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Daily technical highlights – (PESTECH, VSTECs)

Daily Charting – PESTECH (Trading Buy)



About the Stock:		Key Support & Resistance Levels	
Name : Pestech International Bhd	52 Week High/Low : 1.43/0.65	Last Price : RM1.02	
Bursa Code : PESTECH	3-m Avg. Daily Vol. : 2,119,162	Resistance : RM1.15 (R1) RM1.24 (R2)	
CAT Code : 5219	Free Float (%) : 42%	Stop Loss : RM0.91	
Market Cap : RM776.4m	Beta vs. KLCI : 0.9		

Pestech International Berhad (Trading Buy)

- PESTECH’s main businesses are in power generation, transmission and distribution, management of related infrastructure, as well as rail electrification and signalling systems.
- After a strong FY21 (ended June 30) performance, when PESTECH achieved a core net profit of RM72.4m (+30% YoY), our fundamental research team is estimating PESTECH would achieve a net profit of RM75.7m (+5% YoY) in FY22 and RM87m (+15% YoY) in FY23, representing forward PERs of 10.3x and 8.9x respectively.
- In terms of corporate development, PESTECH has just announced a bonus issue exercise involving the issuance of 2 bonus shares and 1 warrant for every 8 existing shares held. This is expected to enhance the trading liquidity of the stock.
- Chart-wise, after correcting as much as c.40% from a high of RM1.43 in February this year, the stock has recently found support along the RM0.87 level. Since then, the stock has started to trend upwards gradually in August.
- And following the strong earnings announcement made last Friday, the stock gapped up with the previous day’s candlestick crossing above the 100-day SMA, signalling a probable start of an uptrend ahead.
- The bullish MACD and Parabolic SAR indicators are also showing strengthening momentum in the stock.
- Yesterday’s formation of a long-legged doji candlestick also suggests that any selling pressure has been met by steady buying interest to maintain its current price, thus laying the grounds for an ensuing rally.
- On its way up, we believe the share price could potentially challenge our resistance levels of RM1.15 (R1; 13% upside potential) and RM1.24 (R2; 22% upside potential).
- We have pegged our stop loss at RM0.91 (or an 11% downside risk), offering a risk-reward ratio of 1.18x.



About the Stock:		Key Support & Resistance Levels	
Name	: VSTECs Bhd	52 Week High/Low	: 1.53/0.84
Bursa Code	: VSTECs	3-m Avg. Daily Vol.	: 625,135
CAT Code	: 5162	Free Float (%)	: 26%
Market Cap	: RM474.8m	Beta vs. KLCI	: 1.0
		Last Price	: RM1.33
		Resistance	: RM1.50 (R1) RM1.60 (R2)
		Stop Loss	: RM1.19

VSTECs Berhad (Trading Buy)

- VSTECs distributes ICT products (ranging from notebooks, PCs, smartphones, tablets) as well as communication infrastructure servers and enterprise software systems.
- In FY Dec 20, VSTECs achieved a net profit of RM37m (+24% YoY) on the back of strong demand for work-from-home (WFH) devices such as laptops and tablets. The strong earnings momentum continued with 1HFY21 net profit surging 64% YoY to RM22.6m.
- Moving forward, VSTECs will likely ride on another source of income growth from the distribution and reselling of cloud services (from the likes of Alibaba) in Malaysia.
- Technically speaking, the stock has been forming an ascending price channel since September 2020.
- With the stock rebounding off the lower boundary of the channel yesterday, and the Heikin Ashi candles showing a potential trend reversal (following the formation of a green candle with long upper and lower wicks yesterday), the price uptrend is expected to persist.
- Furthermore, the stock is currently hovering above the 150-day SMA, lending further support to the price momentum.
- The stochastic indicator is also reversing from an oversold position. Since the emergence of the ascending channel, there has been three occasions where a recovery of the stochastic indicator from the oversold position has resulted in subsequent rallies in the share price. And with the MACD showing a waning downward momentum, we reckon the stock could be staging another rally ahead.
- We have identified resistance levels at RM1.50 (R1; 13% upside potential) and RM1.60 (R2; 20% upside potential).
- We have pegged our stop loss at RM1.19 (or a 11% downside risk), which sits comfortably below the two most recent swing lows.

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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 RM	Status [^]	Date Status Fulfilled
			RM	RM	RM	%	%		RM	RM			
INSAS BHD	03/08/2021	Trading Buy	0.88	1.00	0.77	14%	-13%	1.09x	1.06	0.87	1.01	TP Hit	24/08/2021
YTL POWER INTERNATIONAL BHD	03/08/2021	Trading Buy	0.70	0.79	0.62	13%	-11%	1.13x	0.72	0.68	0.72	Open	
TALIWORKS CORP BHD	04/08/2021	Trading Buy	0.86	0.96	0.77	12%	-10%	1.24x	0.86	0.83	0.85	Open	
YTL CORP BHD	04/08/2021	Trading Buy	0.62	0.69	0.56	11%	-10%	1.17x	0.68	0.61	0.66	Open	
TAS OFFSHORE BHD	05/08/2021	Trading Buy	0.32	0.38	0.27	19%	-16%	1.20x	0.33	0.30	0.30	Open	
POS MALAYSIA BERHAD	05/08/2021	Trading Buy	0.81	0.94	0.70	16%	-14%	1.18x	0.82	0.75	0.78	Open	
UMW HOLDINGS BHD	06/08/2021	Trading Buy	3.04	3.37	2.76	11%	-9%	1.18x	3.29	2.86	3.20	Open	
IOI PROPERTIES GROUP BHD	06/08/2021	Trading Buy	1.15	1.30	1.02	13%	-11%	1.15x	1.31	1.13	1.27	TP Hit	25/08/2021
EG INDUSTRIES BHD	11/08/2021	Trading Buy	0.63	0.74	0.55	17%	-13%	1.38x	0.68	0.59	0.60	Open	
STRAITS ENERGY RESOURCES BHD	11/08/2021	Trading Buy	0.21	0.24	0.18	17%	-15%	1.17x	0.21	0.20	0.20	Open	
HEXTAR INDUSTRIES BHD	12/08/2021	Trading Buy	0.36	0.42	0.31	17%	-14%	1.20x	0.38	0.30	0.31	SL Hit	2/09/2021
ATA IMS BHD	12/08/2021	Trading Buy	2.74	3.14	2.39	15%	-13%	1.14x	2.83	2.53	2.53	Open	
ASTRO MALAYSIA HOLDINGS BHD	13/08/2021	Trading Buy	1.09	1.22	1.00	12%	-8%	1.44x	1.13	1.07	1.09	Open	
WCT HOLDINGS BHD	13/08/2021	Trading Buy	0.52	0.58	0.47	13%	-9%	1.44x	0.56	0.51	0.55	Open	
MSM MALAYSIA HOLDINGS BHD	17/08/2021	Trading Sell	1.61	1.39	1.81	-14%	-12%	1.21x	1.64	1.38	1.56	TP Hit	25/08/2021
JHM CONSOLIDATION BHD	17/08/2021	Trading Sell	2.14	1.86	2.40	13%	-12%	1.08x	2.26	2.00	2.00	Open	
SUNWAY REAL ESTATE INVESTMEN	18/08/2021	Trading Buy	1.41	1.53	1.31	9%	-7%	1.20x	1.47	1.40	1.43	Open	
IGB REAL ESTATE INVESTMENT T	18/08/2021	Trading Buy	1.67	1.80	1.55	8%	-7%	1.08x	1.72	1.66	1.71	Open	
OPCOM HOLDINGS BHD	19/08/2021	Trading Buy	0.55	0.63	0.47	15%	-14%	1.07x	0.57	0.51	0.52	Open	
MY EG SERVICES BHD	19/08/2021	Trading Buy	1.65	1.86	1.48	13%	-10%	1.24x	1.97	1.64	1.91	TP Hit	23/08/2021

* 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.

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			RM	RM	RM	%	%	RM	RM	RM			
DUOPHARMA BIOTECH BHD	20/08/2021	Trading Buy	2.61	2.90	2.33	11%	-11%	1.07x	2.65	2.47	2.61	Open	
GAMUDA BHD	20/08/2021	Trading Buy	2.80	3.13	2.52	12%	-10%	1.18x	3.12	2.79	3.08	Open	
HEITECH PADU BHD	24/08/2021	Trading Buy	1.34	1.52	1.18	13%	-12%	1.13x	1.40	1.33	1.36	Open	
MMS VENTURES BHD	24/08/2021	Trading Buy	0.93	1.05	0.83	14%	-10%	1.32x	0.96	0.91	0.93	Open	
SAMCHEM HOLDINGS BHD	25/08/2021	Trading Buy	0.75	0.85	0.65	14%	-13%	1.05x	0.82	0.75	0.77	Open	
CCK CONSOLIDATED HOLDINGS BH	25/08/2021	Trading Buy	0.60	0.70	0.51	18%	-14%	1.24x	0.62	0.57	0.57	Open	
BUMI ARMADA BERHAD	26/08/2021	Trading Buy	0.42	0.48	0.37	14%	-12%	1.20x	0.46	0.42	0.45	Open	
AMMB HOLDINGS BHD	26/08/2021	Trading Buy	3.00	3.30	2.79	10%	-7%	1.43x	3.26	2.98	3.24	Open	
SOLARVEST HOLDINGS BHD	27/08/2021	Trading Buy	1.36	1.54	1.21	13%	-11%	1.20x	1.40	1.33	1.37	Open	
SARAWAK OIL PALMS BERHAD	27/08/2021	Trading Buy	3.76	4.21	3.33	12%	-11%	1.05x	3.82	3.60	3.63	Open	
HEXZA CORP BHD	01/09/2021	Trading Buy	1.04	1.16	0.94	12%	-10%	1.20x	1.08	1.05	1.07	Open	
JAG BHD	01/09/2021	Trading Buy	0.35	0.40	0.30	14%	-14%	1.00x	0.36	0.34	0.36	Open	
EWEIN BHD	02/09/2021	Trading Buy	0.39	0.46	0.32	19%	-17%	1.15x	0.41	0.39	0.41	Open	
WAH SEONG CORP BHD	02/09/2021	Trading Buy	0.67	0.79	0.57	17%	-15%	1.15x	0.68	0.65	0.66	Open	

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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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