

19 July 2021

By Goh Yin Foo, CFA, CMT / gohyf@kenanga.com.my

With selling activity continuing unabated, the Malaysian bourse remains vulnerable to more downside ahead. The key FBMKLCI was under pressure throughout the week, slipping to a low of 1,509 on Monday before finishing little changed at 1,522 last Friday, versus the preceding week's close of 1,521. In the US, the DJIA logged a weekly drop of 182.3 points or 0.5% to settle at 34,688.

Amid a lack of buying interest, daily average transaction on the local stock exchange slowed to 4.6b shares valued at RM2.9b, below the prior week's daily average of 5.5b shares worth RM3.3b. And similar to the week before, foreigners sold more shares than they had bought (which resulted in net weekly outflows of RM174m) while both domestic institutions and local retail investors remained net buyers (with net buying flows of RM138m and RM36m, respectively).

This week, the limelight will be on the listing of CTOS Digital (a provider of credit information and analytics digital solutions on companies and consumers), which will be making its debut on the Main Market today (with a market cap of RM2.42b based on an IPO offer price of RM1.10). On Wednesday, Haily Group (which is involved in the construction of residential and non-residential buildings) will be listed on the ACE Market (with a market cap of RM121.3m based on an IPO offer price of RM0.68).

Other corporate news to keep an eye on include the quarterly earnings announcements by the likes of Axis REIT (on Wednesday) and CMMT (on Thursday). On the macro front, following a year-on-year rise of 4.4% in May, there will be an update on the latest inflation gauge when the June Consumer Price Index data is out on Friday.

Meanwhile, the pandemic battle continues as the number of new daily Covid-19 cases remains elevated, although the aggressive ramping up of the ongoing vaccination programme represents a positive development. Nonetheless, from the perspective of investors, the lifting of the Enhanced Movement Control Order (EMCO) in the Klang Valley last Friday (announced after market hours) may give some breathing space as selected economic sectors resume operations.

Technically speaking, despite bouncing off the 1,510 level (S1) numerous times last week, we reckon the FBMKLCI could remain under pressure to test our first support level again. This comes as the benchmark index may back off further from the 25-day SMA line and the descending trendline. On the upside, 1,550 (R1) is our immediate resistance barrier to cap any intermittent rebound for the key market bellwether.

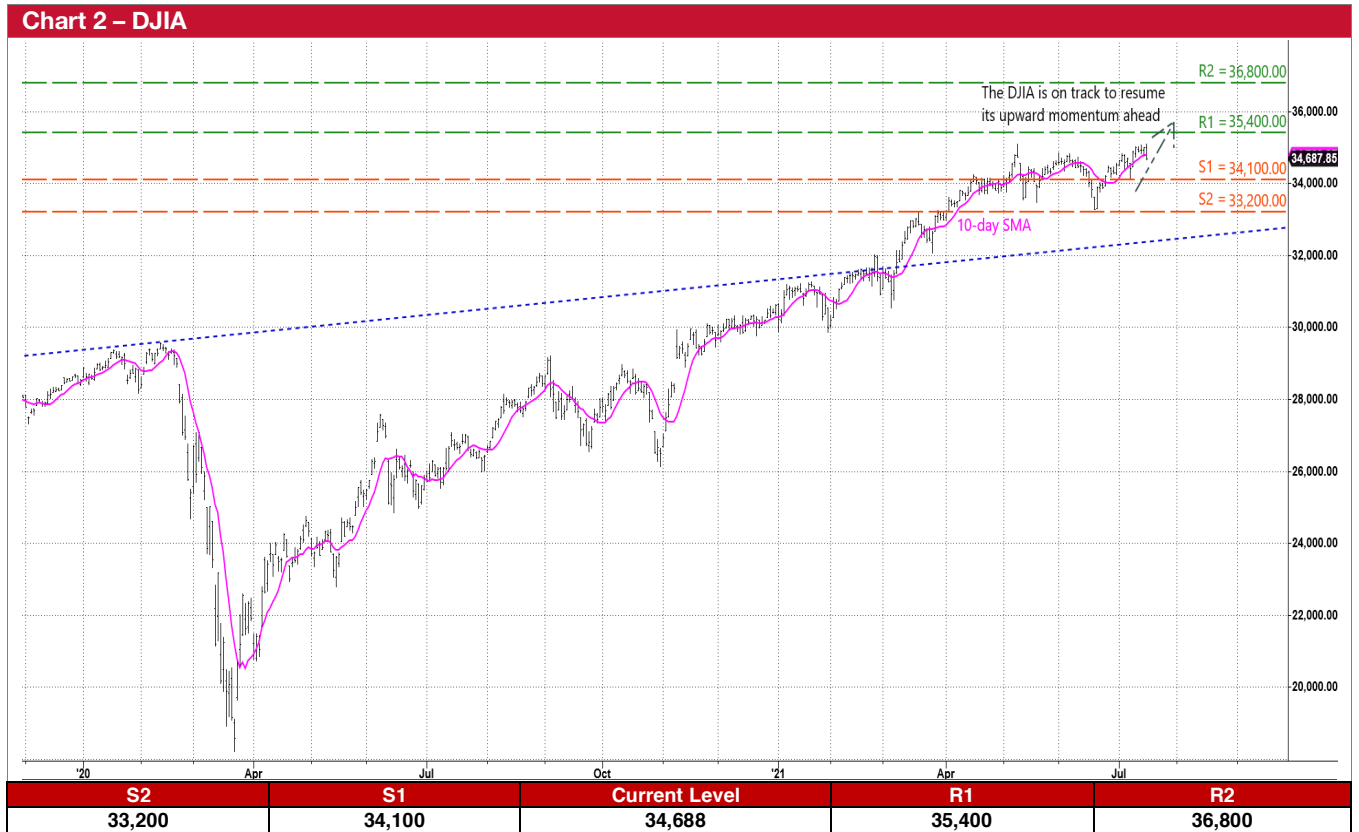
Over in the US, the DJIA may attempt to regain its momentum to extend the upward trajectory ahead. Our key support and resistance levels stay at 34,100 (S1) / 33,200 (S2) and 35,400 (R1) / 36,800 (R2), respectively.

Chart 1 – FBMKLCI



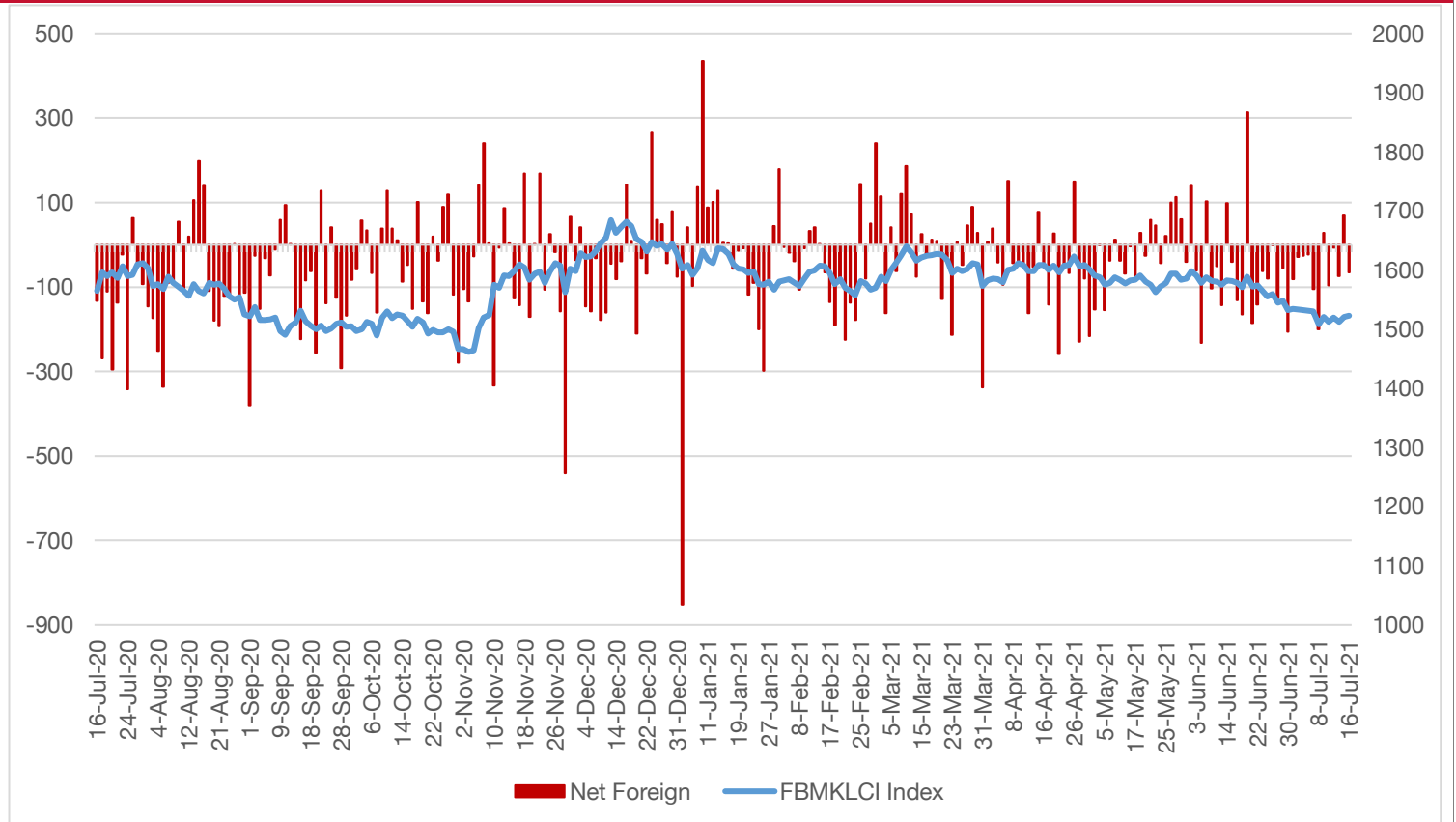
Source: Kenanga Research

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Net Foreign Trade Position vs FBMKLCI



Foreign investors remained net sellers with net outflows of RM173.9m last week compared to cumulative net outflows of RM324.0m in the prior week.

Source: Kenanga Research

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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 [^]	Date Status Fulfilled
			RM	RM	RM	%	%	RM	RM	RM			
SAMCHEM HOLDINGS BHD	22/6/2021	Trading Buy	0.83	0.94	0.73	13%	-12%	1.10x	0.84	0.70	0.74	SL Hit	30/6/2021
APEX HEALTHCARE BHD	22/6/2021	Trading Buy	3.15	3.56	2.78	13%	-12%	1.11x	3.20	2.89	2.90	Open	
SOLUTION GROUP BHD	23/6/2021	Trading Buy	1.18	1.36	1.03	15%	-13%	1.20x	1.21	1.02	1.04	SL Hit	28/6/2021
SUPERCOMNET TECHNOLOGIES BH	23/6/2021	Trading Buy	1.65	1.89	1.48	14%	-11%	1.36x	1.74	1.41	1.43	SL Hit	13/7/2021
BIMB HOLDINGS BHD	24/6/2021	Trading Buy	3.99	4.50	3.55	13%	-11%	1.16x	3.99	3.72	3.75	Open	
BERMAZ AUTO BHD	24/6/2021	Trading Buy	1.53	1.81	1.35	19%	-12%	1.60x	1.54	1.45	1.52	Open	
BP PLASTICS HOLDING BHD	25/6/2021	Trading Buy	1.65	1.88	1.45	14%	-12%	1.15x	2.01	1.58	1.85	TP Hit	13/7/2021
MALAYAN CEMENT BHD	25/6/2021	Trading Buy	2.95	3.30	2.63	12%	-11%	1.09x	2.95	2.73	2.74	Open	
MATRIX CONCEPTS HOLDINGS BHD	29/6/2021	Trading Buy	1.96	2.16	1.80	10%	-8%	1.25x	2.07	1.94	2.06	Open	
MALAKOFF CORP BHD	29/6/2021	Trading Buy	0.81	0.89	0.74	10%	-9%	1.14x	0.84	0.80	0.82	Open	
BUMI ARMADA BERHAD	30/6/2021	Trading Buy	0.44	0.51	0.38	16%	-14%	1.17x	0.48	0.43	0.43	Open	
KSL HOLDINGS BHD	30/6/2021	Trading Buy	0.59	0.67	0.52	14%	-12%	1.14x	0.63	0.58	0.61	Open	
TUNE PROTECT GROUP BHD	1/7/2021	Trading Buy	0.42	0.48	0.36	16%	-13%	1.18x	0.43	0.40	0.41	Open	
ASTRO MALAYSIA HOLDINGS BHD	1/7/2021	Trading Buy	1.11	1.40	1.00	26%	-10%	2.57x	1.19	1.11	1.15	Open	
THONG GUAN INDUSTRIES BHD	2/7/2021	Trading Buy	2.57	2.93	2.28	14%	-11%	1.24x	2.67	2.50	2.56	Open	
SCGM BHD	2/7/2021	Trading Buy	2.56	3.00	2.19	17%	-15%	1.18x	2.60	2.32	2.47	Open	
MOBILIA HOLDINGS BHD	6/7/2021	Trading Buy	0.43	0.50	0.37	16%	-14%	1.17x	0.48	0.41	0.47	Open	
FLEXIDYNAMIC HOLDINGS BERHAD	6/7/2021	Trading Buy	0.39	0.45	0.34	15%	-13%	1.20x	0.43	0.38	0.40	Open	
POH KONG HOLDINGS BHD	7/7/2021	Trading Buy	0.87	0.98	0.76	13%	-12%	1.10x	0.87	0.82	0.85	Open	
TOMEI CONSOLIDATED BHD	7/7/2021	Trading Buy	1.01	1.15	0.88	14%	-13%	1.08x	1.04	0.92	0.96	Open	
VELESTO ENERGY BHD	8/7/2021	Trading Buy	0.15	0.19	0.12	23%	-20%	1.17x	0.16	0.14	0.15	Open	
PADINI HOLDINGS BERHAD	8/7/2021	Trading Buy	2.79	3.20	2.42	15%	-13%	1.11x	2.81	2.74	2.79	Open	
QES GROUP BHD	9/7/2021	Trading Buy	0.84	0.90	0.78	8%	-7%	1.18x	0.87	0.78	0.85	SL Hit	13/7/2021
FRONTKEN CORP BHD	9/7/2021	Trading Buy	2.99	3.35	2.75	12%	-8%	1.50x	3.39	2.97	3.25	TP Hit	15/7/2021
BOUSTEAD PLANTATIONS BHD	13/7/2021	Trading Buy	0.60	0.69	0.52	15%	-13%	1.13x	0.62	0.60	0.60	Open	
JOHORE TIN BHD	13/7/2021	Trading Buy	1.55	1.75	1.36	13%	-12%	1.05x	1.56	1.51	1.55	Open	
OMESTI BHD	14/7/2021	Trading Buy	0.41	0.47	0.36	15%	-12%	1.20x	0.47	0.41	0.46	TP Hit	16/7/2021
MSM MALAYSIA HOLDINGS BHD	14/7/2021	Trading Buy	1.16	1.32	1.02	14%	-12%	1.14x	1.24	1.15	1.22	Open	
GLOMAC BHD	15/7/2021	Trading Buy	0.32	0.38	0.27	19%	-14%	1.33x	0.32	0.32	0.32	Open	
NWP HOLDINGS BHD	15/7/2021	Trading Buy	0.22	0.27	0.17	23%	-21%	1.11x	0.22	0.21	0.21	Open	
LOTTE CHEMICAL TITAN HOLDING	16/7/2021	Trading Buy	2.76	3.09	2.50	12%	-9%	1.27x	2.78	2.74	2.77	Open	
UNITED U-LI CORP BHD	16/7/2021	Trading Buy	1.12	1.28	1.00	14%	-11%	1.33x	1.17	1.12	1.13	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

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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KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
 Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my

