

12 November 2020

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**Daily technical highlights – (ELKDESA, EDGENTA)**

**Daily Charting – ELKDESA (Trading Buy)**



About the Stock:		Key Support & Resistance Levels			
<b>Name</b>	: ELK-Desa Resources Bhd	<b>52 Week High/Low</b>	: 1.76/1.09	<b>Last Price</b>	: RM1.36
<b>Bursa Code</b>	: ELKDESA	<b>3-m Avg. Daily Vol.</b>	: 157,831	<b>Resistance</b>	: RM1.50 (R1) RM1.58 (R2)
<b>CAT Code</b>	: 5228	<b>Free Float (%)</b>	: 34.8	<b>Stop Loss</b>	: RM1.25
<b>Market Cap</b>	: RM404.2m	<b>Beta vs. KLCI</b>	: 0.7		

**ELK-Desa Resources Bhd (Trading Buy)**

- ELKDESA – a non-bank lender whose niche is in the hire purchase (HP) financing for used motor vehicles (as well as selling general insurance policies) – is a beneficiary of rising used car sales. According to media reports, used car sales jumped 25% YoY in July and 17% YoY in both August and September, taking the 3QCY20 sales to 112,400 units.
- The Group’s historical track record showed that its gross HP receivables has grown steadily at a CAGR of 23.1% from RM377.6m in FY16 to RM867.5m in FY20 while non-performing loans ratios stood at below 1.5% throughout the five years. As a result, its annual net profit has increased every year from RM18.8m in FY March 2016 to RM34.9m in FY March 2020.
- Nonetheless, for 1QFY21, the Group’s earnings of RM2.3m (-75% YoY) was dragged by business disruptions arising from the Covid-19 outbreak. This comes as ELKDESA would be focussing on credit risk management to protect the quality of its assets in the near term.
- On the chart, after sliding from a high of RM1.50 in mid-August to as low as RM1.32 at the beginning of November, a technical rebound could be on the horizon as the RSI indicator reverses from an oversold territory.
- That being the case, the stock is expected to climb towards our resistance levels of RM1.50 (R1; 10% upside potential) and RM1.58 (R2; 16% upside potential).
- Our stop loss level is pegged at RM1.25 (or 8% downside risk from its last traded price of RM1.36).

Daily Charting – EDGENTA (Trading Buy)



About the Stock:		Key Support & Resistance Levels	
<b>Name</b>	: UEM Edgenta Bhd	<b>52 Week High/Low</b>	: 3.16/1.84
<b>Bursa Code</b>	: EDGENTA	<b>3-m Avg. Daily Vol.</b>	: 367,626
<b>CAT Code</b>	: 1368	<b>Free Float (%)</b>	: 23.1
<b>Market Cap</b>	: RM1,596.7m	<b>Beta vs. KLCI</b>	: 0.6
		<b>Last Price</b>	: RM1.92
		<b>Resistance</b>	: RM2.11 (R1) RM2.24 (R2)
		<b>Stop Loss</b>	: RM1.77

UEM Edgenta Bhd (Trading Buy)

- EDGENTA is principally involved in the provision of: (i) healthcare support (comprising both concession and commercial segments, serving over 300 hospitals in Malaysia, Singapore, Taiwan and India); (ii) property & facility solutions; (iii) infrastructure services; and (iv) asset consultancy.
- The Group’s 1HFY20 performance was hit by a one-off impairment of RM50m on unsold property inventories as well as Covid-19-related disruptions, which resulted in a net loss of RM15.8m (compared with a net profit of RM67.0m in 1HFY19). Going forward, consensus is forecasting the Group to post net profits of RM95m in FY20 and RM145m in FY21, which translates to forward PERs of 17x and 11x, respectively.
- EDGENTA has been paying dividends (ranging between 7.0 sen and 31.0 sen per share) in the past five years. Consensus is projecting DPS of 8.6 sen for FY20 and 13.0 sen for FY21, which implies attractive dividend yields of 4.5%-6.8% based on yesterday’s closing price of RM1.92.
- Technically speaking, the stock has climbed out from an oversold position as reflected by its rising RSI value, suggesting that the share price is on the recovery after hitting a bottom recently.
- A probable technical rebound is expected to lift EDGENTA shares to challenge our resistance levels of RM2.11 (R1) and RM2.24 (R2). This represents upside potentials of 10% and 17%, respectively.
- We have set our stop loss price at RM1.77 (or 8% downside risk).

12 November 2020

## 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 <sup>^</sup>	Date Status Fulfilled
			RM	RM	RM	%	%	RM	RM	RM			
QES GROUP BHD	13/10/2020	Trading Buy	0.28	0.33	0.24	18%	-14%	1.25x	0.33	0.26	0.32	TP Hit	23/10/2020
Y.S.P.SOUTHEAST ASIA HOLDING	13/10/2020	Trading Buy	2.45	2.70	2.20	10%	-10%	1.00x	2.48	2.25	2.38	Open	
OCEANCASH PACIFIC BHD	14/10/2020	Trading Buy	0.76	0.86	0.66	14%	-13%	1.11x	0.85	0.64	0.68	SL Hit	30/10/2020
TEX CYCLE TECHNOLOGY	14/10/2020	Trading Buy	0.39	0.44	0.34	14%	-12%	1.22x	0.45	0.38	0.40	TP Hit	20/10/2020
MAH SING GROUP BHD	15/10/2020	Trading Buy	0.73	0.80	0.65	10%	-10%	1.00x	1.47	0.72	0.93	TP Hit	16/10/2020
SLP RESOURCES BHD	15/10/2020	Trading Buy	0.92	1.02	0.83	11%	-10%	1.11x	1.05	0.90	0.93	TP Hit	19/10/2020
SOLARVEST HOLDINGS BHD	16/10/2020	Trading Buy	1.25	1.37	1.13	10%	-10%	1.00x	1.39	1.16	1.32	TP Hit	6/11/2020
CYPARK RESOURCES BHD	16/10/2020	Trading Buy	0.89	0.97	0.81	10%	-8%	1.13x	0.92	0.79	0.90	SL Hit	30/10/2020
BP PLASTICS HOLDING BHD	20/10/2020	Trading Buy	1.60	1.76	1.45	10%	-9%	1.07x	1.63	1.40	1.53	SL Hit	30/10/2020
BRIGHT PACKAGING INDUS BHD	20/10/2020	Trading Buy	0.25	0.28	0.21	14%	-14%	1.00x	0.26	0.20	0.25	SL Hit	3/11/2020
SCICOM (MSC) BHD	21/10/2020	Trading Buy	0.94	1.04	0.84	11%	-11%	1.00x	0.98	0.86	0.92	Open	
LOTUS KFM BHD	21/10/2020	Trading Buy	0.28	0.32	0.24	14%	-14%	1.00x	0.28	0.25	0.27	Open	
N2N CONNECT BHD	22/10/2020	Trading Buy	0.72	0.80	0.65	11%	-10%	1.14x	0.76	0.67	0.74	Open	
EXCEL FORCE MSC BHD	22/10/2020	Trading Buy	0.47	0.52	0.42	12%	-10%	1.22x	0.51	0.41	0.46	SL Hit	2/11/2020
FRONTKEN CORP BHD	23/10/2020	Trading Buy	3.68	4.10	3.30	11%	-10%	1.11x	3.83	3.41	3.56	Open	
MI TECHNOVATION BHD	23/10/2020	Trading Buy	4.42	4.95	3.86	12%	-13%	0.95x	4.88	3.85	4.23	SL Hit	30/10/2020
INARI AMERTRON BHD	27/10/2020	Trading Buy	2.55	2.80	2.35	10%	-8%	1.25x	2.77	2.42	2.58	Open	
ELSOFT RESEARCH BHD	27/10/2020	Trading Buy	0.64	0.74	0.55	16%	-13%	1.18x	0.65	0.59	0.63	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.

<sup>^</sup> 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.

12 November 2020

## STOCK CALL MONITOR\* (cont'd)







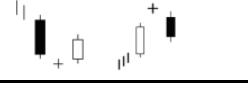

Stock Name	Issue Date (ID)	Rating	Price @ ID	Target Price (TP)	Stop Loss Price (SL)	Upside Potential @ ID	Downside Risk @ ID	Risk to Reward Ratio	Highest Price since ID	Lowest Price since ID	Last Price	Status <sup>^</sup>	Date Status Fulfilled
			RM	RM	RM	%	%	RM	RM	RM			
SPRING ART HOLDINGS BHD	28/10/2020	Trading Buy	0.26	0.28	0.23	10%	-10%	1.00x	0.34	0.25	0.32	TP Hit	4/11/2020
HAP SENG PLANTATIONS HLDGS	28/10/2020	Trading Buy	1.67	1.85	1.51	11%	-10%	1.13x	1.88	1.64	1.88	TP Hit	11/11/2020
D&O GREEN TECHNOLOGIES BHD	30/10/2020	Trading Buy	1.15	1.30	1.06	13%	-8%	1.67x	1.32	1.05	1.25	SL Hit	2/11/2020
ES CERAMICS TECHNOLOGY BHD	30/10/2020	Trading Buy	0.60	0.69	0.54	15%	-10%	1.50x	0.62	0.54	0.58	SL Hit	30/10/2020
BOUSTEAD PLANTATIONS BHD	3/11/2020	Trading Buy	0.47	0.55	0.39	18%	-16%	1.13x	0.56	0.47	0.55	TP Hit	10/11/2020
TSH RESOURCES BHD	3/11/2020	Trading Buy	0.94	1.04	0.85	11%	-9%	1.24x	1.10	0.94	1.06	TP Hit	6/11/2020
KRONOLOGI ASIA BHD	4/11/2020	Trading Buy	0.56	0.63	0.49	13%	-13%	1.00x	0.61	0.55	0.58	Open	
COMPLETE LOGISTIC SERVICES	4/11/2020	Trading Buy	0.65	0.73	0.57	12%	-12%	1.00x	0.69	0.63	0.67	Open	
PESTECH INTERNATIONAL BHD	5/11/2020	Trading Buy	0.68	0.75	0.61	11%	-10%	1.15x	0.69	0.68	0.68	Open	
INSAS BHD	5/11/2020	Trading Buy	0.75	0.81	0.68	9%	-9%	1.00x	0.79	0.75	0.78	Open	
PROLEXUS BHD	6/11/2020	Trading Buy	1.75	1.95	1.55	11%	-11%	1.00x	1.88	1.60	1.71	Open	
OCEAN VANTAGE HOLDINGS BHD	6/11/2020	Trading Buy	0.56	0.64	0.49	14%	-13%	1.14x	0.57	0.51	0.57	Open	
HO WAH GENTING BHD	10/11/2020	Trading Buy	0.80	0.91	0.70	14%	-13%	1.10x	0.87	0.76	0.77	Open	
LYC HEALTHCARE BHD	10/11/2020	Trading Buy	0.34	0.39	0.29	16%	-13%	1.22x	0.35	0.33	0.35	Open	
YTL HOSPITALITY REIT	11/11/2020	Trading Buy	0.77	0.87	0.68	13%	-12%	1.11x	0.78	0.77	0.77	Open	
MUHIBBAH ENGINEERING (M) BHD	11/11/2020	Trading Buy	0.86	1.00	0.73	16%	-15%	1.08x	0.87	0.84	0.86	Open	

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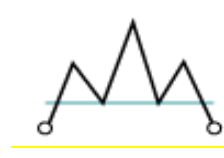
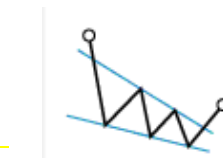




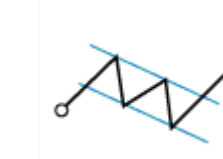

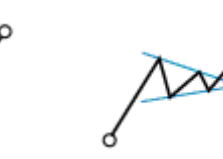
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**Technical Terms:**

Reversal Candlesticks	Patterns	Description
<b>Doji</b> <b>Dragonfly Doji</b> (Bullish) <b>Gravestone Doji</b> (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.
<b>Engulfing Pattern</b>		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.
<b>Hammer</b> (Bullish) <b>Shooting Star</b> (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.
<b>Inverted Hammer</b> (Bullish) <b>Hanging Man</b> (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.
<b>Harami</b> <b>Harami Cross</b>		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.
<b>Marubozu</b>		A Marubozu candlestick has no shadow extending from the body at either the open, the close or at both.
<b>Morning Doji Star</b> (Bullish) <b>Evening Doji Star</b> (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.
<b>Spinning Top</b>		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	<b>Inverted Head &amp; Shoulders</b> (Bullish)	<b>Head &amp; Shoulders</b> (Bearish)	<b>Wedge Reversal</b> (Bullish/ Bearish)	<b>Double Top</b> (Bearish)	<b>Double Bottom</b> (Bullish)
					
Continuation Patterns	<b>Symmetrical Triangle</b> (Bullish/ Bearish)	<b>Ascending Triangle</b> (Bullish)	<b>Channels</b> (Bullish/ Bearish)	<b>Flags</b> (Bullish/ Bearish)	<b>Pennant</b> (Bullish/ Bearish)
					

*Source: Various*

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Published and printed by:

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