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Daily technical highlights – (REDTONE, GAMUDA)

Daily Charting – REDTONE (Trading Buy)



| About the Stock: | | Key Support & Resistance Levels | |
|-------------------|-----------------------|---------------------------------|---------------------------|
| Name | : Redtone Digital Bhd | 52 Week High/Low | : 0.52/0.30 |
| Bursa Code | : REDTONE | 3-m Avg. Daily Vol. | : 1,164,408 |
| CAT Code | : 0032 | Free Float (%) | : 31% |
| Market Cap | : RM378.7m | Beta vs. KLCI | : 1.1 |
| | | Last Price | : RM0.49 |
| | | Resistance | : RM0.56 (R1) RM0.60 (R2) |
| | | Stop Loss | : RM0.43 |

Redtone Digital Berhad (Trading Buy)

- After bottoming out at RM0.295 in November last year, REDTONE’s share price has been forming higher lows, indicating sustained buying interest at rising price levels.
- Since the stock broke above the 125-day SMA in February this year, it has trod above the dynamic support line with recent swing lows finding support along the way, suggesting that the long-term uptrend is intact.
- The MACD indicator is also signalling that the upward momentum will likely continue in the near term.
- With the Heikin Ashi candles signalling strengthening momentum too, an anticipated upward movement in the share price could challenge our resistance levels of RM0.56 (R1; 14% upside potential) and RM0.60 (R2; 22% upside potential).
- We have pegged our stop loss at RM0.43 (or a 12% downside risk).
- Fundamentally speaking, REDTONE is a provider of telecommunications and digital infrastructure services, offering data, voice and managed telecommunications network services to the government, enterprises and SMEs.
- In FY June 21, it earned a net profit of RM25m (-21% YoY) mainly due to weaker contributions from the telco services segment, which was hit by loss of customers from the hospitality and leisure sectors. Kenanga’s research team has forecasted that the group will post net earnings of RM30m in FYE June 22 and RM34m in FYE June 23, which translate to forward PERs of 12.8x and 11.3x, respectively.
- Looking ahead, as a participant in the government-led RM4.6b JENDELA Phase 1 tender and having won a market share of 25-70% of previous large-scale government projects, REDTONE is well-positioned to secure at least some of the upcoming JENDELA contracts. Should REDTONE be among the winners of the tender, which will likely be announced in the next 4 weeks, this is expected to give the stock price a boost.
- Aside from JENDELA, REDTONE also stands to benefit from Malaysia’s 5G network rollout as it: (i) may clinch more engineering jobs for 5G sites, and (ii) can offer 5G-enabled connectivity services.



| About the Stock: | | Key Support & Resistance Levels | |
|--------------------------------|--|---|--|
| Name : Gamuda Bhd | 52 Week High/Low : 4.00/2.60 | Last Price : RM3.07 | |
| Bursa Code : GAMUDA | 3-m Avg. Daily Vol. : 2,497,654 | Resistance : RM3.45 (R1) RM3.59 (R2) | |
| CAT Code : 5398 | Free Float (%) : 48% | Stop Loss : RM2.73 | |
| Market Cap : RM7,716.5m | Beta vs. KLCI : 1.2 | | |

Gamuda Bhd (Trading Buy)

- GAMUDA is Malaysia’s leading engineering, infrastructure and property group.
- In FY July 20, GAMUDA achieved a core net profit of RM520m (-28% YoY). Looking ahead, consensus is expecting GAMUDA to achieve a net profit of RM489m (-6% YoY) in FY July 21, mainly due to lower construction and property progress billings, as well as weaker tolled highway traffic flows, before increasing to RM595m (+22% YoY) in FY July 22. These translate to forward PERs of 16x and 13x, respectively.
- With its FY July 21 results slated to be announced on September 29, we believe that the weaker earnings expectations have already been priced in as investors look ahead to a year of recovery.
- In terms of news flow, we believe that the Prime Minister’s tabling of the 12th Malaysia Plan (12MP) in Parliament next Monday (September 27) – which may mention a list of upcoming mega infrastructure projects to pump prime the economy – could give a boost to construction stocks such as GAMUDA. Thus, we think it is timely now for investors to accumulate its shares ahead of the 12MP announcement.
- Technically speaking, the stock has formed a lower low in mid-August, which hit a bottom at RM2.60. Since then, the stock has rallied as much as 24% in less than a month before correcting subsequently to form a higher low of RM2.95, thus signalling an end of the downtrend that began in April 2021.
- The strong price rally also broke above the 50-day SMA. And with the latest swing low sitting comfortably above the 50-day SMA, the stock could be resuming its uptrend ahead.
- In addition, the MACD indicator shows that the downward momentum from the recent correction is waning while the stochastic indicator is reversing from an oversold position.
- With the aforementioned bullish signals, an anticipated upward movement in the share price could potentially challenge our resistance levels of RM3.45 (R1; 12% upside potential) and RM3.59 (R2; 17% upside potential).
- We have pegged our stop loss at RM2.73 (or an 11% downside risk).

24 September 2021

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 | | | |
| HEITECH PADU BHD | 24/08/2021 | Trading Buy | 1.34 | 1.52 | 1.18 | 13% | -12% | 1.13x | 1.40 | 1.29 | 1.33 | Open | |
| MMS VENTURES BHD | 24/08/2021 | Trading Buy | 0.92 | 1.05 | 0.83 | 15% | -9% | 1.53x | 1.17 | 0.90 | 1.13 | TP Hit | 06/09/2021 |
| SAMCHEM HOLDINGS BHD | 25/08/2021 | Trading Buy | 0.74 | 0.85 | 0.65 | 15% | -12% | 1.25x | 0.86 | 0.75 | 0.83 | TP Hit | 13/09/2021 |
| CCK CONSOLIDATED HOLDINGS BH | 25/08/2021 | Trading Buy | 0.60 | 0.70 | 0.51 | 18% | -14% | 1.24x | 0.62 | 0.57 | 0.58 | Open | |
| BUMI ARMADA BERHAD | 26/08/2021 | Trading Buy | 0.42 | 0.48 | 0.37 | 14% | -12% | 1.20x | 0.47 | 0.42 | 0.43 | Open | |
| AMMB HOLDINGS BHD | 26/08/2021 | Trading Buy | 3.00 | 3.30 | 2.79 | 10% | -7% | 1.43x | 3.35 | 2.98 | 3.18 | TP Hit | 06/09/2021 |
| SOLARVEST HOLDINGS BHD | 27/08/2021 | Trading Buy | 1.36 | 1.54 | 1.21 | 13% | -11% | 1.20x | 1.40 | 1.24 | 1.31 | Open | |
| SARAWAK OIL PALMS BERHAD | 27/08/2021 | Trading Buy | 3.76 | 4.21 | 3.33 | 12% | -11% | 1.05x | 3.82 | 3.45 | 3.50 | Open | |
| HEXZA CORP BHD | 01/09/2021 | Trading Buy | 1.04 | 1.16 | 0.94 | 12% | -10% | 1.20x | 1.09 | 1.03 | 1.05 | Open | |
| JAG BHD | 01/09/2021 | Trading Buy | 0.35 | 0.40 | 0.30 | 14% | -14% | 1.00x | 0.38 | 0.33 | 0.34 | Open | |
| EWEIN BHD | 02/09/2021 | Trading Buy | 0.35 | 0.46 | 0.32 | 31% | -9% | 3.38x | 0.40 | 0.31 | 0.34 | SL Hit | 21/09/2021 |
| WAH SEONG CORP BHD | 02/09/2021 | Trading Buy | 0.67 | 0.79 | 0.57 | 17% | -15% | 1.15x | 0.71 | 0.64 | 0.65 | Open | |
| PESTECH INTERNATIONAL BHD | 03/09/2021 | Trading Buy | 1.02 | 1.15 | 0.91 | 13% | -11% | 1.18x | 1.13 | 0.99 | 1.05 | Open | |
| VSTEGS BHD | 03/09/2021 | Trading Buy | 1.33 | 1.50 | 1.19 | 13% | -11% | 1.21x | 1.35 | 1.21 | 1.29 | Open | |
| GLOBETRONICS TECHNOLOGY BHD | 07/09/2021 | Trading Buy | 2.14 | 2.45 | 1.90 | 14% | -11% | 1.29x | 2.18 | 2.07 | 2.11 | Open | |
| MCLEAN TECHNOLOGIES BHD | 07/09/2021 | Trading Buy | 0.42 | 0.50 | 0.35 | 19% | -17% | 1.14x | 0.42 | 0.38 | 0.40 | Open | |
| HIL INDUSTRIES BERHAD | 08/09/2021 | Trading Buy | 0.97 | 1.10 | 0.85 | 13% | -12% | 1.08x | 1.12 | 0.93 | 0.95 | TP Hit | 08/09/2021 |
| FOUNDPAC GROUP BHD | 08/09/2021 | Trading Buy | 0.80 | 0.91 | 0.70 | 14% | -12% | 1.21x | 0.82 | 0.77 | 0.80 | Open | |
| CYPARK RESOURCES BHD | 09/09/2021 | Trading Buy | 1.00 | 1.12 | 0.89 | 12% | -11% | 1.09x | 1.05 | 0.96 | 0.99 | Open | |
| TH PLANTATIONS BHD | 09/09/2021 | Trading Buy | 0.56 | 0.66 | 0.49 | 17% | -13% | 1.36x | 0.58 | 0.51 | 0.54 | Open | |

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|-----------------------------|-----------------|-------------|------------|-------------------|----------------------|-----------------------|--------------------|----------------------|------------------------|-----------------------|---------------|---------------------|-----------------------|
| | | | RM | RM | RM | % | % | | RM | RM | | | |
| MALYSIAN BULK CARRIERS BHD | 10/09/2021 | Trading Buy | 0.75 | 0.85 | 0.66 | 13% | -12% | 1.11x | 0.77 | 0.68 | 0.69 | Open | |
| MYNEWS HOLDINGS BHD | 10/09/2021 | Trading Buy | 0.92 | 1.03 | 0.81 | 13% | -11% | 1.10x | 0.93 | 0.85 | 0.87 | Open | |
| MALAYSIA SMELTING CORP BHD | 14/09/2021 | Trading Buy | 2.33 | 2.70 | 2.00 | 16% | -14% | 1.12x | 2.38 | 2.10 | 2.23 | Open | |
| OPENSYS M BHD | 14/09/2021 | Trading Buy | 0.42 | 0.50 | 0.36 | 19% | -14% | 1.33x | 0.47 | 0.41 | 0.44 | Open | |
| BINASAT COMMUNICATIONS BHD | 15/09/2021 | Trading Buy | 0.34 | 0.40 | 0.28 | 18% | -18% | 1.00x | 0.47 | 0.34 | 0.38 | TP Hit | 22/09/2021 |
| DRB-HICOM BHD | 15/09/2021 | Trading Buy | 1.61 | 1.82 | 1.43 | 13% | -11% | 1.17x | 1.63 | 1.58 | 1.62 | Open | |
| MALAYAN FLOUR MILLS BHD | 17/09/2021 | Trading Buy | 0.85 | 0.95 | 0.76 | 12% | -11% | 1.11x | 0.85 | 0.78 | 0.80 | Open | |
| ASTRO MALAYSIA HOLDINGS BHD | 17/09/2021 | Trading Buy | 1.09 | 1.22 | 0.98 | 12% | -10% | 1.18x | 1.10 | 1.03 | 1.03 | Open | |
| SOUTHERN CABLE GROUP BHD | 21/09/2021 | Trading Buy | 0.45 | 0.52 | 0.39 | 16% | -13% | 1.17x | 0.49 | 0.45 | 0.46 | Open | |
| POWER ROOT BHD | 21/09/2021 | Trading Buy | 1.31 | 1.50 | 1.17 | 15% | -11% | 1.36x | 1.35 | 1.30 | 1.33 | Open | |
| HEXTAR INDUSTRIES BHD | 22/09/2021 | Trading Buy | 0.25 | 0.30 | 0.21 | 20% | -16% | 1.25x | 0.29 | 0.25 | 0.29 | Open | |
| REX INDUSTRY BERHAD | 22/09/2021 | Trading Buy | 0.24 | 0.27 | 0.20 | 15% | -15% | 1.00x | 0.26 | 0.24 | 0.26 | Open | |
| OOCK GROUP BHD | 23/09/2021 | Trading Buy | 0.51 | 0.57 | 0.46 | 12% | -11% | 1.09x | 0.53 | 0.49 | 0.49 | Open | |
| PADINI HOLDINGS BERHAD | 23/09/2021 | Trading Buy | 3.08 | 3.47 | 2.77 | 13% | -10% | 1.26x | 3.09 | 3.02 | 3.05 | 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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