

09 May 2022

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Sell in May and go away? Investors may be heeding this old investment adage this time around. Following an extended festive break, they returned and sold down Malaysia equities as the benchmark FBMKLCI backslid before closing (near its intra-week low) at 1,564 last Friday. This represents a cumulative loss of 36.1 points or 2.3% over the two trading days. Meanwhile in the US, after witnessing a volatile performance, the DJIA finished at 32,899, down 77.8 points or 0.2% week-on-week.

The holiday-shortened week saw the local stock market registering daily average turnover of 2.9b shares in volume and RM2.4b in value, versus the preceding week's average of 2.6b shares worth RM2.1b. Amid the global equities sell-off, foreign investors turned net sellers on both days with net weekly outflows of RM366m after accumulating net inflows of RM826m for the whole of April. On the flip side, local retail investors and domestic institutions logged net weekly buying flows amounting to RM203m and RM163m, respectively.

Plenty of news flows to keep investors occupied for the week ahead. The calendar of events includes: (i) the publication of the March industrial production index tomorrow, (ii) the issue of April palm oil industry statistics (also due tomorrow), (iii) the outcome of Bank Negara Malaysia's monetary policy committee meeting on Wednesday, (iv) the MSCI semi-annual index review to be announced on Thursday, and (v) the release of Malaysia's 1Q 2022 economic report on Friday.

On the corporate front, the attention will be on Serba Dinamik as trading in its shares will resume today after a long suspension period since 22 October last year. Separately, the likes of Hartalega and SLP Resources (both on Tuesday), Heineken Malaysia (on Wednesday) as well as Mr D.I.Y. Group (on Friday) are scheduled to unveil their latest quarterly earnings performance.

Following last week's market sell-down, sentiment is expected to stay weak for the time being. Investors may turn defensive-minded after encountering an almost across the board selling, which slammed the big caps (with the FBMKLCI down 2.3% last week) as well as the mid-, small- and micro- caps – as tracked by the losses suffered by the FBM70 Index (-2.8%), the FBM Small Cap Index (-1.1%), the FBM Fledgling Index (-1.7%) and the FBM ACE Index (-1.5%). By sector, the worst hit indices during the week were technology (down 4.8%), plantation (-3.3%) and industrial products & services (-2.8%) while only energy (+2.9%) and REIT (+0.9%) ended in the green last week.

From a charting standpoint, the FBMKLCI – following its retracement to 1,564 last Friday – is now back to where it was in mid-March this year. And continuing from where it left off last week, the selling momentum is expected to force the key market barometer to retreat further. Based on the negative technical signals generated by the DMI Plus crossing below the DMI Minus and the ongoing unwinding of the stochastic indicator from an overbought territory, the FBMKLCI could pull back deeper to test our immediate support level of 1,550 (S1). Should S1 give way, our next support threshold currently stands at 1,510 (S2). On the upside, any intermittent technical rebound will likely be capped at our support-turned-resistance hurdle of 1,600 (R1).

On Wall Street, against a volatile market backdrop, the DJIA may see a relief bounce-up as both the RSI and stochastic indicators climb out from their oversold areas, although its technical outlook beyond the near term remains wobbly at this juncture. We have adjusted our first support and resistance lines for the bellwether to 32,350 (S1) and 33,200 (R1), respectively.



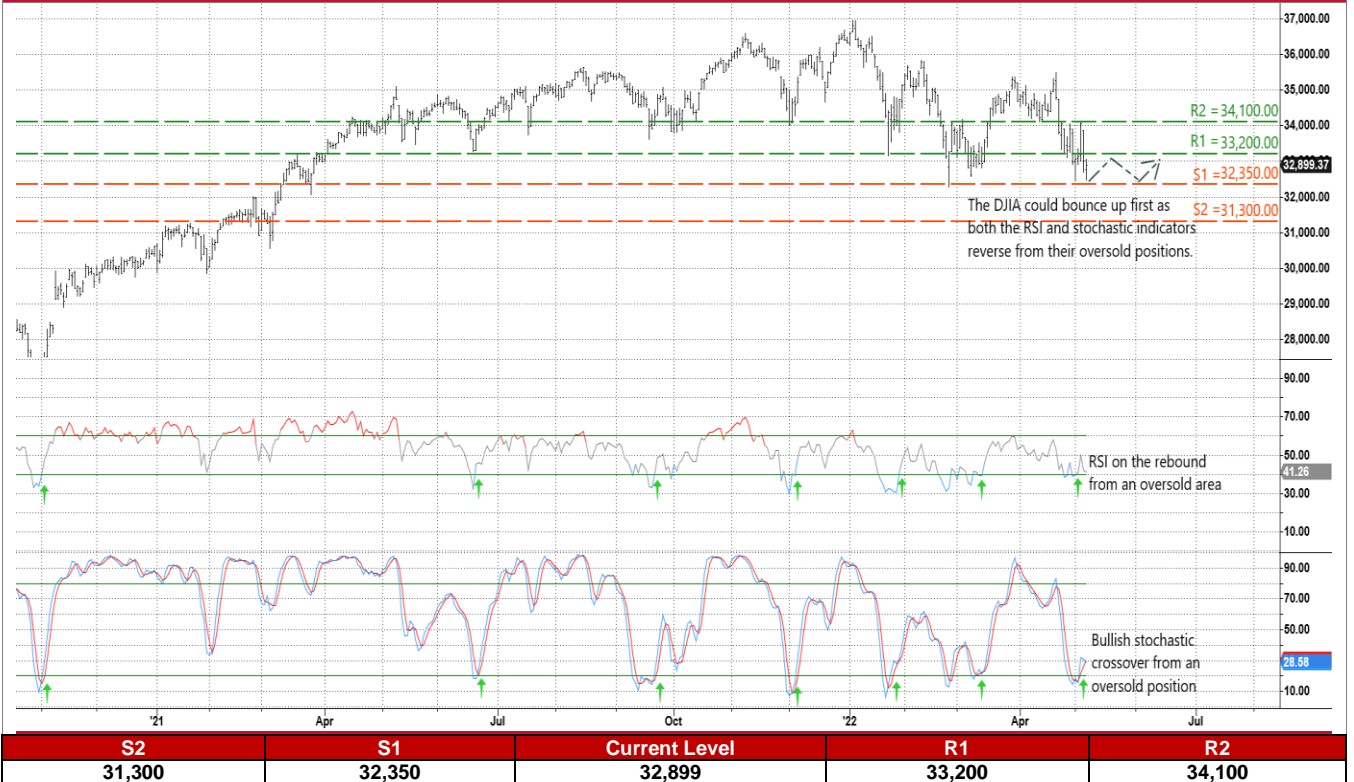
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Chart 1 – FBMKLCI



Source: Kenanga Research

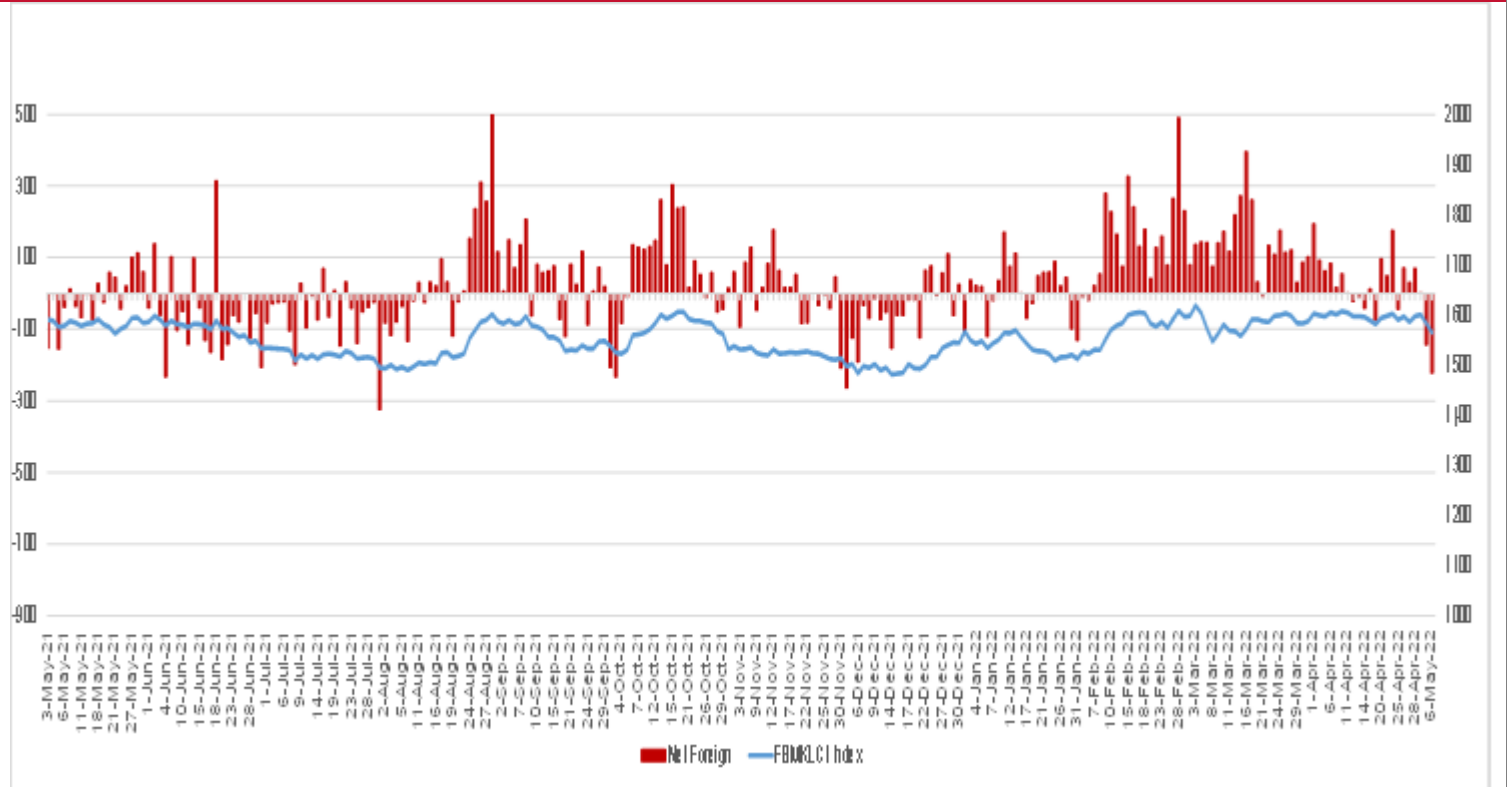
Chart 2 – DJIA



Source: Kenanga Research

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Net Foreign Trade Position vs FBMKLCI



Foreign investors turned net sellers with net loss outflows of RM365.7 m last week compared to cumulative net inflows of RM131.2m in the prior week.

Source: Kenanga Research

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## STOCK CALL MONITOR\*




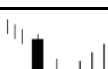
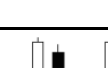


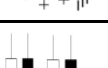
Stock Name	Issue Date (ID)	Rating	Price @ ID	Target Price (TP)	Stop Loss Price (SL)	Upside Potential @ ID	Downside Risk @ ID	Risk to Reward Ratio	Highest Price since ID	Lowest Price since ID	Last Price	Status <sup>^</sup>	Date Status Fulfilled
			RM	RM	RM	%	%	RM	RM	RM			
LION INDUSTRIES CORP BHD	12/4/2022	Trading Buy	0.61	0.71	0.52	16%	-15%	1.11x	0.67	0.57	0.58	Open	
MALAYSIA STEEL WORKS KL BHD	12/4/2022	Trading Buy	0.34	0.40	0.29	18%	-15%	1.20x	0.42	0.34	0.37	TP Hit	18/4/2022
ANN JOO RESOURCES BHD	13/4/2022	Trading Buy	1.82	2.09	1.56	15%	-14%	1.04x	1.91	1.67	1.68	Open	
MELEWAR INDUSTRIAL GROUP BHD	13/4/2022	Trading Buy	0.43	0.50	0.36	16%	-16%	1.00x	0.46	0.39	0.40	Open	
HEVEABOARD BHD	14/4/2022	Trading Buy	0.56	0.62	0.49	12%	-12%	1.00x	0.61	0.54	0.55	Open	
TASCO BHD	14/4/2022	Trading Buy	1.21	1.35	1.07	12%	-12%	1.00x	1.22	1.02	1.03	SL Hit	6/5/2022
CB INDUSTRIAL PRODUCT HLDG	15/4/2022	Trading Buy	1.73	1.96	1.53	13%	-12%	1.15x	1.75	1.53	1.53	SL Hit	6/5/2022
SDS GROUP BHD	15/4/2022	Trading Buy	0.38	0.43	0.34	13%	-11%	1.25x	0.39	0.34	0.37	SL Hit	20/4/2022
SELANGOR DREDGING BHD	20/4/2022	Trading Buy	0.54	0.61	0.48	13%	-11%	1.17x	0.59	0.53	0.53	Open	
OKA CORP BHD	20/4/2022	Trading Buy	0.84	0.95	0.73	13%	-13%	1.00x	0.84	0.81	0.82	Open	
CJ CENTURY LOGISTICS HOLDING	21/4/2022	Trading Buy	0.67	0.75	0.59	13%	-11%	1.13x	0.70	0.58	0.60	SL Hit	6/5/2022
KRETAM HOLDINGS BHD	21/4/2022	Trading Buy	0.68	0.77	0.60	13%	-12%	1.13x	0.75	0.65	0.65	Open	
CARIMIN PETROLEUM BHD	22/4/2022	Trading Buy	0.71	0.80	0.62	13%	-13%	1.00x	0.75	0.65	0.75	Open	
EWEIN BHD	22/4/2022	Trading Buy	0.33	0.37	0.30	12%	-11%	1.14x	0.37	0.32	0.33	TP Hit	27/4/2022
GREENYIELD BHD	26/4/2022	Trading Buy	0.27	0.32	0.23	19%	-15%	1.25x	0.32	0.28	0.29	TP Hit	27/4/2022
LII HEN INDUSTRIES BHD	26/4/2022	Trading Buy	2.97	3.30	2.68	11%	-10%	1.14x	3.16	2.97	3.10	Open	
THONG GUAN INDUSTRIES BHD	27/4/2022	Trading Buy	2.49	2.86	2.13	15%	-14%	1.03x	2.55	2.45	2.51	Open	
TAFI INDUSTRIES BHD	27/4/2022	Trading Buy	0.65	0.74	0.58	14%	-11%	1.29x	0.67	0.63	0.64	Open	
HOMERITZ CORP BHD	28/4/2022	Trading Buy	0.57	0.62	0.51	10%	-10%	1.00x	0.60	0.56	0.57	Open	
MOBILIA HOLDINGS BHD	28/4/2022	Trading Buy	0.21	0.24	0.19	14%	-12%	1.20x	0.22	0.20	0.20	Open	
MALAKOFF CORP BHD	29/4/2022	Trading Buy	0.67	0.75	0.60	13%	-10%	1.31x	0.66	0.62	0.64	Open	
WEGMANS HOLDINGS BHD#	29/4/2022	Trading Buy	0.25	0.28	0.22	12%	-12%	1.00x	0.26	0.22	0.22	SL Hit	6/5/2022
CSC STEEL HOLDINGS BHD	5/5/2022	Trading Buy	1.73	1.93	1.55	12%	-10%	1.11x	1.76	1.71	1.74	Open	
WELLCALL HOLDINGS BHD	5/5/2022	Trading Buy	1.27	1.40	1.15	10%	-9%	1.08x	1.27	1.24	1.26	Open	
PERAK TRANSIT BHD	6/5/2022	Trading Buy	0.67	0.76	0.58	13%	-13%	1.00x	0.68	0.66	0.67	Open	
YTL HOSPITALITY REIT	6/5/2022	Trading Buy	0.97	1.09	0.84	13%	-13%	1.00x	0.97	0.96	0.96	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.

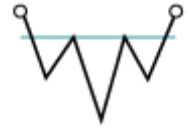

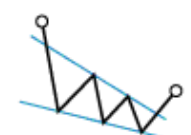

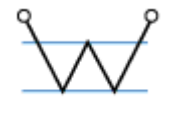
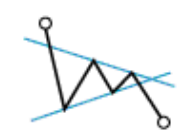

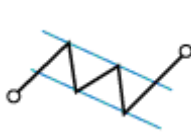

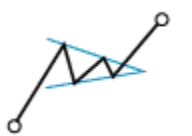
<sup>^</sup> Status will be categorised as either: (i) "TP hit" when stock reaches target price first OR (ii) "SL hit" when stock touches stop loss first OR (iii) "Open" when neither TP nor SL has been hit.

# Share price data has been adjusted for a bonus issue exercise on the basis of 1 free warrant for every 4 ordinary shares held following an ex-entitlement date on 29 Apr 2022.

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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