

21 December 2020

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Kenanga Research wishes our clients Happy Holidays & Happy New Year. There will be no publication of Weekly Technical Review next week. We will be back on Monday, 4 January 2021.

Profit-takers may make their presence felt on the Malaysian bourse as 2020 winds down to a close. The key FBMKLCI came under selling pressures towards the end of last week, plunging to a low of 1,645 before finishing at 1,652 on Friday. This translates to a weekly decline of 32.1 points or 1.9%. Over on Wall Street, the DJIA edged higher to end at 30,179 for a weekly rise of 132.7 points or 0.4%.

During the week, the local stock exchange saw daily average transaction volume easing to 10.1b shares (from 11.6b shares the preceding week) valued at RM5.2b (versus RM6.3b previously). Local retail investors continued to buy more shares than they sold with cumulative net amount of RM469m, countering the net weekly selling flows from domestic institutions (of RM290m) and foreign investors (of RM179m).

Against a backdrop of light news flows, the calendar of events for the coming fortnight includes corporate earnings announcement by Gamuda (scheduled for today) and macroeconomic data on November external trade statistics (due next Monday, 28 December). There may also be news on the status of the Kuala Lumpur – Singapore High Speed Rail (HSR) project (which is supposed to be known by the end of the year).

In the absence of fresh catalysts, investors could still be in the mood to lock in their recent gains even after last week's market slide. For those savvy investors who managed to ride on the prevailing market rally, there remain profits to be taken with the FBMKLCI still up 5.7% month-to-date and 13.1% from the trough in early November.

From a technical perspective, the key FBMKLCI could retreat further from an overbought position after last week's drop. With the momentum on the downside, both the stochastic indicator (as the %K line crosses below the %D line) and the RSI (which has shown divergence vis-à-vis the FBMKLCI by plotting lower highs) will likely pull back deeper from their overbought territories. With that, we have tweaked our key support and resistance thresholds for the FBMKLCI to 1,645 (S1) / 1,600 (S2) and 1,675 (R1) / 1,720 (R2), respectively.

On Wall Street, beyond the prevailing consolidation phase, the DJIA will likely extend its positive trajectory. Our key support and resistance levels for the DJIA are maintained at 29,100 (S1) / 28,000 (S2) and 30,600 (R1) / 31,300 (R2), respectively.



Source: Kenanga Research

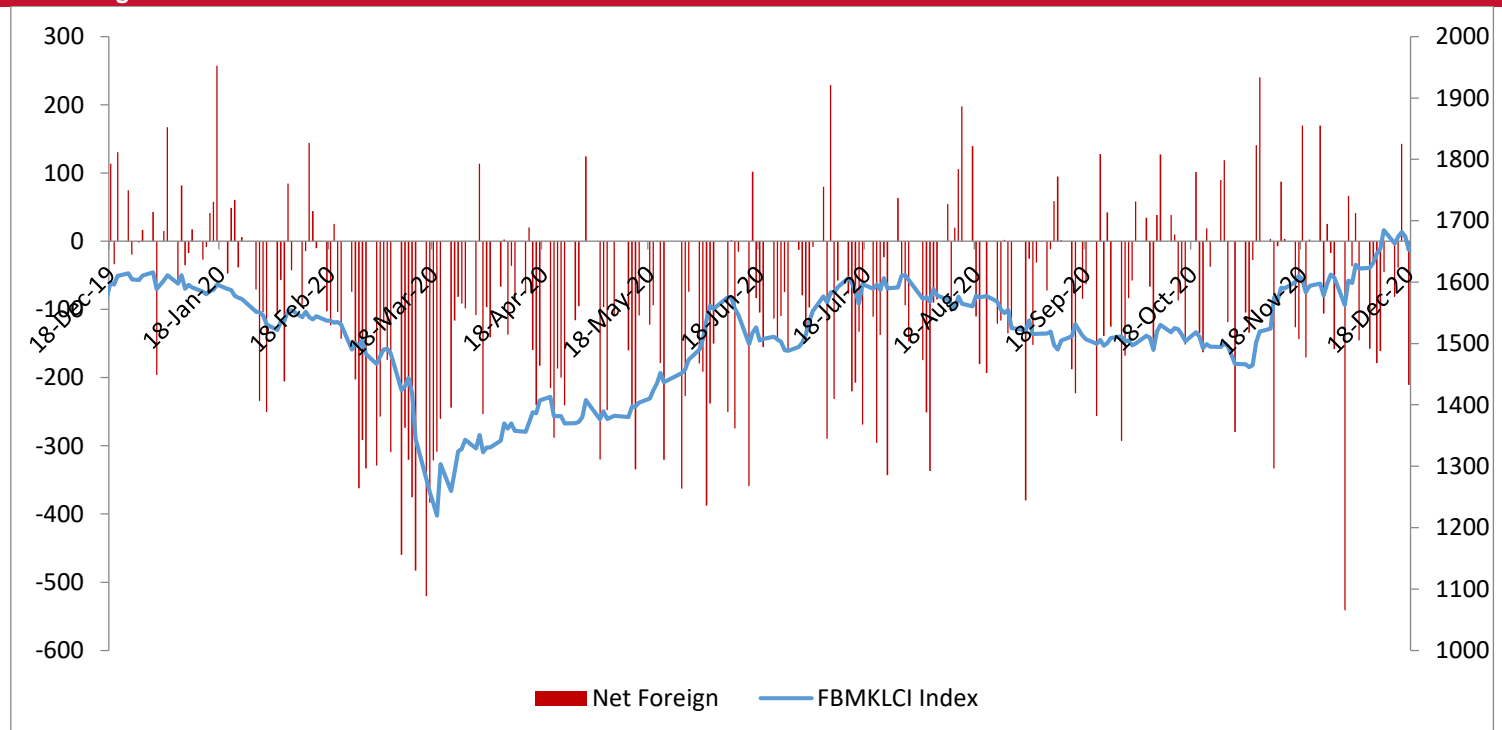
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Chart 2 – DJIA



Source: Kenanga Research

Net Foreign Trade Position vs FBMKLCI



Foreign investors remained net sellers with net outflows of RM178.8m last week compared to cumulative net outflows of RM574.4m in the prior week.

Source: Kenanga Research

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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
TOMYPAK HOLDINGS	20/11/2020	Trading Buy	0.82	0.92	0.73	12%	-12%	1.00x	0.89	0.70	0.72	SL Hit	26/11/2020
AME ELITE CONSORTIUM BHD	20/11/2020	Trading Buy	2.21	2.45	2.00	11%	-10%	1.14x	2.35	2.14	2.22	Open	
OPENSYS M BHD	24/11/2020	Trading Buy	0.64	0.71	0.57	11%	-11%	1.00x	0.66	0.55	0.56	SL Hit	14/12/2020
JCY INTERNATIONAL BHD	24/11/2020	Trading Buy	0.64	0.73	0.57	14%	-11%	1.29x	0.67	0.52	0.53	SL Hit	14/12/2020
SERBA DINAMIK HOLDINGS BHD	25/11/2020	Trading Buy	1.70	1.92	1.49	13%	-12%	1.05x	2.09	1.61	1.73	TP Hit	7/12/2020
DELEUM BERHAD	25/11/2020	Trading Buy	0.60	0.71	0.51	18%	-15%	1.22x	0.72	0.61	0.65	TP Hit	7/12/2020
MYNEWS HOLDINGS BHD	26/11/2020	Trading Buy	0.60	0.67	0.54	12%	-10%	1.17x	0.76	0.60	0.69	TP Hit	4/12/2020
ZHULIAN CORP BHD	26/11/2020	Trading Buy	1.51	1.65	1.39	9%	-8%	1.17x	1.65	1.48	1.62	TP Hit	18/12/2020
ARB BHD	27/11/2020	Trading Buy	0.29	0.33	0.26	14%	-12%	1.14x	0.29	0.27	0.27	Open	
SUPERCOMNET TECHNOLOGIES	27/11/2020	Trading Buy	2.02	2.20	1.88	9%	-7%	1.29x	2.06	1.75	2.00	SL Hit	7/12/2020
YTL CORP BHD	1/12/2020	Trading Buy	0.65	0.72	0.59	12%	-9%	1.36x	0.83	0.65	0.80	TP Hit	3/12/2020
KIM HIN JOO BHD	1/12/2020	Trading Buy	0.23	0.28	0.17	24%	-24%	1.00x	0.25	0.22	0.24	Open	
TALIWORKS CORP BHD	2/12/2020	Trading Buy	0.80	0.88	0.73	10%	-9%	1.14x	0.91	0.79	0.88	TP Hit	18/12/2020
PANTECH GROUP HOLDINGS BHD	2/12/2020	Trading Buy	0.40	0.45	0.35	14%	-11%	1.22x	0.43	0.40	0.41	Open	
WONG ENGINEERING CORP BHD	3/12/2020	Trading Buy	0.74	0.81	0.67	10%	-9%	1.15x	0.87	0.67	0.68	TP Hit	3/12/2020
TECHBOND GROUP BHD	3/12/2020	Trading Buy	1.30	1.43	1.17	10%	-10%	1.00x	1.31	1.24	1.28	Open	
MIECO CHIPBOARD BERHAD	4/12/2020	Trading Buy	0.79	0.87	0.74	10%	-7%	1.45x	0.88	0.73	0.84	SL Hit	8/12/2020
AEMULUS HOLDINGS BHD	4/12/2020	Trading Buy	0.72	0.79	0.67	10%	-6%	1.56x	0.72	0.62	0.63	SL Hit	11/12/2020
ORNAPAPER BHD	8/12/2020	Trading Buy	1.54	1.68	1.43	9%	-7%	1.27x	1.66	1.53	1.60	Open	
HEVEABOARD BHD	8/12/2020	Trading Buy	0.74	0.80	0.69	8%	-7%	1.20x	0.78	0.72	0.73	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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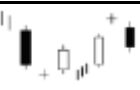

Stock Name	Issue Date (ID)	Rating	Price @ ID RM	Target Price (TP) RM	Stop Loss Price (SL) RM	Upside Potential @ ID %	Downside Risk @ ID %	Risk to Reward Ratio	Highest Price since ID RM	Lowest Price since ID RM	Last Price RM	Status [^]	Date Status Fulfilled
SKP RESOURCES BHD	9/12/2020	Trading Buy	2.15	2.37	1.95	10%	-9%	1.10x	2.19	1.97	2.03	Open	
THONG GUAN INDUSTRIES BHD	9/12/2020	Trading Buy	2.72	2.99	2.48	10%	-9%	1.13x	2.82	2.62	2.65	Open	
MEDIA PRIMA BHD	10/12/2020	Trading Buy	0.25	0.30	0.20	20%	-20%	1.00x	0.30	0.24	0.28	TP Hit	14/12/2020
ECONPILE HOLDINGS BHD	10/12/2020	Trading Buy	0.57	0.63	0.51	11%	-11%	1.00x	0.59	0.51	0.53	SL Hit	18/12/2020
V.S. INDUSTRY BERHAD	11/12/2020	Trading Buy	2.63	2.95	2.45	12%	-7%	1.78x	2.73	2.51	2.56	Open	
MTAG GROUP BHD	11/12/2020	Trading Buy	0.76	0.83	0.71	10%	-6%	1.67x	0.77	0.71	0.73	SL Hit	15/12/2020
TAN CHONG MOTOR HOLDINGS BHD	15/12/2020	Trading Buy	1.18	1.32	1.05	12%	-11%	1.08x	1.20	1.12	1.15	Open	
DRB-HICOM BHD	15/12/2020	Trading Buy	2.10	2.33	1.87	11%	-11%	1.00x	2.10	2.03	2.06	Open	
MALAYSIAN RESOURCES CORP BHD	16/12/2020	Trading Buy	0.49	0.57	0.41	16%	-16%	1.00x	0.53	0.49	0.50	Open	
PCCS GROUP BERHAD	16/12/2020	Trading Buy	0.44	0.49	0.39	13%	-10%	1.22x	0.49	0.46	0.46	Open	17/12/2020
EA TECHNIQUE M BHD	17/12/2020	Trading Buy	0.30	0.35	0.25	19%	-15%	1.22x	0.30	0.29	0.30	Open	
PROLEXUS BHD	17/12/2020	Trading Buy	1.56	1.72	1.40	10%	-10%	1.00x	1.52	1.28	1.35	SL Hit	18/12/2020
GDB HOLDINGS BHD	18/12/2020	Trading Buy	0.98	1.07	0.92	9%	-6%	1.50x	1.00	0.95	0.98	Open	
RANHILL UTILITIES BHD	18/12/2020	Trading Buy	0.86	0.94	0.80	9%	-7%	1.25x	0.89	0.86	0.88	Open	

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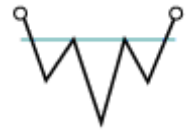
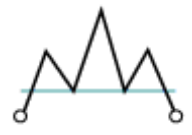
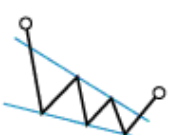

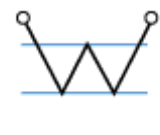
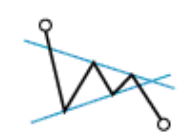
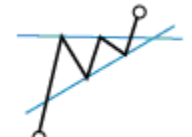
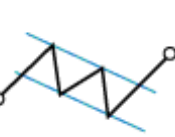


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Basic Technical Terms:

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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