this year to as low as RM0.53 on 19 March – has been oscillating within a trading range since then.
- Following renewed buying interest that has led the share price to close at RM0.685 yesterday, COASTAL may attempt to break out from its range-bound pattern soon.
- On the back of the positive momentum, we reckon the stock could rebound towards the resistance thresholds of RM0.79 (R1) initially before challenging RM1.03 (R2) thereafter. This represents upside potentials of 15% and 50%, respectively.
- Our stop loss level is pegged at RM0.59 (or 14% downside risk).
- Meanwhile, COASTAL is in a fundamentally strong position to weather through the prevailing depressed crude oil price environment. The Group has net cash & short-term investments of RM196.5m (37 sen per share or slightly more than half of its existing share price) as of end-March 2020.
- COASTAL is involved in the ship-building & ship repair and vessel chartering businesses, servicing primarily the oil & gas industry. It posted net earnings of RM43.8m in the latest quarter to take 9-month results ended March 2020 to RM65.9m (+144% YoY), lifted partly by foreign exchange gains of RM22.7m. Based on an annualised core net profit of RM58m, the stock is currently trading at PER of 6.2x this year.

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Daily Charting – DELEUM (Trading Buy)



About the Stock:			Key Support & Resistance Levels		
Name	: Deleum Bhd	52 Week High/Low	: 1.11/0.34	Last Price	: RM0.65
Bursa Code	: DELEUM	3-m Avg. Daily Vol.	: 1,267,350	Resistance	: RM0.76 (R1) RM0.90 (R2)
CAT Code	: 5132	Free Float (%)	: 28.4	Stop Loss	: RM0.57
Market Cap	: RM261.0m	Beta vs. KLCI	: 1.4		

Deleum Bhd (Trading Buy)

- DELEUM's share price – which has been on a gradual decline after hitting a high of RM0.82 in May this year – could see a reversal and trend higher soon.
- Bouncing off from its recent lows of RM0.575 (which coincided with a 50% Fibonacci retracement level), the stock is expected to ride on the rebound momentum to test the resistance levels of RM0.76 (R1) and RM0.90 (R2), which translates to upside potentials of 17% and 38%, respectively.
- On the other hand, in the event of renewed share price weakness, we have set our stop loss level at RM0.57 (or 12% downside risk).
- Fundamentally speaking, amid the challenging oil & gas industry landscape, DELEUM's balance sheet remains sound, backed by a net cash position of RM84.1m (21 sen per share or about one-third of its current share price) as of end-March this year.
- In terms of profitability, the Group – an integrated service provider of a diverse range of specialised products and support services in the upstream oil and gas industry – has been making money every quarter in the past 10 years, registering net earnings of RM2.2m (-23% YoY) in the most recent quarter ended March 2020. Based on its 3-year average net profit of RM31m, the stock is presently valued at a PE multiple of 8.4x.

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STOCK CALL MONITOR*

Stock Name	Issue Date (ID)	Rating	Price @ ID RM	Target Price (TP) RM	Stop Loss Price (SL) RM	Upside Potential @ ID %	Downside Risk @ ID %	Risk to Reward Ratio	Highest Price since ID RM	Lowest Price since ID RM	Last Price RM	Status^	Date Status Fulfilled
HLT GLOBAL BHD	14/7/2020	Trading Buy	0.66	0.79	0.53	21%	-19%	1.08x	3.33	0.66	2.06	TP Hit	14/7/2020
ES CERAMICS TECHNOLOGY BHD	14/7/2020	Trading Buy	0.56	0.67	0.45	21%	-19%	1.10x	2.07	0.50	1.11	TP Hit	27/7/2020
BERJAYA SPORTS TOTO BHD	15/7/2020	Trading Buy	2.17	2.30	2.11	6%	-3%	2.17x	2.19	2.07	2.08	SL Hit	30/7/2020
MAGNUM BHD	15/7/2020	Trading Buy	2.20	2.34	2.10	6%	-5%	1.40x	2.25	2.06	2.14	SL Hit	3/8/2020
CYPARK RESOURCES BHD	16/7/2020	Trading Buy	1.01	1.15	0.92	14%	-9%	1.56x	1.02	0.91	0.95	SL Hit	3/8/2020
SOLARVEST HOLDINGS BHD	16/7/2020	Trading Buy	1.41	1.54	1.29	9%	-9%	1.08x	1.42	1.23	1.27	SL Hit	24/7/2020
MGB BHD	17/7/2020	Trading Buy	0.47	0.54	0.41	15%	-13%	1.17x	0.51	0.45	0.50	Open	
KUMPULAN POWERNET BHD	17/7/2020	Trading Buy	2.58	2.90	2.30	12%	-11%	1.14x	2.91	2.49	2.58	TP Hit	23/7/2020
DRB-HICOM BHD	21/7/2020	Trading Buy	1.85	2.10	1.65	14%	-11%	1.25x	2.04	1.82	1.97	Open	
UEM EDGENTA BHD	21/7/2020	Trading Buy	2.04	2.30	1.85	13%	-9%	1.37x	2.48	2.04	2.17	TP Hit	22/7/2020
GREEN PACKET BHD	22/7/2020	Trading Buy	0.52	0.61	0.46	17%	-12%	1.50x	0.63	0.51	0.59	TP Hit	11/8/2020
INSAS BHD	22/7/2020	Trading Buy	0.76	0.86	0.67	13%	-12%	1.11x	0.92	0.74	0.88	TP Hit	4/8/2020
7-ELEVEN MALAYSIA HOLDINGS B	23/7/2020	Trading Buy	1.38	1.57	1.25	14%	-9%	1.46x	1.43	1.28	1.36	Open	
FEDERAL INTERNATIONAL HOLDIN	23/7/2020	Trading Buy	0.45	0.52	0.39	16%	-13%	1.17x	0.52	0.38	0.47	SL Hit	3/8/2020
GUAN CHONG BHD	24/7/2020	Trading Buy	2.81	3.05	2.60	9%	-7%	1.14x	3.49	2.71	3.36	TP Hit	27/7/2020
SARAWAK CONSOLIDATED INDUSTR	24/7/2020	Trading Buy	2.95	3.30	2.65	12%	-10%	1.17x	2.98	2.59	2.74	SL Hit	4/8/2020
MUI PROPERTIES BERHAD	28/7/2020	Trading Buy	0.20	0.24	0.16	23%	-18%	1.29x	0.53	0.20	0.29	TP Hit	28/7/2020
PESTECH INTERNATIONAL BHD	28/7/2020	Trading Buy	0.85	0.98	0.76	15%	-11%	1.44x	0.90	0.81	0.81	Open	
MALAYSIA SMELTING CORP BHD	29/7/2020	Trading Buy	0.72	0.82	0.65	14%	-10%	1.43x	0.74	0.68	0.71	Open	
MUDA HOLDINGS BERHAD	29/7/2020	Trading Buy	1.72	1.95	1.53	13%	-11%	1.21x	2.36	1.64	2.05	TP Hit	10/8/2020
MMC CORP BHD	30/7/2020	Trading Buy	0.73	0.85	0.67	16%	-8%	2.00x	0.74	0.66	0.68	SL Hit	4/8/2020
YTL CORP BHD	30/7/2020	Trading Buy	0.78	0.89	0.70	14%	-10%	1.38x	0.80	0.73	0.73	Open	
NAIM HOLDINGS BERHAD	4/8/2020	Trading Buy	0.85	0.97	0.76	14%	-11%	1.33x	0.92	0.82	0.91	Open	
OCC GROUP BHD	4/8/2020	Trading Buy	0.52	0.60	0.46	17%	-11%	1.55x	0.52	0.49	0.49	Open	
HLT GLOBAL BHD	5/8/2020	Trading Sell	2.45	1.78	3.05	27%	-24%	1.12x	3.33	1.91	2.06	SL Hit	6/8/2020
ES CERAMICS TECHNOLOGY BHD	5/8/2020	Trading Sell	1.40	1.07	1.75	24%	-25%	0.94x	2.07	1.07	1.11	SL Hit	6/8/2020
KELINGTON GROUP BHD	6/8/2020	Trading Buy	1.12	1.28	0.98	14%	-13%	1.14x	1.27	1.11	1.13	Open	
GENETEC TECHNOLOGY BHD	6/8/2020	Trading Buy	1.52	1.71	1.35	13%	-11%	1.12x	1.70	1.50	1.59	Open	
MASTER-PACK GROUP BHD	7/8/2020	Trading Buy	1.94	2.25	1.70	16%	-12%	1.29x	2.21	1.94	2.00	Open	
DAIBOCHI BHD	7/8/2020	Trading Buy	2.80	3.30	2.40	18%	-14%	1.25x	2.80	2.65	2.73	Open	
PUBLIC PACKAGES HOLDINGS BHD	11/8/2020	Trading Buy	0.74	0.84	0.65	14%	-12%	1.11x	0.77	0.69	0.71	Open	
ORNAPAPER BHD	11/8/2020	Trading Buy	1.18	1.33	1.04	13%	-12%	1.07x	1.21	1.15	1.17	Open	

* Tracks our stock recommendations on a one-month rolling basis from issue date. Stock names will drop out from the list after one month from issue date regardless of their status.

^ Status will be categorised as either: (i) "TP hit" when stock reaches target price first OR (ii) "SL hit" when stock touches stop loss first OR (iii) "Open" when neither TP nor SL has been hit.

Technical Terms:

Reversal Candlesticks	Patterns	Description
Doji Dragonfly Doji (Bullish) Gravestone Doji (Bearish)		Dojis form when a security's open and close are virtually equal. The length of the upper and lower shadows can vary, and the resulting candlestick looks like, either, a cross, inverted cross, or plus sign. Doji convey a sense of indecision or tug-of-war between buyers and sellers.
Engulfing Pattern		A reversal pattern that can be bearish or bullish, depending upon whether it appears at the end of an uptrend (bearish engulfing pattern) or a downtrend (bullish engulfing pattern). The first day is characterized by a small body, followed by a day whose body completely engulfs the previous day's price action.
Hammer (Bullish) Shooting Star (Bearish)		Hammer candlesticks form when a security moves significantly lower after the open, but rallies to close well above the intraday low. This appears in a downtrend. In contrast, the Shooting Star pattern appears in an uptrend. It opens higher, trades much higher, then closes near its open. It looks just like the Inverted Hammer except that it is bearish.
Inverted Hammer (Bullish) Hanging Man (Bearish)		The Inverted Hammer is a single-day bullish reversal pattern. In a downtrend, the open is lower, then it trades higher, but closes near its open price, therefore looking like an inverted lollipop. Hanging Man candlesticks form when a security moves significantly lower after the open, but rallies to close well above the intraday low.
Harami Harami Cross		The Harami is a two-day pattern that can be bullish or bearish. It has a small body day completely contained within the range of the previous body, and is the opposite colour. The Harami Cross is similar to the Harami. The difference is that the last day is a Doji.
Marubozu		A Marubozu candlestick has no shadow extending from the body at either the open, the close or at both.
Morning Doji Star (Bullish) Evening Doji Star (Bearish)		A Morning Doji Star (Evening Doji Star) is a three-day candlestick bullish (bearish) reversal pattern - a long-bodied black (white) candle extending the current downtrend, a short middle candle that gapped down (up) on the open, and a long-bodied white candle that gapped up (down) on the open and closed above (below) the midpoint of the body of the first day.
Spinning Top		Spinning Tops are candlestick lines that have small bodies with upper and lower shadows that exceed the length of the body. They are similar to the Doji candlesticks, and signal indecision.

Source: Various

Common Chart Patterns					
Reversal Patterns	Inverted Head & Shoulders (Bullish)	Head & Shoulders (Bearish)	Wedge Reversal (Bullish/ Bearish)	Double Top (Bearish)	Double Bottom (Bullish)
Continuation Patterns	Symmetrical Triangle (Bullish/ Bearish)	Ascending Triangle (Bullish)	Channels (Bullish/ Bearish)	Flags (Bullish/ Bearish)	Pennant (Bullish/ Bearish)

Source: Various

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