

19 April 2021

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The intermittent market rebound momentum on the Malaysian bourse may be cut short by a reversal in investor sentiment. Last week, the key FBMKLCI came under pressure, initially dropping to as low as 1,593 on Wednesday before turning back up thereafter to touch a high of 1,610 last Friday. The benchmark index ended at 1,608 for a weekly dip of 3.9 points or 0.2%. Separately, the DJIA on Wall Street was up 400.1 points or 1.2% week-on-week to finish at 34,201.

Against a backdrop of negative market breadth in four out of five trading days, daily transaction volume on the local stock exchange slowed to 6.2b shares valued at RM3.7b last week, versus the previous week's daily average of 6.9b shares worth RM3.7b. The week saw further net foreign selling (valued at RM235m), which was countered by net buying activity from local retail investors (of RM98m) and domestic institutions (of RM137m).

As it is going to be mostly quiet on the news front in the week ahead – with just a trickle of corporate financial results announcements from the likes of Kossan Rubber (possibly in the early part of the week), Axis REIT (Wednesday) and DiGi.Com (Friday) – the focus may turn to the latest developments on the Covid-19 situation in Malaysia. The recent resurgence of new Covid-19 daily cases has started to influence sentiment with selected economic recovery stocks losing grounds last week while glove shares gained on the other hand. Of renewed concern is the wider implications on the broad economy should the number of new cases continue to climb and trigger the onslaught of a new wave, which may then force the government to re-implement stricter movement restrictions as it will take time for the ongoing vaccination programme to reach herd immunity.

For now, the micro and small caps appear vulnerable to succumbing to profit-taking pressure. The FBM ACE Index is already seeing a sell-off currently (down 19.9% year-to-date after tumbling by 24% since mid-February this year) even as the FBM Small Cap Index (up 10.7% year-to-date) and the FBM Fledgling Index (+8.9% year-to-date) have been holding up so far.

At this juncture, the FBMKLCI (-1.2% year-to-date) could be facing a crossroads pending the emergence of fresh developments. On the chart, the benchmark index – which is presently hovering around the short-term 25-day and 50-day SMA lines – will probably oscillate between our immediate support and resistance thresholds of 1,600 (S1) and 1,645 (R1). Yet, an elevation of downside risk will be prevalent should the FBMKLCI fall under the psychological 1,600 mark. Our next support and resistance levels are kept at 1,550 (S2) and 1,675 (R2), respectively.

Meanwhile, Wall Street's DJIA may enter into a consolidation phase after a surge of 3,268.3 points or 10.6% since end-February this year. We maintain our key support and resistance levels at 33,200 (S1) / 32,350 (S2) and 34,100 (R1) / 35,400 (R2), respectively as the DJIA will likely pull back from its record closing high of 34,201.

**Chart 1 – FBMKLCI**

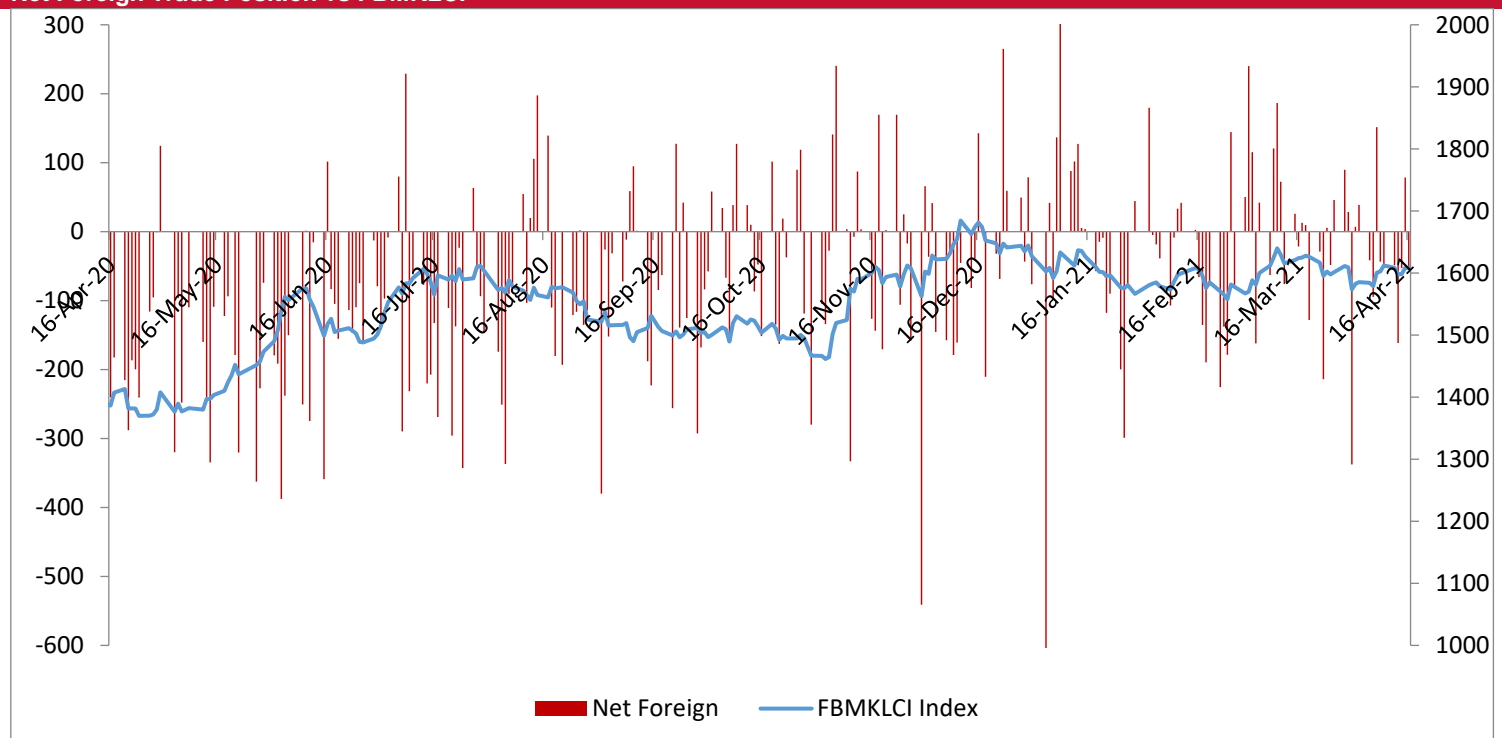


Source: Kenanga Research

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### Net Foreign Trade Position vs FBMKLCI



Foreign investors remained net sellers with net outflows of RM235.3m last week compared to cumulative net outflows of RM78.0m 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
LAGENDA PROPERTIES BHD	19/3/2021	Trading Buy	1.56	1.75	1.40	12%	-10%	1.19x	1.69	1.46	1.52	Open	
JF TECHNOLOGY BHD	19/3/2021	Trading Buy	1.33	1.50	1.17	13%	-12%	1.06x	1.32	1.18	1.23	Open	
SECUREMETRIC BHD	23/3/2021	Trading Buy	0.15	0.19	0.12	27%	-20%	1.33x	0.17	0.15	0.15	Open	
OMESTI BHD	23/3/2021	Trading Buy	0.49	0.55	0.44	13%	-9%	1.44x	0.55	0.47	0.50	TP Hit	12/4/2021
THONG GUAN INDUSTRIES BHD	24/3/2021	Trading Buy	2.27	2.55	2.04	12%	-10%	1.22x	2.50	2.20	2.44	Open	
SCGM BHD	24/3/2021	Trading Buy	1.77	2.06	1.60	16%	-10%	1.71x	2.39	1.77	2.31	TP Hit	2/4/2021
KERJAYA PROSPEK GROUP BHD	25/3/2021	Trading Buy	1.18	1.32	1.06	12%	-10%	1.17x	1.53	1.18	1.41	TP Hit	29/3/2021
MALAYSIAN RESOURCES CORP BHD	25/3/2021	Trading Buy	0.49	0.57	0.42	18%	-13%	1.31x	0.52	0.46	0.49	Open	
KERJAYA PROSPEK PROPERTY BHD	26/3/2021	Trading Buy	1.26	1.43	1.11	13%	-12%	1.13x	1.37	1.20	1.23	Open	
GLOBETRONICS TECHNOLOGY BHD	26/3/2021	Trading Buy	2.70	3.00	2.40	11%	-11%	1.00x	2.91	2.64	2.70	Open	
SHIN YANG SHIPPING CORP BHD	30/3/2021	Trading Buy	0.37	0.42	0.32	14%	-14%	1.00x	0.38	0.32	0.34	SL Hit	1/4/2021
POWER ROOT BHD	30/3/2021	Trading Buy	1.75	1.98	1.55	13%	-11%	1.15x	1.86	1.70	1.75	Open	
DRB-HICOM BHD	31/3/2021	Trading Buy	1.97	2.19	1.75	11%	-11%	1.00x	1.97	1.87	1.90	Open	
SLP RESOURCES BHD	31/3/2021	Trading Buy	0.84	0.93	0.76	11%	-10%	1.13x	0.99	0.84	0.99	TP Hit	13/4/2021
MY EG SERVICES BHD	1/4/2021	Trading Buy	1.97	2.21	1.74	12%	-12%	1.04x	2.02	1.95	1.98	Open	
UNITED U-LI CORP BHD	1/4/2021	Trading Buy	0.96	1.07	0.85	11%	-11%	1.00x	1.13	0.93	1.03	TP Hit	9/4/2021
JHM CONSOLIDATION BHD	2/4/2021	Trading Buy	1.95	2.25	1.70	15%	-13%	1.20x	2.12	1.92	1.99	Open	
INARI AMERTRON BHD	2/4/2021	Trading Buy	3.38	3.75	3.00	11%	-11%	0.97x	3.56	3.35	3.40	Open	
TOMYPAK HOLDINGS	6/4/2021	Trading Buy	0.61	0.70	0.52	16%	-14%	1.12x	0.64	0.61	0.60	Open	
BP PLASTICS HOLDING BHD	6/4/2021	Trading Buy	1.39	1.55	1.24	12%	-11%	1.07x	1.41	1.38	1.41	Open	
STAR MEDIA GROUP BHD	7/4/2021	Trading Buy	0.42	0.48	0.38	14%	-10%	1.50x	0.45	0.42	0.43	Open	
7-ELEVEN MALAYSIA HOLDINGS B	7/4/2021	Trading Buy	1.52	1.70	1.35	12%	-11%	1.06x	1.65	1.47	1.61	Open	
ASTRO MALAYSIA HOLDINGS BHD	8/4/2021	Trading Buy	1.00	1.11	0.90	11%	-10%	1.10x	1.07	0.97	0.98	Open	
IJM CORP BHD	8/4/2021	Trading Buy	1.79	1.98	1.60	11%	-11%	1.00x	2.06	1.76	2.01	TP Hit	16/4/2021
SAMCHEM HOLDINGS BHD	9/4/2021	Trading Buy	1.46	1.65	1.30	13%	-11%	1.19x	1.65	1.44	1.60	TP Hit	13/4/2021
OCEANCASH PACIFIC BHD	9/4/2021	Trading Buy	0.57	0.65	0.50	14%	-12%	1.23x	0.59	0.52	0.57	Open	
MUDA HOLDINGS BERHAD	13/4/2021	Trading Buy	2.81	3.26	2.48	16%	-12%	1.36x	2.89	2.76	2.78	Open	
TUNE PROTECT GROUP BHD	13/4/2021	Trading Buy	0.47	0.54	0.40	16%	-14%	1.15x	0.48	0.45	0.46	Open	
HSS ENGINEERS BHD	14/4/2021	Trading Buy	0.59	0.66	0.52	13%	-11%	1.15x	0.63	0.59	0.60	Open	
EITA RESOURCES BHD	14/4/2021	Trading Buy	0.94	1.10	0.82	18%	-12%	1.43x	1.13	0.95	1.08	TP Hit	15/4/2021

\* 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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FOUND PAC GROUP BHD	15/4/2021	Trading Buy	0.83	0.95	0.72	15%	-13%	1.19x	0.84	0.82	0.84	Open	
KIMLUN CORP BHD	15/4/2021	Trading Buy	0.91	1.05	0.78	16%	-14%	1.16x	1.01	0.91	0.99	Open	
RGT BHD	16/4/2021	Trading Buy	0.45	0.50	0.39	12%	-12%	1.00x	0.45	0.43	0.44	Open	
REDTONE DIGITAL BHD	16/4/2021	Trading Buy	0.44	0.50	0.38	14%	-14%	1.00x	0.45	0.43	0.44	Open	

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## Basic Technical Terms:

Reversal Candlesticks	Patterns	Description
<b>Doji</b> <b>Dragonfly Doji (Bullish)</b> <b>Gravestone Doji (Bearish)</b>		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 (Bullish)</b> <b>Shooting Star (Bearish)</b>		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 (Bullish)</b> <b>Hanging Man (Bearish)</b>		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 (Bullish)</b> <b>Evening Doji Star (Bearish)</b>		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 (Bullish)</b>	<b>Head &amp; Shoulders (Bearish)</b>	<b>Wedge Reversal (Bullish/ Bearish)</b>	<b>Double Top (Bearish)</b>	<b>Double Bottom (Bullish)</b>
Continuation Patterns	<b>Symmetrical Triangle (Bullish/ Bearish)</b>	<b>Ascending Triangle (Bullish)</b>	<b>Channels (Bullish/ Bearish)</b>	<b>Flags (Bullish/ Bearish)</b>	<b>Pennant (Bullish/ Bearish)</b>

Source: Various

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