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Continuing from where it left off, the Malaysian bourse may remain under selling pressure for the time being. The benchmark FBMKLCI backtracked last week, slipping to a low of 1,532 before settling at 1,543 last Friday. This represents a weekly drop of 24.4 points or 1.6%. On Wall Street, the DJIA lost 106.6 points or 0.3% week-on-week to close at 36,232.

Finishing in positive territory during the week though were the mid-, small- and micro-caps – as tracked by the FBM 70 Index (+0.8%), the FBM Small Cap Index (+1.6%), the FBM Fledgling Index (+3.5%) and the FBM ACE Index (+4.2%) – with gainers outnumbering losers on the local stock market in four of the five trading days.

Trading activity picked up from a daily average of 2.3b shares worth RM1.6b the prior week to 3.6b shares valued at RM1.8b. The week saw marginal fund flow movements with domestic institutions posting net buying trades (of RM104m) while foreigners and local retail investors were net sellers (amounting to RM62m and RM42m, respectively).

As we enter the second trading week of 2022, news flows are expected to be fairly thin. The calendar of events includes the November Industrial Production Index and the December palm oil industry statistics (both scheduled for release today). Separately, investor sentiment will likely be dictated by overseas developments, particularly regarding the economic implications arising from the Covid-19 situation (following a surge of new cases linked to the more transmissible Omicron variant) and widening talks of quicker-than-anticipated interest rate hikes (to combat rising inflation) by central bankers.

From a technical standpoint, the key FBMKLCI may still face a bit more downside risk ahead based on the negative signals generated by both the Bollinger Band (after seeing the index crossing back below the upper band) and the RSI indicator (which is in the midst of unwinding from an overbought position). With that, the FBMKLCI could show a downward bias towards our immediate support threshold of 1,510 (S1). We have pegged our first support-turned-resistance hurdle at 1,550 (R1). Yet, the upbeat performance by the small- and micro-caps in the first trading week of the year may inspire especially the retail investors to hunt for stock trading ideas going forward.

In the US, with the medium-term uptrend pattern remaining intact, the DJIA will probably continue its attempt to chart higher highs next. Our immediate support and resistance levels are kept at 35,400 (S1) and 36,800 (R1), respectively.

Chart 1 – FBMKLCI

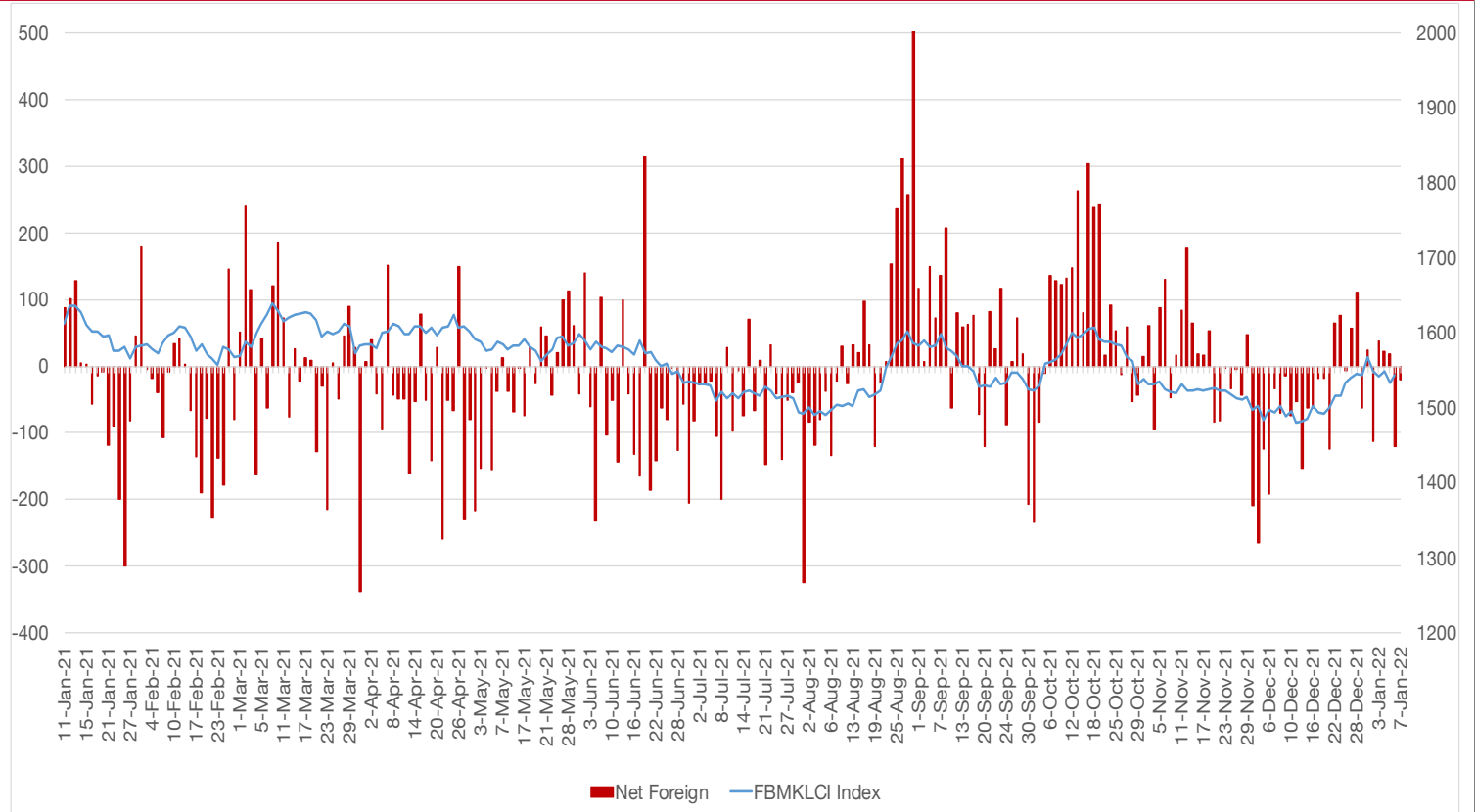


Source: Kenanga Research

10 January 2022



Net Foreign Trade Position vs FBMKLCI



Foreign investors turned marginal net sellers with net outflows of RM62.2m last week compared to cumulative net inflows of RM17.8m in the prior week.

Source: Kenanga Research

10 January 2022

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
FM GLOBAL LOGISTICS HOLDINGS	10/12/2021	Trading Buy	0.87	0.97	0.77	12%	-11%	1.11x	0.92	0.84	0.89	Open	
ECONPILE HOLDINGS BHD	10/12/2021	Trading Buy	0.33	0.38	0.29	14%	-12%	1.13x	0.35	0.31	0.35	Open	
MALYSIAN BULK CARRIERS BHD	14/12/2021	Trading Buy	0.51	0.60	0.43	18%	-16%	1.13x	0.58	0.50	0.57	Open	
POWER ROOT BHD	14/12/2021	Trading Buy	1.36	1.51	1.22	11%	-10%	1.07x	1.37	1.33	1.35	Open	
PAVILION REAL ESTATE INVEST	15/12/2021	Trading Buy	1.26	1.40	1.15	11%	-9%	1.27x	1.30	1.23	1.25	Open	
YTL HOSPITALITY REIT	15/12/2021	Trading Buy	0.92	1.01	0.83	10%	-9%	1.12x	0.94	0.90	0.92	Open	
REVENUE GROUP BHD	16/12/2021	Trading Buy	1.50	1.75	1.31	17%	-13%	1.32x	1.57	1.43	1.50	Open	
MIECO CHIPBOARD BERHAD	16/12/2021	Trading Buy	0.50	0.57	0.43	15%	-14%	1.07x	0.59	0.47	0.58	TP Hit	28/12/2021
CTOS DIGITAL BHD	17/12/2021	Trading Buy	1.75	1.98	1.53	13%	-13%	1.05x	1.96	1.71	1.93	Open	
DIALOG GROUP BHD	17/12/2021	Trading Buy	2.46	2.78	2.18	13%	-11%	1.14x	2.72	2.36	2.70	Open	
HARBOUR-LINK GROUP BHD	21/12/2021	Trading Buy	1.17	1.34	1.05	15%	-10%	1.52x	1.32	1.13	1.27	Open	
SHIN YANG SHIPPING CORP BHD	21/12/2021	Trading Buy	0.32	0.36	0.28	13%	-13%	1.00x	0.35	0.32	0.35	Open	
NOVA WELLNESS GROUP BHD	22/12/2021	Trading Buy	0.98	1.11	0.85	14%	-13%	1.08x	1.06	0.96	1.06	Open	
UNITED U-LI CORP BHD	22/12/2021	Trading Buy	1.30	1.47	1.14	13%	-12%	1.06x	1.34	1.23	1.29	Open	
OPTIMAX HOLDINGS BHD	23/12/2021	Trading Buy	1.38	1.56	1.21	13%	-12%	1.06x	1.40	1.23	1.24	Open	
GENTING MALAYSIA BHD	23/12/2021	Trading Buy	2.81	3.13	2.52	11%	-10%	1.10x	2.97	2.81	2.89	Open	
AXIATA GROUP BERHAD	24/12/2021	Trading Buy	3.69	4.05	3.34	10%	-9%	1.03x	4.16	3.67	3.84	TP Hit	31/12/2021
SYARIKAT TAKAFUL MALAYSIA KE #	24/12/2021	Trading Buy	3.64	4.00	3.35	10%	-8%	1.26x	3.72	3.54	3.70	Open	
OPCOM HOLDINGS BHD	4/1/2022	Trading Buy	0.99	1.15	0.85	16%	-14%	1.14x	1.03	0.94	0.95	Open	
BINASAT COMMUNICATIONS BHD	4/1/2022	Trading Buy	0.32	0.36	0.27	14%	-14%	1.00x	0.33	0.31	0.33	Open	
INSAS BHD	5/1/2022	Trading Buy	0.96	1.05	0.87	10%	-9%	1.12x	0.99	0.96	0.96	Open	
JHM CONSOLIDATION BHD	5/1/2022	Trading Buy	1.77	2.03	1.53	15%	-14%	1.08x	1.87	1.76	1.84	Open	
BP PLASTICS HOLDING BHD	6/1/2022	Trading Buy	1.58	1.85	1.38	17%	-13%	1.35x	1.60	1.55	1.57	Open	
SIME DARBY PROPERTY BHD	6/1/2022	Trading Buy	0.63	0.73	0.55	16%	-13%	1.25x	0.63	0.62	0.62	Open	
SOUTHERN STEEL BERHAD	7/1/2022	Trading Buy	0.82	0.94	0.72	15%	-12%	1.20x	0.84	0.82	0.84	Open	
ABLE GLOBAL BHD	7/1/2022	Trading Buy	1.66	1.86	1.48	12%	-11%	1.11x	1.67	1.64	1.64	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.

Stock has traded ex-entitlement for DPS of 12 sen on 29 Dec 2021.

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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