

19 November 2020

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**Daily technical highlights – (KAWAN, PWROOT)**

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

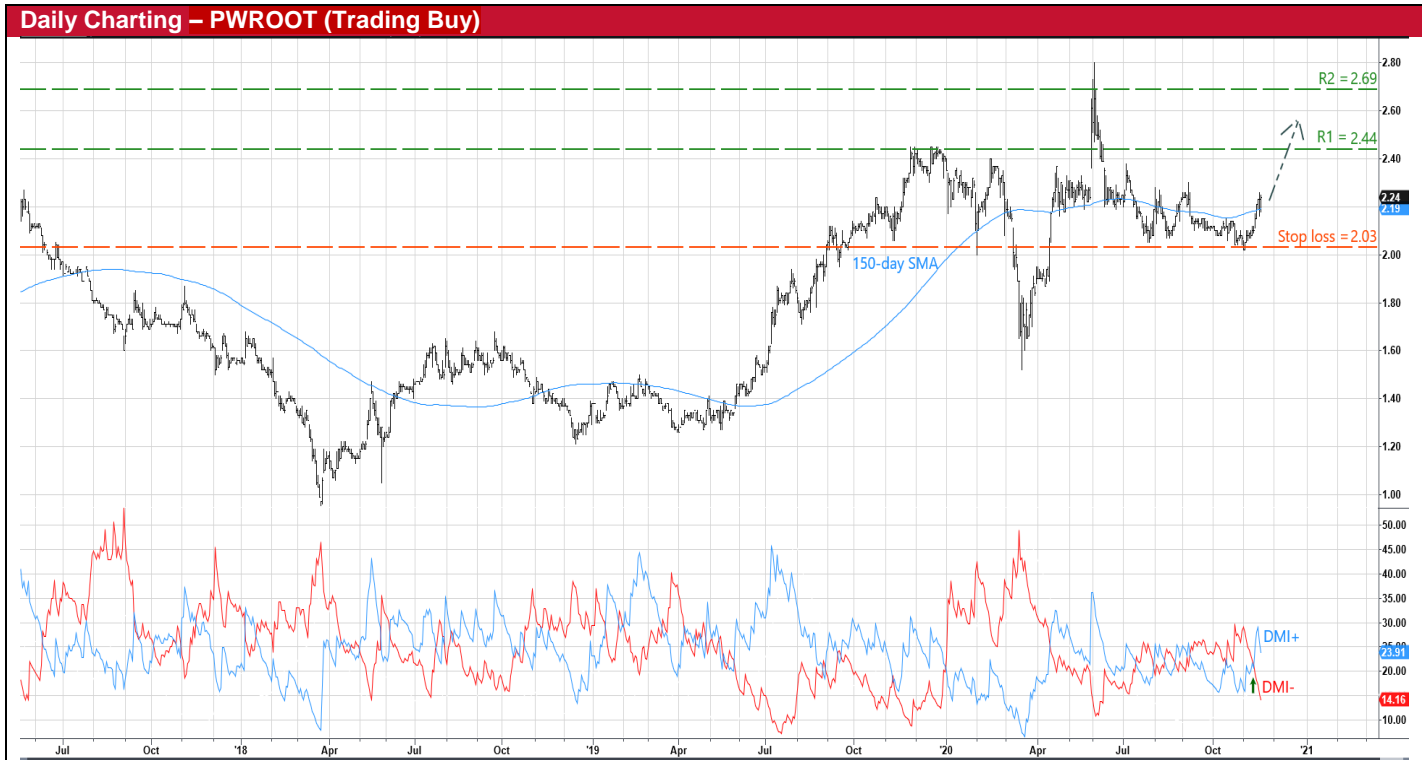


About the Stock:		Key Support & Resistance Levels	
<b>Name</b>	: Kawan Food Bhd	<b>52 Week High/Low</b>	: 2.88/0.815
<b>Bursa Code</b>	: KAWAN	<b>3-m Avg. Daily Vol.</b>	: 830,908
<b>CAT Code</b>	: 7216	<b>Free Float (%)</b>	: 25.3
<b>Market Cap</b>	: RM837.7m	<b>Beta vs. KLCI</b>	: 1.2
		<b>Last Price</b>	: RM2.33
		<b>Resistance</b>	: RM2.59 (R1) RM2.83 (R2)
		<b>Stop Loss</b>	: RM2.14

**Kawan Food Bhd (Trading Buy)**

- The prevailing share price weakness – which saw the stock slipping towards the lower end of a trading band – presents a buying-on-weakness opportunity for KAWAN, a manufacturer and an exporter of frozen food products (covering 36 countries) that stands to benefit from the shift in consumer preference to eat more at home following the Covid-19 outbreak.
- On the chart, after sliding from a high of RM2.65 a month ago to close at RM2.33 yesterday, KAWAN shares could stage a technical rebound soon.
- That being the case, the stock will likely climb to test our initial resistance threshold of RM2.59 before challenging the next resistance level of RM2.83. This represents upside potentials of 11% and 21%, respectively.
- Our stop loss price is set at RM2.14 (or 8% downside risk).
- Fundamentally speaking, the Group is set to beat its FY19's earnings performance of RM12.0m after announcing net profit of RM15.5m (+258% YoY) in the first six months of 2020.
- An added positive is the Group's sound financial position with net cash holdings and quoted investments of RM53.7m (or 14.9 sen per share) as of end-June this year.
- Based on consensus earnings forecasts of RM36m in FY20 and RM45m in FY21, KAWAN is currently trading at forward PERs of 23x this year and 19x next year, respectively.

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About the Stock:		Key Support & Resistance Levels	
<b>Name</b>	: Power Root Bhd	<b>52 Week High/Low</b>	: 2.78/1.51
<b>Bursa Code</b>	: PWROOT	<b>3-m Avg. Daily Vol.</b>	: 502,915
<b>CAT Code</b>	: 7237	<b>Free Float (%)</b>	: 37.9
<b>Market Cap</b>	: RM941.7m	<b>Beta vs. KLCI</b>	: 1.1
		<b>Last Price</b>	: RM2.24
		<b>Resistance</b>	: RM2.44 (R1) RM2.69 (R2)
		<b>Stop Loss</b>	: RM2.03

**Power Root Bhd (Trading Buy)**

- As a manufacturer and distributor of beverages specialising in staple drinks (such as coffee, tea, chocolate malt drinks and herbal energy drinks), PWROOT faces relatively inelastic demand for its products amid the Covid-19 pandemic.
- Reflecting this scenario, during the April – June quarter (when there was an extensive national lockdown), the Group showed resilience by posting net profit of RM10.7m (-12% YoY) on the back of sales of RM83.9m (-11%) in its 1QFY21 results.
- Prior to the Covid-19 business disruptions, PWROOT saw its bottomline rising YoY in the most recent three financial years, up from RM9.7m in FY March 2018 to RM51.7m in FY March 2020.
- Going forward, consensus is projecting net profits of RM49m in FY21 and RM58m in FY22, which translate to forward PERs of 19x and 16x, respectively.
- In addition, the Group’s balance sheet is strong with net cash backing of RM87.9m (or 20.9 sen per share) as of end-June this year.
- The strong fundamentals could set the stage for PWROOT to reward its shareholders with consensus DPS expectations of 11.5 sen for FY21 and 13.3 sen for FY22, implying dividend yields of 5.1%-5.9%, respectively.
- From a technical perspective, the stock is currently riding on a bullish momentum as indicated by the DMI+’s crossover of the DMI-. The positive bias stance is also backed by the share price cutting above its 150-day SMA line recently.
- Therefore, PWROOT shares could continue the upward trajectory by rising towards our resistance thresholds of RM2.44 (R1; 9% upside potential) and RM2.69 (R2; 20% upside potential).
- We have placed our stop loss level at RM2.03 (or 9% downside risk from its last traded price of RM2.24).

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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 <sup>^</sup>	Date Status Fulfilled
			RM	RM	RM	%	%	RM	RM	RM			
BP PLASTICS HOLDING BHD	20/10/2020	Trading Buy	1.60	1.76	1.45	10%	-9%	1.07x	1.63	1.40	1.55	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	0.24	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	0.90	Open	
LOTUS KFM BHD	21/10/2020	Trading Buy	0.28	0.32	0.24	14%	-14%	1.00x	0.28	0.25	0.26	Open	
N2N CONNECT BHD	22/10/2020	Trading Buy	0.72	0.80	0.65	11%	-10%	1.14x	0.78	0.67	0.77	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	3.55	Open	
MI TECHNOVATION BHD	23/10/2020	Trading Buy	4.42	4.95	3.86	12%	-13%	0.95x	4.88	3.85	4.22	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	2.60	Open	
ELSOFT RESEARCH BHD	27/10/2020	Trading Buy	0.64	0.74	0.55	16%	-13%	1.18x	0.67	0.59	0.64	Open	
SPRING ART HOLDINGS BHD	28/10/2020	Trading Buy	0.26	0.28	0.23	10%	-10%	1.00x	0.39	0.25	0.38	TP Hit	4/11/2020
HAP SENG PLANTATIONS HLDGS	28/10/2020	Trading Buy	1.67	1.85	1.51	11%	-10%	1.13x	1.90	1.64	1.82	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	1.50	1.05	1.43	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	0.47	0.53	SL Hit	30/10/2020
BOUSTEAD PLANTATIONS BHD	3/11/2020	Trading Buy	0.47	0.55	0.39	18%	-16%	1.13x	0.61	0.47	0.58	TP Hit	10/11/2020
TSH RESOURCES BHD	3/11/2020	Trading Buy	0.94	1.04	0.85	11%	-9%	1.24x	1.14	0.94	1.10	TP Hit	6/11/2020
KRONOLOGI ASIA BHD	4/11/2020	Trading Buy	0.56	0.63	0.49	13%	-13%	1.00x	0.64	0.55	0.62	TP Hit	13/11/2020
COMPLETE LOGISTIC SERVICES	4/11/2020	Trading Buy	0.65	0.73	0.57	12%	-12%	1.00x	0.73	0.63	0.69	TP Hit	17/11/2020

\* 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.

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## 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			
PESTECH INTERNATIONAL BHD	5/11/2020	Trading Buy	0.68	0.75	0.61	11%	-10%	1.15x	0.83	0.68	0.81	TP Hit	13/11/2020
INSAS BHD	5/11/2020	Trading Buy	0.75	0.81	0.68	9%	-9%	1.00x	0.89	0.75	0.84	TP Hit	16/11/2020
PROLEXUS BHD	6/11/2020	Trading Buy	1.75	1.95	1.55	11%	-11%	1.00x	1.88	1.35	1.53	SL Hit	16/11/2020
OCEAN VANTAGE HOLDINGS BHD	6/11/2020	Trading Buy	0.56	0.64	0.49	14%	-13%	1.14x	0.58	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	0.71	0.74	Open	
LYC HEALTHCARE BHD	10/11/2020	Trading Buy	0.34	0.39	0.29	16%	-13%	1.22x	0.35	0.32	0.32	Open	
YTL HOSPITALITY REIT	11/11/2020	Trading Buy	0.77	0.87	0.68	13%	-12%	1.11x	0.90	0.77	0.88	TP Hit	17/11/2020
MUHIBBAH ENGINEERING (M) BHD	11/11/2020	Trading Buy	0.86	1.00	0.73	16%	-15%	1.08x	1.08	0.82	1.02	TP Hit	17/11/2020
ELK-DESA RESOURCES	12/11/2020	Trading Buy	1.36	1.50	1.25	10%	-8%	1.27x	1.43	1.37	1.42	Open	
UEM EDGENTA BHD	12/11/2020	Trading Buy	1.92	2.11	1.77	10%	-8%	1.27x	2.03	1.90	2.01	Open	
SAMAIDEN GROUP BHD	13/11/2020	Trading Buy	0.83	0.91	0.77	9%	-7%	1.25x	1.00	0.81	0.96	TP Hit	18/11/2020
HEXTAR GLOBAL BHD	13/11/2020	Trading Buy	0.74	0.83	0.66	12%	-11%	1.13x	0.79	0.73	0.75	Open	
REVENUE GROUP BHD	17/11/2020	Trading Buy	1.22	1.36	1.10	11%	-10%	1.17x	1.31	1.23	1.26	Open	
ASIA POLY HOLDINGS BHD	17/11/2020	Trading Buy	0.39	0.45	0.33	17%	-14%	1.18x	0.40	0.37	0.39	Open	
SUNWAY REAL ESTATE INVESTMEN	18/11/2020	Trading Buy	1.52	1.69	1.39	11%	-9%	1.31x	1.53	1.50	1.52	Open	
IGB REAL ESTATE INVESTMENT T	18/11/2020	Trading Buy	1.73	1.89	1.59	9%	-8%	1.14x	1.74	1.73	1.74	Open	

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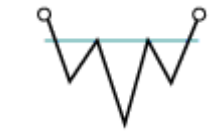

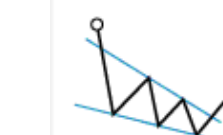


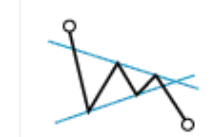

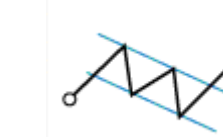


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**Technical Terms:**

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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