

16 November 2020

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What's next? Against a volatile backdrop, the key FBMKLCI climbed to as high as 1,592 last Thursday before settling at 1,590 on Friday. This represents an increase of 70.1 points or 4.6% for the week, its second weekly gains in a row. Also seeing an extended rally was the DJIA on Wall Street, which jumped 1,156.4 points or 4.1% through the week to finish at 29,480.

Rising in tandem with the local stock exchange were the daily average trading volume (at 13.5b shares compared with 6.9b shares the week before) and transaction value (of RM5.9b versus RM3.7b previously). Both domestic retail investors and local institutions posted net buying flows (amounting to RM129m and RM117m, respectively) while foreigners turned net sellers (of RM246m) during the week.

This is going to be an interesting week notwithstanding the increasing number of quarterly corporate earnings announcements to be released ahead. The neck-to-neck race to be constituents of the widely-followed FBMKLCI is set to intensify with the on-going stock market volatility. More specifically, the ranking by full market capitalisation using the cut-off date on 23 November (next Monday) will determine the number of stocks to be added or omitted from the benchmark index. As it stands, based on last Friday's closing prices, Supermax Corporation (ranked 21st) and Kossan Rubber (ranked 27th) stand a chance to replace on the list two of the following three existing component stocks, namely Genting Bhd (ranked 31st), KLCC Property (ranked 32nd) and Genting Malaysia (ranked 34th).

Grippingly, by hypothetically holding the rest of the index members constant, our sensitivity analysis shows that this will be the case if: (a) Supermax Corporation's share price declines by less than 15% and Kossan Rubber's share price climb 13% in the run-up to the cut-off date; or (b) any two of the following stocks namely Genting Bhd, KLCC Property and Genting Malaysia drop by at least 20%, 19% and 15%, respectively, over the next six trading days. (Note: The ground rules state that a security will be inserted into the FBMKLCI if it rises to 25th position or above while a security will be deleted from the FBMKLCI if it falls to 36th position or below).

Technically speaking, following last fortnight's surge of 122.8 points or 8.4% which then vaulted the benchmark index to above the 50-day SMA line, the FBMKLCI is currently riding a positive momentum. While the index's upward bias may persist, its further progress could be blocked by a descending trendline that stretches back to February 2019 and the recent appearance of two hanging man candlesticks (which are reversal pattern indicators) on the chart. We reckon the key market barometer will probably face stiff challenges at our revised resistance hurdles of 1,600 (R1) and 1,645 (R2) with our adjusted resistance-turned-support thresholds now pegged at 1,550 (S1) and 1,510 (S2).

On Wall Street, the DJIA will probably be eager to continue its upward journey amid profit-taking temptations. Following last week's performance, we have revised our major support and resistance levels for the DJIA to 29,100 (S1) / 28,000 (S2) and 30,600 (R1) / 31,300 (R2), respectively.

Chart 1 – FBMKLCI Index



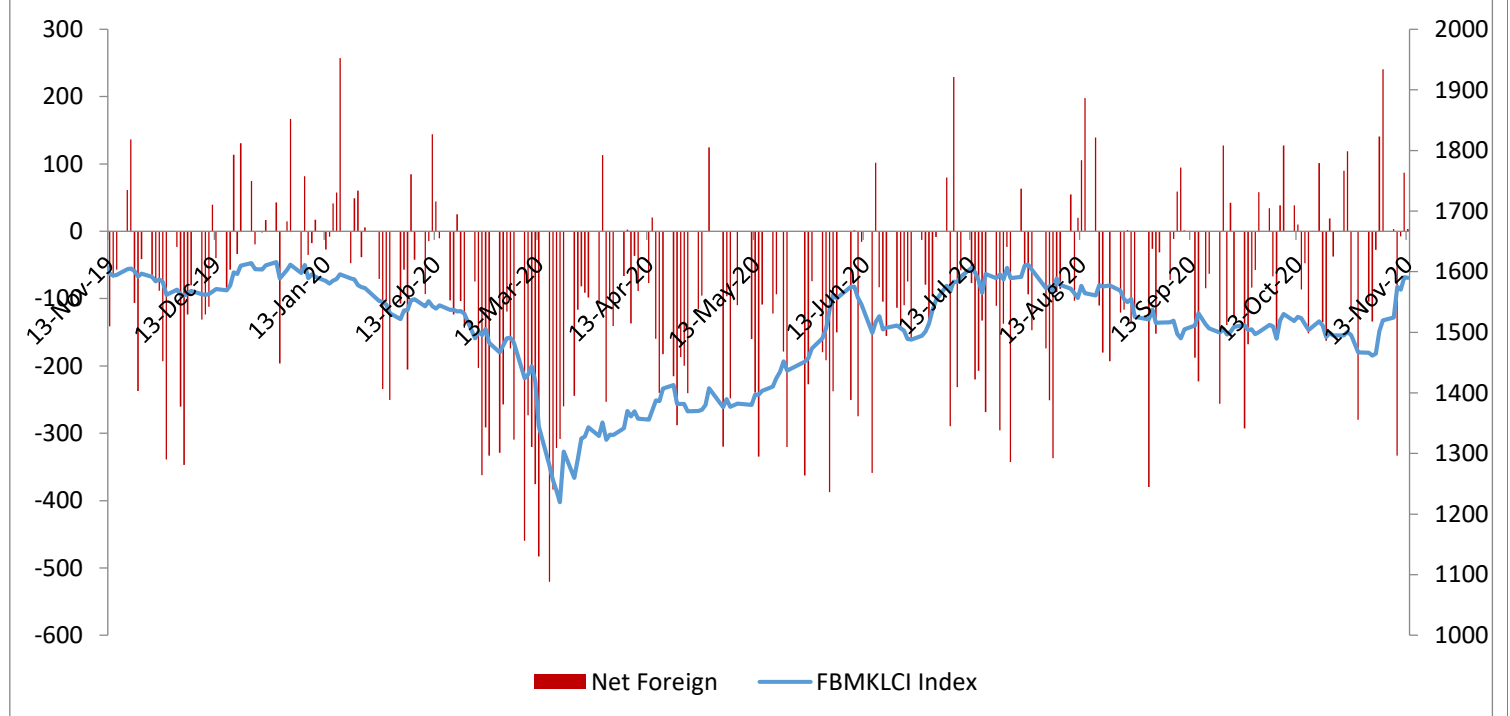
S2	S1	Current Level	R1	R2
1,510	1,550	1,590	1,600	1,645

Source: Kenanga Research

16 November 2020



Net Foreign Trade Position vs FBMKLCI



Foreign investors turned net sellers with net outflows of RM246.3m last week compared to cumulative net inflows of RM115.2m in the prior week.

Source: Kenanga Research

16 November 2020

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
MAH SING GROUP BHD	15/10/2020	Trading Buy	0.73	0.80	0.65	10%	-10%	1.00x	1.47	0.72	0.91	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	0.95	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	1.30	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	0.89	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	1.58	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	0.92	Open	
LOTUS KFM BHD	21/10/2020	Trading Buy	0.28	0.32	0.24	14%	-14%	1.00x	0.28	0.25	0.26	Open	
N2N CONNECT BHD	22/10/2020	Trading Buy	0.72	0.80	0.65	11%	-10%	1.14x	0.76	0.67	0.75	Open	
EXCEL FORCE MSC BHD	22/10/2020	Trading Buy	0.47	0.52	0.42	12%	-10%	1.22x	0.51	0.41	0.47	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	3.53	Open	
MI TECHNOVATION BHD	23/10/2020	Trading Buy	4.42	4.95	3.86	12%	-13%	0.95x	4.88	3.85	4.24	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	2.67	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	
SPRING ART HOLDINGS BHD	28/10/2020	Trading Buy	0.26	0.28	0.23	10%	-10%	1.00x	0.37	0.25	0.37	TP Hit	4/11/2020
HAP SENG PLANTATIONS HLDGS	28/10/2020	Trading Buy	1.67	1.85	1.51	11%	-10%	1.13x	1.89	1.64	1.84	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	1.37	1.05	1.37	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	0.57	SL Hit	30/10/2020

* 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.

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16 November 2020







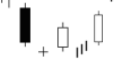

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BOUSTEAD PLANTATIONS BHD	3/11/2020	Trading Buy	0.47	0.55	0.39	18%	-16%	1.13x	0.58	0.47	0.58	TP Hit	10/11/2020
TSH RESOURCES BHD	3/11/2020	Trading Buy	0.94	1.04	0.85	11%	-9%	1.24x	1.12	0.94	1.10	TP Hit	6/11/2020
KRONOLOGI ASIA BHD	4/11/2020	Trading Buy	0.56	0.63	0.49	13%	-13%	1.00x	0.64	0.55	0.63	TP Hit	13/11/2020
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	0.78	0.68	0.74	TP Hit	13/11/2020
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	1.67	Open	
OCEAN VANTAGE HOLDINGS BHD	6/11/2020	Trading Buy	0.56	0.64	0.49	14%	-13%	1.14x	0.57	0.51	0.53	Open	
HO WAH GENTING BHD	10/11/2020	Trading Buy	0.80	0.91	0.70	14%	-13%	1.10x	0.87	0.75	0.75	Open	
LYC HEALTHCARE BHD	10/11/2020	Trading Buy	0.34	0.39	0.29	16%	-13%	1.22x	0.35	0.33	0.34	Open	
YTL HOSPITALITY REIT	11/11/2020	Trading Buy	0.77	0.87	0.68	13%	-12%	1.11x	0.81	0.77	0.80	Open	
MUHIBBAH ENGINEERING (M) BHD	11/11/2020	Trading Buy	0.86	1.00	0.73	16%	-15%	1.08x	0.87	0.82	0.84	Open	
ELK-DESA RESOURCES	12/11/2020	Trading Buy	1.36	1.50	1.25	10%	-8%	1.27x	1.39	1.37	1.39	Open	
UEM EDGENTA BHD	12/11/2020	Trading Buy	1.92	2.11	1.77	10%	-8%	1.27x	1.97	1.90	1.96	Open	
SAMAIDEN GROUP BHD	13/11/2020	Trading Buy	0.83	0.91	0.77	9%	-7%	1.25x	0.85	0.81	0.83	Open	
HEXTAR GLOBAL BHD	13/11/2020	Trading Buy	0.74	0.83	0.66	12%	-11%	1.13x	0.77	0.74	0.76	Open	

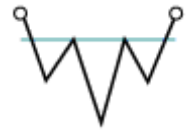
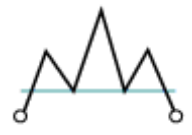
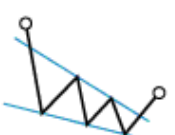

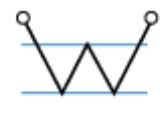
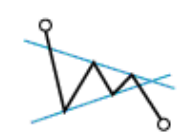
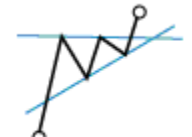
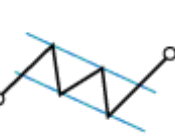


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Basic Technical Terms:

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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