

17 September 2020

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Daily technical highlights – (KAWAN, SDS)

Daily Charting – KAWAN (Trading Buy)



About the Stock:

Name : Kawan Food Bhd
Bursa Code : KAWAN
CAT Code : 7216
Market Cap : RM859.3m

52 Week High/Low : 2.88/0.815
3-m Avg. Daily Vol. : 996,611
Free Float (%) : 26.0
Beta vs. KLCI : 1.3

Key Support & Resistance Levels

Last Price : RM2.39
Resistance : RM2.63 (R1) RM2.83 (R2)
Stop Loss : RM2.17

Kawan Food Bhd (Trading Buy)

- After sliding from a recent high of RM2.88 on 26 August, KAWAN's share price has entered into a consolidation mode.
- A technical recovery could be in the offing as the stock bounces up from the lower end of its sideways trading range. This is supported by the share price crossover of its 50-day moving average line.
- On account of the positive technical signals, we reckon the stock could test our resistance thresholds of RM2.63 (R1; 10% upside potential). Beyond R1, it may then challenge our next resistance barrier of RM2.83 (R2; 18% upside potential).
- Our stop loss level is pegged at RM2.17 (or 9% downside risk).
- KAWAN (as a manufacturer and exporter of frozen food products) is a beneficiary of the shift in consumer preference to eat more at home in the wake of the Covid-19 pandemic.
- Reflecting the increased demand, the Group posted net profit of RM8.8m (+222% YoY) in 2QFY20, taking 1HFY20's bottomline to RM15.5m (+258% YoY). Interestingly, its 1HFY20's profit has already surpassed FY19's full-year performance of RM12.0m.
- Consensus is currently projecting earnings of RM36m in FY20 and RM45m in FY21. This translates to forward PERs of 23.9x this year and 19.1x next year.
- KAWAN is in a financially stable position with net cash holdings and quoted investments of RM53.7m as of end-June this year.

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Daily Charting – SDS (Trading Buy)



About the Stock:				Key Support & Resistance Levels	
Name	: SDS Group Bhd	52 Week High/Low	: 0.335/0.095	Last Price	: RM0.22
Bursa Code	: SDS	3-m Avg. Daily Vol.	: 19,096,692	Resistance	: RM0.26 (R1) RM0.30 (R2)
CAT Code	: 0212	Free Float (%)	: 16.9	Stop Loss	: RM0.19
Market Cap	: RM89.3m	Beta vs. KLCI	: N.A.		

SDS Group Bhd (Trading Buy)

- A technical rebound could be forthcoming for SDS shares, which might have already hit a bottom near RM0.22 (as measured by the Fibonacci retracement level of 50% from its trough in late March to a peak in early August).
- This comes as the stock – following a tumble of 34% from a high of RM0.335 – is entering an oversold territory as indicated by its RSI reading.
- Riding on the positive momentum, its share price will probably climb towards our resistance thresholds of RM0.26 (R1) and RM0.30 (R2), which represents upside potentials of 18% and 36%, respectively.
- We have set our stop loss level at RM0.19 (or 14% downside risk).
- SDS, listed on the ACE market in October last year, is in the business of manufacturing and distribution of bakery products, as well as operations of food & beverage outlets.
- That said, the Group's fundamentals are relatively resilient, with historical net profit ranging between RM3.9m and RM7.7m over the past five financial years.
- In 1Q FY March 2021, SDS managed to break even despite the restrictions imposed during the Covid-19 related Movement Control Order periods (versus 1QFY20's net profit of RM1.1m).
- Assuming the Group could register normalised annual net profit of RM5.6m (which is the average of the last five financial years), this would imply PER valuation of 15.9x.

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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
SURIA CAPITAL HOLDINGS BHD	18/8/2020	Trading Buy	0.93	1.06	0.85	14%	-9%	1.63x	0.94	0.88	0.90	Open	
TSH RESOURCES BHD	18/8/2020	Trading Buy	0.96	1.08	0.86	13%	-10%	1.20x	1.13	0.91	1.03	TP Hit	1/9/2020
GPA HOLDINGS BHD	19/8/2020	Trading Buy	0.16	0.21	0.12	31%	-25%	1.25x	0.33	0.16	0.22	TP Hit	26/8/2020
CUSCAPI BHD	19/8/2020	Trading Buy	0.13	0.16	0.10	23%	-23%	1.00x	0.16	0.11	0.12	TP Hit	27/8/2020
REVENUE GROUP BHD	21/8/2020	Trading Buy	1.34	1.45	1.25	8%	-7%	1.22x	1.40	1.19	1.26	SL Hit	4/9/2020
AME ELITE CONSORTIUM BHD	21/8/2020	Trading Buy	1.66	1.85	1.50	11%	-10%	1.19x	1.97	1.72	1.91	TP Hit	24/8/2020
MY EG SERVICES BHD	25/8/2020	Trading Buy	1.45	1.59	1.32	10%	-9%	1.08x	1.53	1.36	1.40	Open	
SCICOM (MSC) BHD	25/8/2020	Trading Buy	0.94	1.07	0.86	14%	-9%	1.63x	0.96	0.85	0.87	SL Hit	11/9/2020
CCK CONSOLIDATED HOLDINGS BH	26/8/2020	Trading Buy	0.54	0.61	0.49	14%	-8%	1.67x	0.58	0.51	0.52	Open	
KKB ENGINEERING BHD	26/8/2020	Trading Buy	1.57	1.73	1.47	10%	-6%	1.60x	1.62	1.48	1.48	Open	
MTAG GROUP BHD	27/8/2020	Trading Buy	0.72	0.81	0.65	13%	-10%	1.29x	0.82	0.63	0.71	TP Hit	3/9/2020
I-STONE GROUP BHD	27/8/2020	Trading Buy	0.25	0.28	0.22	12%	-12%	1.00x	0.28	0.20	0.22	TP Hit	2/9/2020
JOHORE TIN BHD	28/8/2020	Trading Buy	1.53	1.75	1.36	14%	-11%	1.29x	1.63	1.47	1.58	Open	
MINETECH RESOURCES BHD	28/8/2020	Trading Buy	0.27	0.33	0.23	22%	-17%	1.33x	0.28	0.19	0.23	SL Hit	7/9/2020
PERAK TRANSIT BHD	2/9/2020	Trading Buy	0.27	0.31	0.22	17%	-17%	1.00x	0.28	0.24	0.26	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.

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STOCK CALL MONITOR* (cont'd)









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FGV HOLDINGS BHD	2/9/2020	Trading Buy	1.24	1.39	1.09	12%	-12%	1.00x	1.29	1.12	1.25	Open	
MCLEAN TECHNOLOGIES BHD	3/9/2020	Trading Buy	0.24	0.28	0.20	19%	-15%	1.29x	0.24	0.18	0.21	SL Hit	7/9/2020
RADIANT GLOBALTECH LTD	3/9/2020	Trading Buy	0.37	0.42	0.32	14%	-14%	1.00x	0.38	0.33	0.35	Open	
MALAYSIAN GENOMICS RESOURCE	4/9/2020	Trading Buy	0.54	0.62	0.47	16%	-12%	1.31x	0.54	0.42	0.50	SL Hit	7/9/2020
POWER ROOT BHD	4/9/2020	Trading Buy	2.25	2.60	1.95	16%	-13%	1.17x	2.30	2.10	2.14	Open	
GDB HOLDINGS BHD	8/9/2020	Trading Buy	0.64	0.71	0.57	12%	-10%	1.15x	0.65	0.57	0.62	SL Hit	11/9/2020
OCR GROUP BERHAD	8/9/2020	Trading Buy	0.29	0.34	0.25	17%	-14%	1.25x	0.31	0.27	0.30	Open	
HEVEABOARD BHD	9/9/2020	Trading Sell	0.53	0.43	0.62	19%	-17%	1.12x	0.53	0.44	0.46	Open	
LATITUDE TREE HOLDINGS BHD	9/9/2020	Trading Sell	2.44	2.15	2.70	12%	-11%	1.09x	2.48	2.10	2.24	TP Hit	10/9/2020
CLASSIC SCENIC BHD	10/9/2020	Trading Buy	0.64	0.72	0.57	13%	-10%	1.31x	0.64	0.62	0.63	Open	
LEE SWEE KIAT GROUP BHD	10/9/2020	Trading Buy	0.48	0.54	0.42	14%	-12%	1.18x	0.48	0.46	0.47	Open	
DUFU TECHNOLOGY CORP BHD	11/9/2020	Trading Buy	3.09	3.50	2.75	13%	-11%	1.21x	3.38	2.99	3.36	Open	
KUMPULAN POWERNET BHD	11/9/2020	Trading Buy	3.00	3.40	2.70	13%	-10%	1.33x	3.37	2.92	3.36	Open	
YI-LAI BHD	14/9/2020	Trading Buy	0.87	0.99	0.78	14%	-10%	1.40x	0.95	0.86	0.92	Open	
MUI PROPERTIES BERHAD	14/9/2020	Trading Sell	0.25	0.20	0.29	20%	-16%	1.25x	0.28	0.24	0.26	Open	

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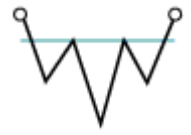

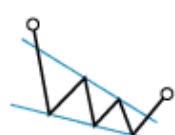

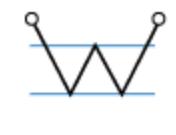
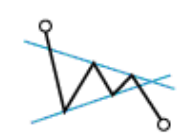
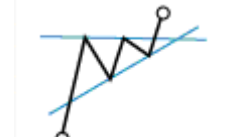
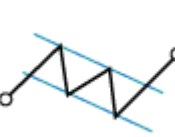


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Technical Terms:

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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