

02 August 2021

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Coming under renewed selling pressure, the Malaysian bourse could pull back deeper ahead. The benchmark FBMKLCI backpedalled last week to close at its intra-week low of 1,495 on Friday, which translates to a weekly loss of 28.8 points or 1.9%. On Wall Street, the DJIA retraced with a week-on-week dip of 126.1 points or 0.4% to finish at 34,935.

During the week, daily average trading volume on the local stock exchange shrank to 4.3b shares valued at RM2.6b, compared with the preceding week's average of 5.2b shares worth RM3.3b. In terms of weekly fund flows, domestic institutions and local retail investors were net buyers of shares (amounting to RM321m and RM259m, respectively), which absorbed the net selling flows of RM580m by foreign investors. This brought the net monthly foreign outflows to RM1.34b in July, continuing the net foreign selling spree of RM1.17b in June.

With the FBMKLCI already lost 2.5% last month, the market outlook for the coming month appears murky judging by its historical track record. Statistically, the key market bellwether has logged negative monthly returns for August in six of the last 10 years (including the most recent two years) with an average monthly return of minus 1.7% since 2011.

Hopefully though, we will get to witness some bright spots from a bottom-up perspective when listed companies release their latest quarterly earnings report cards this month. The week ahead will see the result announcements from the likes of Hartalega (on Tuesday), Pavilion REIT and MR D.I.Y. (both on Thursday) as well as SLP Resources (Friday). On the macro front, there will be an update on business sentiment survey when the Malaysia Manufacturing PMI data is out later today.

Meanwhile, investors will remain worried about the local Covid-19 situation (as the number of new daily cases is still high although the percentage of population already vaccinated continues to accelerate) and the precarious political landscape, both of which will likely weigh on the underlying market sentiment for the time being.

Technically speaking, after breaking below our previous support line of 1,510, notwithstanding last Friday's last-minute sell-down, the FBMKLCI is expected to show further weakness ahead. This follows the emergence of fresh bearish technical signals triggered by the parabolic downtrend pattern and falling momentum indicator. On the chart, the benchmark index could test our first support threshold of 1,475 (S1), a level where the key market bellwether had previously bounced off thrice between end-June and early November last year. Should S1 give way, the FBMKLCI may then slide towards our next support level of 1,440 (S2), which is where it was back in May last year. Our immediate support-turned-resistance line now stands at 1,510 (R1).

Over on Wall Street, still trading above the 10-day SMA line, the DJIA may regain its momentum to show a gradual upward bias. Our key support and resistance levels stay at 34,100 (S1) / 33,200 (S2) and 35,400 (R1) / 36,800 (R2), respectively.

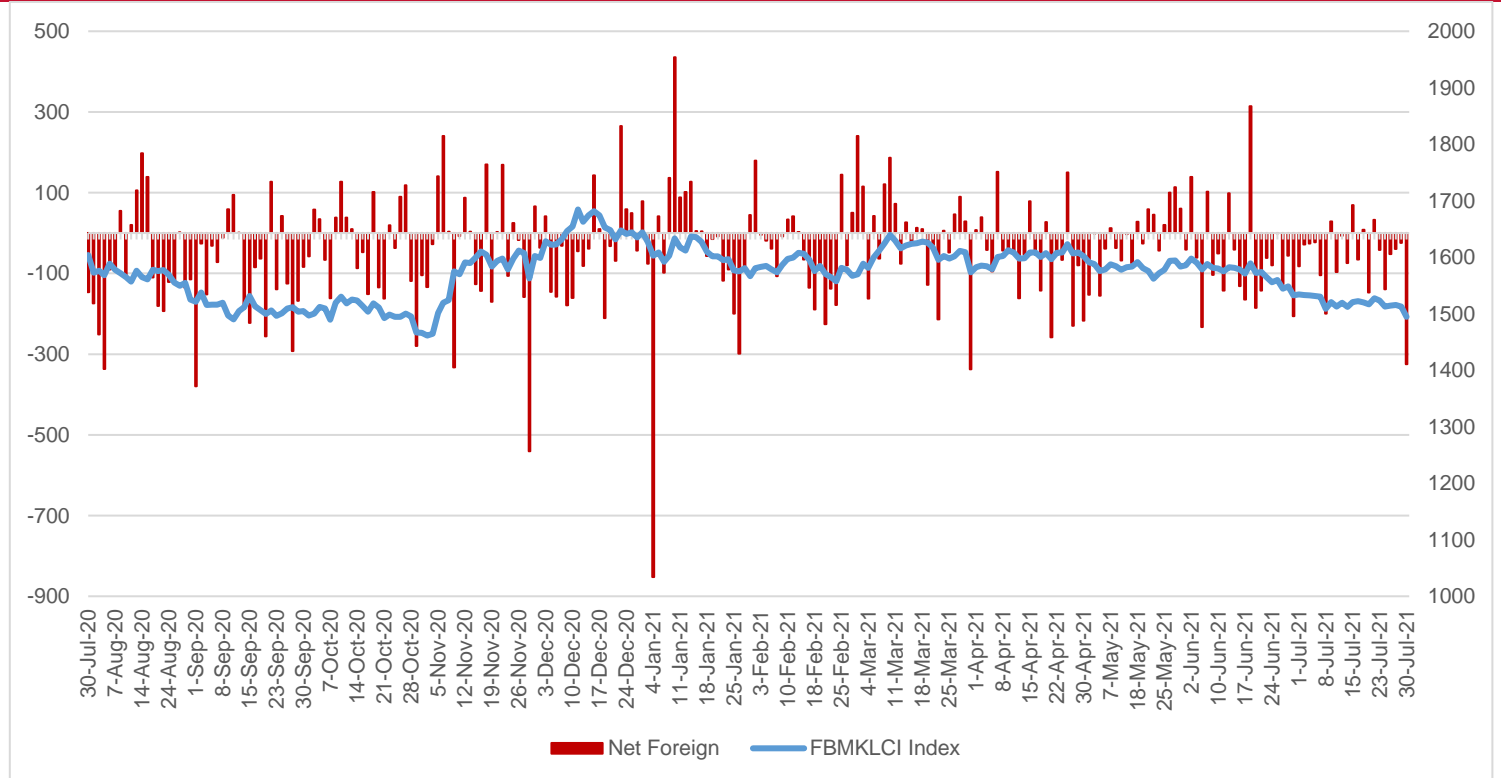


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Source: Kenanga Research

### Net Foreign Trade Position vs FBMKLCI



Foreign investors remained net sellers with net outflows of RM579.7m last week compared to cumulative net outflows of RM147.9m 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 <sup>^</sup>	Date Status Fulfilled
			RM	RM	RM	%	%	RM	RM	RM			
THONG GUAN INDUSTRIES BHD	02/07/2021	Trading Buy	2.56	2.93	2.28	14%	-11%	1.32x	2.66	2.48	2.50	Open	
SCGM BHD	02/07/2021	Trading Buy	2.56	3.00	2.19	17%	-15%	1.18x	2.60	2.30	2.32	Open	
MOBILIA HOLDINGS BHD	06/07/2021	Trading Buy	0.43	0.50	0.37	16%	-14%	1.17x	0.55	0.41	0.51	TP Hit	23/06/2021
FLEXIDYNAMIC HOLDINGS BERHAD	06/07/2021	Trading Buy	0.39	0.45	0.34	15%	-13%	1.20x	0.48	0.38	0.39	TP Hit	23/06/2021
POH KONG HOLDINGS BHD	07/07/2021	Trading Buy	0.87	0.98	0.76	13%	-12%	1.10x	0.87	0.81	0.84	Open	
TOMEI CONSOLIDATED BHD	07/07/2021	Trading Buy	1.01	1.15	0.88	14%	-13%	1.08x	1.04	0.92	0.96	Open	
VELESTO ENERGY BHD	08/07/2021	Trading Buy	0.15	0.19	0.12	23%	-20%	1.17x	0.16	0.14	0.14	Open	
PADINI HOLDINGS BERHAD	08/07/2021	Trading Buy	2.79	3.20	2.42	15%	-13%	1.11x	2.88	2.74	2.81	Open	
QES GROUP BHD	09/07/2021	Trading Buy	0.84	0.90	0.78	8%	-7%	1.18x	0.90	0.78	0.81	SL Hit	13/07/2021
FRONTKEN CORP BHD	09/07/2021	Trading Buy	2.99	3.35	2.75	12%	-8%	1.50x	3.39	2.97	3.25	TP Hit	15/07/2021
BOUSTEAD PLANTATIONS BHD	13/07/2021	Trading Buy	0.60	0.69	0.52	15%	-13%	1.13x	0.64	0.58	0.58	Open	
ABLE GLOBAL BHD	13/07/2021	Trading Buy	1.55	1.75	1.36	13%	-12%	1.05x	1.57	1.51	1.52	Open	
OMESTI BHD	14/07/2021	Trading Buy	0.41	0.47	0.36	15%	-12%	1.20x	0.52	0.41	0.46	TP Hit	16/07/2021
MSM MALAYSIA HOLDINGS BHD	14/07/2021	Trading Buy	1.16	1.32	1.02	14%	-12%	1.14x	1.41	1.15	1.26	TP Hit	19/07/2021
GLOMAC BHD	15/07/2021	Trading Buy	0.32	0.38	0.27	19%	-14%	1.33x	0.37	0.32	0.33	Open	
NWP HOLDINGS BHD	15/07/2021	Trading Buy	0.22	0.27	0.17	23%	-21%	1.11x	0.22	0.19	0.21	Open	
LOTTE CHEMICAL TITAN HOLDING	16/07/2021	Trading Buy	2.76	3.09	2.50	12%	-9%	1.27x	2.96	2.60	2.62	Open	
UNITED U-LI CORP BHD	16/07/2021	Trading Buy	1.12	1.28	1.00	14%	-11%	1.33x	1.19	1.06	1.10	Open	
7-ELEVEN MALAYSIA HOLDINGS B	21/07/2021	Trading Buy	1.47	1.65	1.31	12%	-11%	1.13x	1.56	1.45	1.52	Open	
SUNWAY BHD	21/07/2021	Trading Buy	1.73	1.93	1.56	12%	-10%	1.18x	1.75	1.69	1.70	Open	
SHIN YANG SHIPPING CORP BHD	22/07/2021	Trading Buy	0.35	0.43	0.27	25%	-22%	1.13x	0.36	0.33	0.33	Open	
JF TECHNOLOGY BHD	22/07/2021	Trading Buy	1.42	1.68	1.20	18%	-15%	1.18x	1.50	1.36	1.36	Open	
SUPERMAX CORP BHD	23/07/2021	Trading Buy	3.65	4.20	3.21	15%	-12%	1.25x	3.78	3.16	3.27	SL Hit	29/07/2021
SKP RESOURCES BHD	23/07/2021	Trading Buy	1.75	1.95	1.58	11%	-10%	1.18x	1.78	1.66	1.66	Open	
RGT BHD	27/07/2021	Trading Buy	0.35	0.41	0.30	17%	-14%	1.20x	0.40	0.35	0.35	Open	
MALAYAN FLOUR MILLS BHD	27/07/2021	Trading Buy	0.77	0.88	0.68	14%	-12%	1.22x	0.79	0.75	0.77	Open	
PESTECH INTERNATIONAL BHD	28/07/2021	Trading Buy	0.88	1.01	0.77	15%	-12%	1.29x	0.90	0.87	0.89	Open	
LYC HEALTHCARE BHD	28/07/2021	Trading Buy	0.32	0.37	0.26	17%	-17%	1.00x	0.32	0.29	0.30	Open	
MI TECHNOVATION BHD	29/07/2021	Trading Buy	3.80	4.42	3.34	16%	-12%	1.35x	3.92	3.68	3.89	Open	
ELSOFT RESEARCH BHD	29/07/2021	Trading Buy	0.85	0.99	0.73	17%	-14%	1.22x	0.88	0.81	0.87	Open	
ENGTEX GROUP BHD	30/07/2021	Trading Buy	0.67	0.76	0.60	14%	-10%	1.38x	0.69	0.66	0.67	Open	
CAB CAKARAN CORP BHD	30/07/2021	Trading Buy	0.47	0.55	0.40	17%	-15%	1.14x	0.48	0.47	0.48	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.

<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

Basic Technical Terms:

Reversal Candlesticks	Patterns	Description
<b>Doji</b> 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.
<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	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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