

28 September 2020

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The Malaysian stock market could carry on its sideways rhythm pending the emergence of fresh leads. Last week, the key FBMKLCI bounced between 1,491 and 1,516 before settling at 1,509 on Friday, barely above the previous week's close of 1,507. Over on Wall Street, the DJIA pulled back further to finish at 27,174 for a weekly loss of 483.5 points or 1.7%.

Reflecting the cautious mood, trading activity slowed to a daily average volume of 6.6b shares valued at RM4.1b, versus the average of 8.2b shares worth RM5.8b traded during the preceding week. Local retail investors turned net sellers for the first time in 12 weeks with a cumulative amount of RM307m last week which also saw net foreign outflows of RM351m. This was countered by an aggregate net buying value of RM658m by local institutions.

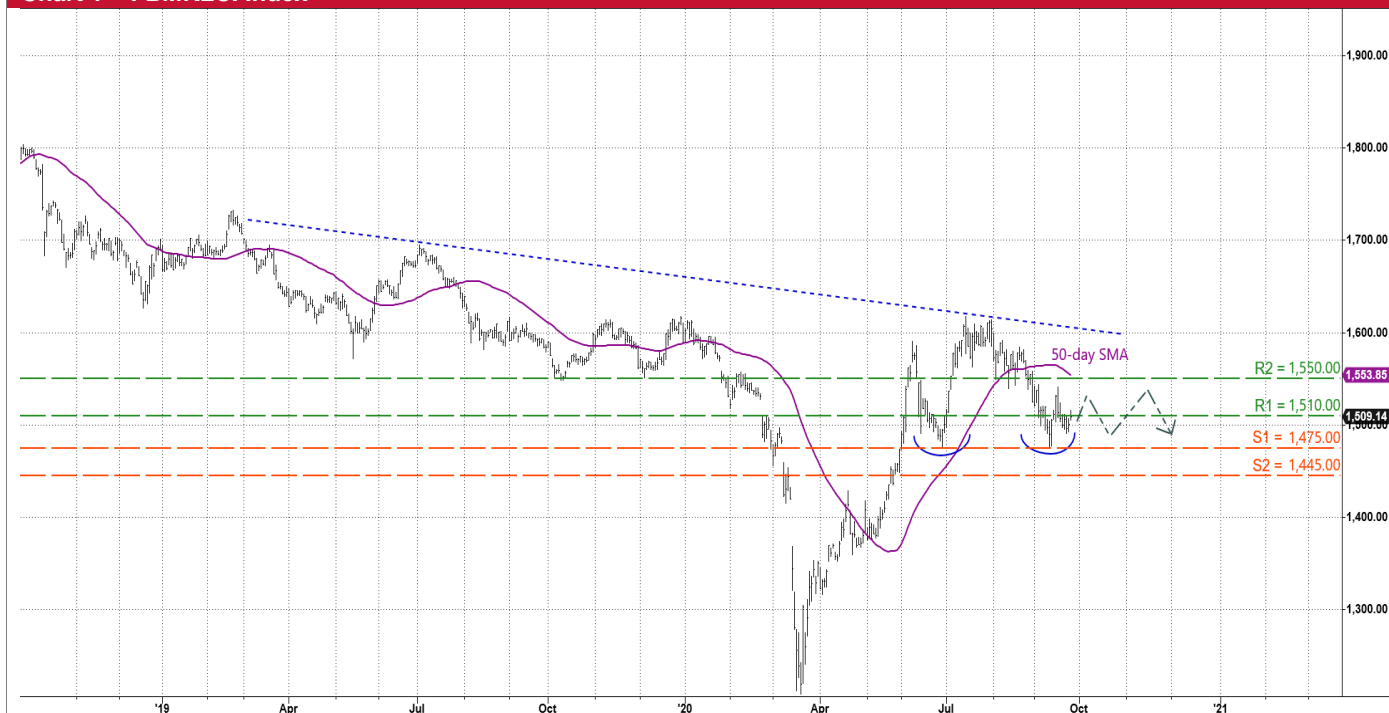
For the coming week, key events that may be worth keeping our eyes on include the release of the August external trade statistics (due today) and the Malaysia manufacturing PMI (on Thursday).

Against a backdrop of fairly quiet news flows, investors may maintain their profit-taking inclinations especially for the second and third liners. This comes after the micro- and small-caps bore the brunt of the heavy selling in recent weeks, with the FBM ACE Index (down 13.6% from its recent peak) and the FBM Small Cap Index (-8.9%) plunging more than the FBMKLCI (-6.7%) and the FBM70 Index (-7.1%).

On the chart, the key FBMKLCI will probably continue to range-bound as we enter the final quarter of 2020. Its downside movements may be cushioned by an intermediate double-bottom pattern while on the other hand, the benchmark index's upsides could be capped by a negative sloping trendline and the 50-day moving average line. We are keeping our major support and resistance thresholds at 1,475 (S1) / 1,445 (S2) and 1,510 (R1) / 1,550 (R2), respectively.

Meanwhile, after dropping out from the ascending channel formation, the DJIA will likely remain in a consolidation mode in the near term. Still, this is seen as a healthy market correction with the Wall Street's barometer set to resume its upward journey thereafter. Our major support and resistance levels are still pegged at 26,850 (S1) / 26,000 (S2) and 28,000 (R1) / 29,100 (R2), respectively.

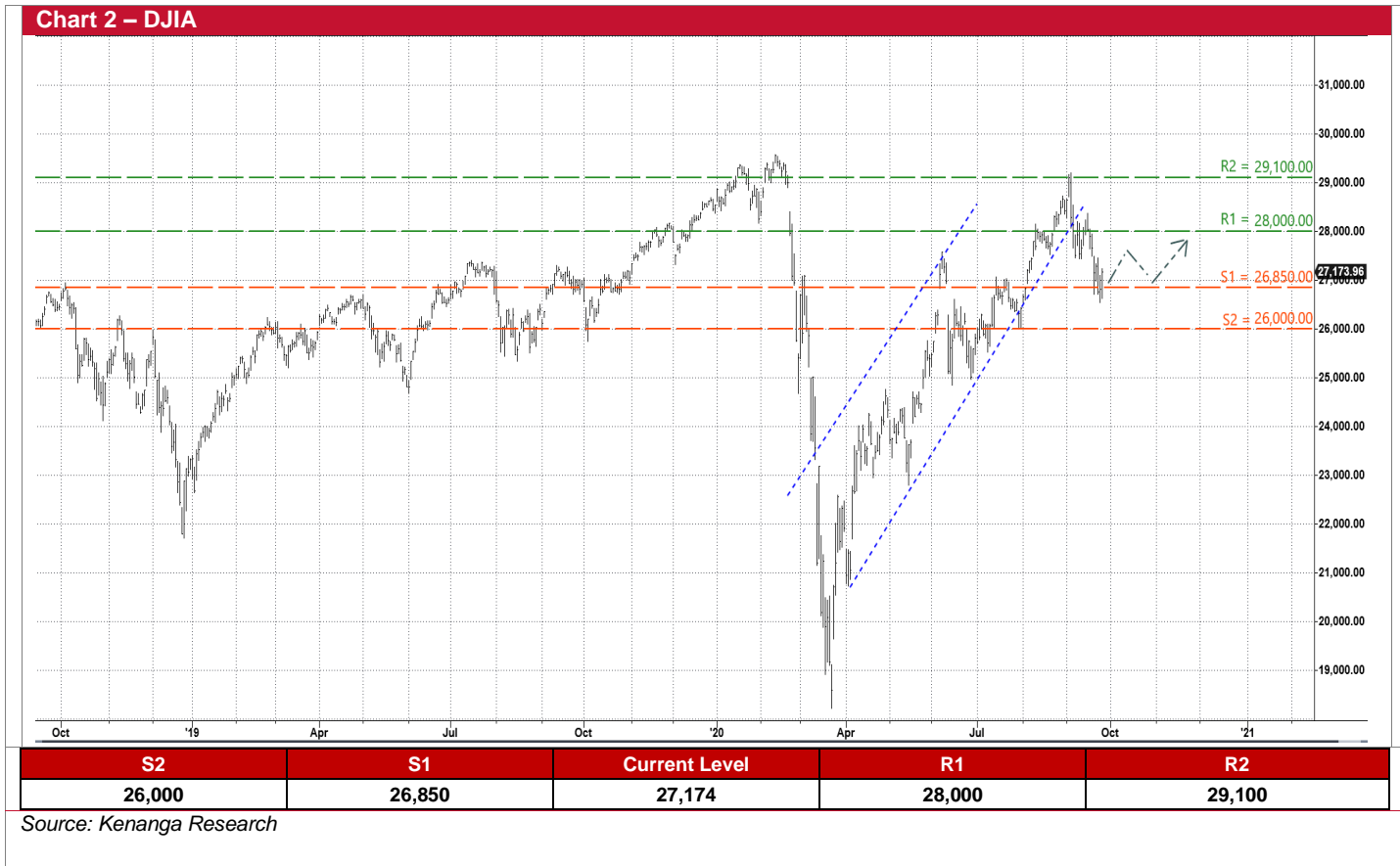
Chart 1 – FBMKLCI Index



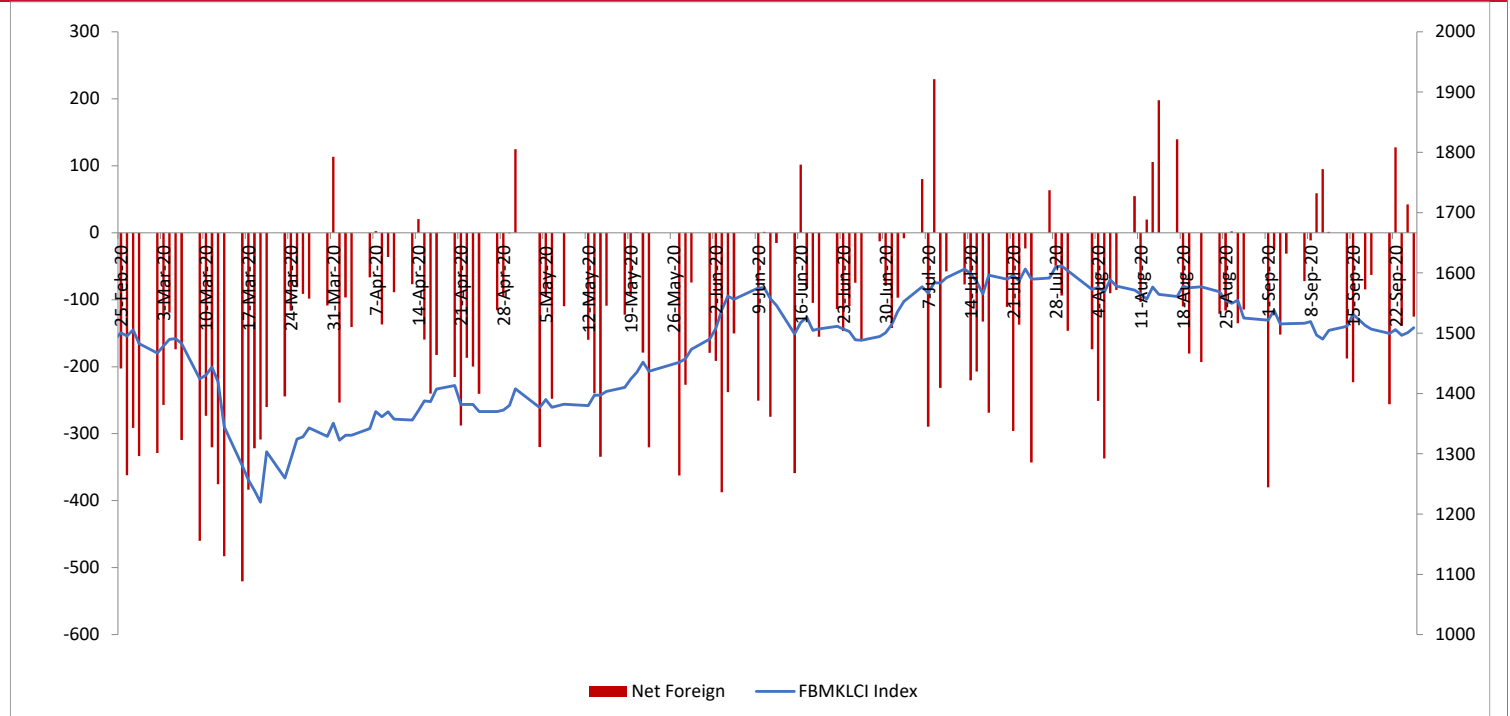
S2	S1	Current Level	R1	R2
1,445	1,475	1,509	1,510	1,550

Source: Kenanga Research

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Net Foreign Trade Position vs FBMKLCI



Foreign investors continued to be net sellers with net outflows of RM350.7m last week compared to cumulative net outflows of RM558.6m in the prior week.

Source: Kenanga Research

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STOCK CALL MONITOR*

Stock Name	Issue Date (ID)	Rating	Price @ ID	Target Price (TP)	Stop Loss Price (SL)	Upside Potential @ ID	Downside Risk @ ID	Risk to Reward Ratio	Highest Price since ID	Lowest Price since ID	Last Price	Status ^	Date Status Fulfilled
			RM	RM	RM	%	%	RM	RM	RM			
MTAG GROUP BHD	27/8/2020	Trading Buy	0.72	0.81	0.65	13%	-10%	1.29x	0.82	0.63	0.74	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	0.19	0.21	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	1.52	Open	
MINETECH RESOURCES BHD	28/8/2020	Trading Buy	0.27	0.33	0.23	22%	-17%	1.33x	0.28	0.19	0.22	SL Hit	7/9/2020
PERAK TRANSIT BHD	2/9/2020	Trading Buy	0.27	0.31	0.22	17%	-17%	1.00x	0.29	0.24	0.29	Open	
FGV HOLDINGS BHD	2/9/2020	Trading Buy	1.24	1.39	1.09	12%	-12%	1.00x	1.37	1.12	1.20	Open	
MCLEAN TECHNOLOGIES BHD	3/9/2020	Trading Buy	0.24	0.28	0.20	19%	-15%	1.29x	0.24	0.18	0.18	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	0.32	0.33	SL Hit	23/9/2020
MALAYSIAN GENOMICS RESOURCE	4/9/2020	Trading Buy	0.54	0.62	0.47	16%	-12%	1.31x	0.54	0.42	0.51	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	2.11	Open	
GDB HOLDINGS BHD	8/9/2020	Trading Buy	0.64	0.71	0.57	12%	-10%	1.15x	0.65	0.56	0.58	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	0.24	0.25	SL Hit	23/9/2020
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	0.61	0.61	Open	
LEE SWEE KIAT GROUP BHD	10/9/2020	Trading Buy	0.48	0.54	0.42	14%	-12%	1.18x	0.50	0.46	0.50	Open	
DUFU TECHNOLOGY CORP BHD	11/9/2020	Trading Buy	3.09	3.50	2.75	13%	-11%	1.21x	3.39	2.99	3.15	Open	
KUMPULAN POWERNET BHD	11/9/2020	Trading Buy	3.00	3.40	2.70	13%	-10%	1.33x	3.53	2.92	3.13	TP Hit	17/9/2020
YI-LAI BHD	15/9/2020	Trading Buy	0.87	0.99	0.78	14%	-10%	1.40x	0.95	0.86	0.90	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

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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
MUI PROPERTIES BERHAD	15/9/2020	Trading Sell	0.25	0.20	0.29	20%	-16%	1.25x	0.29	0.23	0.25	SL Hit	23/9/2020
KAWAN FOOD BHD	17/9/2020	Trading Buy	2.39	2.63	2.17	10%	-9%	1.09x	2.50	2.32	2.39	Open	
SDS GROUP BHD	17/9/2020	Trading Buy	0.22	0.26	0.19	18%	-14%	1.33x	0.22	0.20	0.20	Open	
KERJAYA PROSPEK GROUP BHD	18/9/2020	Trading Buy	1.03	1.30	0.85	26%	-17%	1.50x	1.02	1.00	1.00	Open	
VSTECS BHD	18/9/2020	Trading Buy	1.86	2.09	1.68	12%	-10%	1.28x	1.91	1.76	1.82	Open	
BOUSTEAD HOLDINGS BHD	22/9/2020	Trading Buy	0.67	0.76	0.59	14%	-11%	1.27x	0.69	0.64	0.66	Open	
CHEMICAL CO OF MALAYSIA BHD	22/9/2020	Trading Buy	1.19	1.32	1.08	11%	-9%	1.18x	1.22	1.14	1.20	Open	
GD EXPRESS CARRIER BHD	23/9/2020	Trading Buy	0.35	0.40	0.31	14%	-11%	1.25x	0.35	0.34	0.34	Open	
AEON CO (M) BHD	23/9/2020	Trading Buy	0.80	0.88	0.74	10%	-8%	1.33x	0.80	0.76	0.76	Open	
BERMAZ AUTO BHD	24/9/2020	Trading Buy	1.40	1.56	1.27	11%	-9%	1.23x	1.42	1.38	1.40	Open	
TALIWORKS CORP BHD	24/9/2020	Trading Buy	0.84	0.90	0.79	8%	-5%	1.44x	0.84	0.84	0.84	Open	
AEMULUS HOLDINGS BHD	25/9/2020	Trading Buy	0.61	0.70	0.53	15%	-13%	1.13x	0.63	0.61	0.62	Open	
JCY INTERNATIONAL BHD	25/9/2020	Trading Buy	0.69	0.78	0.61	13%	-12%	1.13x	0.73	0.70	0.72	Open	

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Basic 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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