

13 June 2022

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With negative vibes literally hitting “everything everywhere all at once”, a test of resilience now awaits the Malaysian bourse. The benchmark FBMKLCI was backfooting last week to close at 1,494 on Friday, barely above its intra-week low of 1,493. This translates to a week-on-week drop of 43.9 points or 2.9%, led by top laggards namely Press Metal (-6.9% / -3.9 index points), Sime Darby Plantation (-5.5% / -3.1 index points) and Maybank (-1.5% / -3.0 index points). Over in the US, the DJIA finished at 31,393 for a weekly loss of 1,506.9 points or 4.6%.

As declining stocks outnumbered rising ones on all four trading days, daily average turnover on the local stock market stood at 2.8b shares in volume and RM1.9b in value, compared with the previous week’s average of 2.8b shares worth RM2.8b. And in a reversal from the prior week’s pattern, foreign funds logged net weekly outflows of RM437m vis-à-vis net buying trades by domestic institutions and local retail investors (amounting to RM245m and RM192m, respectively) during the week.

Overseas developments matter more in the coming week. In particular, the US Federal Open Market Committee is scheduled to meet Tuesday and Wednesday with the meeting outcome to be known early Thursday Malaysian time. As it stands, consensus is anticipating that the US monetary policymakers would raise the federal funds rate by another 0.5% while investors also want to get further insights into the magnitude and timing of future interest rate hikes.

Back home, on the corporate front, Bermaz Auto is due to release its latest quarterly results announcement later today. And there will be a new listing on the ACE Market tomorrow by Unitrade Industries, which is principally involved in the wholesale and distribution of a wide variety of building materials for building & construction works and is valued at a market cap of RM500.0m based on an IPO offer price of RM0.32 per share. Separately, the May external trade statistics will be out on Friday.

After last week’s widespread selling activities, investors will inevitably feel downbeat for the time being. With the selling momentum slamming the big-, mid-, small- and micro-caps across the board – as tracked by the FBMKLCI (-2.9% week-on-week), the FBM 70 Index (-1.6%), the FBM Small Cap Index (-2.3%), the FBM Fledgling Index (-1.1%) and the FBM ACE Index (-2.6%) – the underlying sentiment has turned south. By sector indices, the hardest hit through the week were plantation (-4.0%), healthcare (-3.6%) and energy (-3.4%).

To put things in perspective, the FBMKLCI has been seesawing inside a broad rectangle pattern with 1,475 and 1,620 being the lower and upper boundaries since late April last year. Following last week’s steeper-than-anticipated plunge, the key market barometer has now lost 121.2 points or 7.5% from a recent high of 1,615 on 5 May, pulling back to where it was in the second half of December last year.

Technically speaking, an extended downward bias could be in store for the FBMKLCI based on the prevailing bearish Parabolic SAR trend. Thereafter, should the benchmark index fail to find its way back to above 1,510 (which is currently our first support-turned-resistance level / R1), persisting selling pressure may then push the FBMKLCI to test our immediate support threshold of 1,475 (S1). This is also around where the bellwether has found its recent bottom twice before bouncing off subsequently in early August 2021 and mid-December last year.

Meanwhile, on Wall Street, the DJIA may still face headwinds ahead as the momentum remains on the downside. Our immediate support and resistance lines for the bellwether have been revised to 31,300 (S1) and 32,350 (R1), respectively.



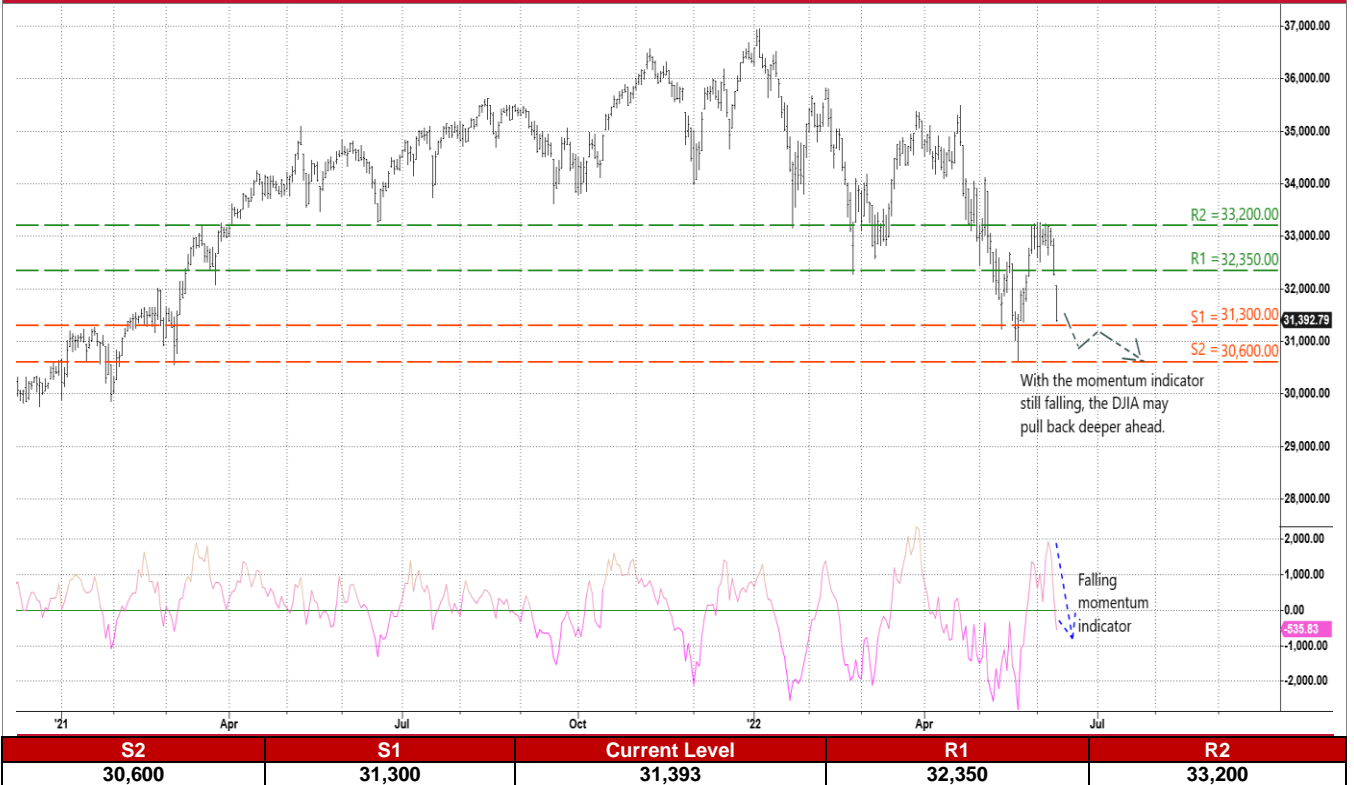
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Chart 1 – FBMKLCI



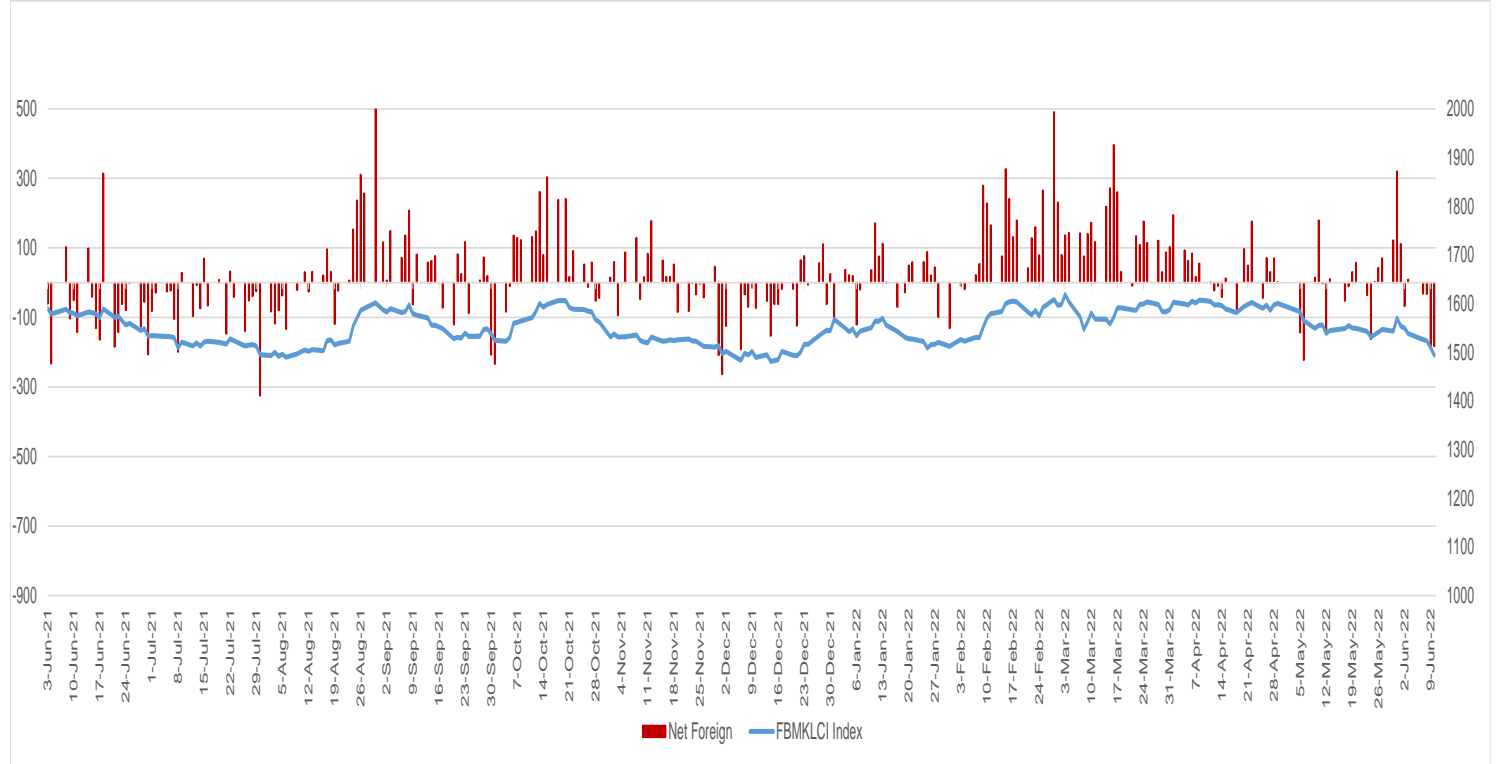
Source: Kenanga Research

Chart 2 – DJIA



Source: Kenanga Research

Net Foreign Trade Position vs FBMKLCI



Foreign investors turned net sellers with net outflows of RM436.9m last week compared to cumulative net inflows of RM477.5m in the prior week.

Source: Kenanga Research

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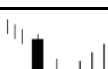
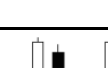


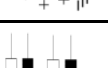
STOCK CALL MONITOR*

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 [^]	Date Status Fulfilled
			RM	RM	RM	%	%	RM	RM	RM			
BERJAYA LAND BHD	13/5/2022	Trading Buy	0.24	0.27	0.21	13%	-13%	1.00x	0.23	0.20	0.21	SL Hit	27/5/2022
SUNWAY REAL ESTATE INVESTMEN	13/5/2022	Trading Buy	1.47	1.65	1.33	12%	-10%	1.29x	1.58	1.45	1.54	Open	
CTOS DIGITAL BHD	18/5/2022	Trading Buy	1.38	1.50	1.26	9%	-9%	1.00x	1.47	1.38	1.44	Open	
SIME DARBY PROPERTY BHD	18/5/2022	Trading Buy	0.56	0.61	0.51	10%	-8%	1.22x	0.57	0.49	0.50	SL Hit	27/5/2022
JAG BHD	19/5/2022	Trading Buy	0.37	0.41	0.33	12%	-10%	1.29x	0.40	0.34	0.35	Open	
HIBISCUS PETROLEUM BHD	19/5/2022	Trading Buy	1.49	1.68	1.34	13%	-10%	1.27x	1.49	1.25	1.27	SL Hit	25/5/2022
BONIA CORP BHD	20/5/2022	Trading Buy	2.60	2.89	2.31	11%	-11%	1.00x	2.86	2.24	2.64	SL Hit	30/5/2022
POWER ROOT BHD	20/5/2022	Trading Buy	1.68	1.86	1.50	11%	-11%	1.00x	1.81	1.42	1.76	SL Hit	27/5/2022
DAYANG ENTERPRISE HLDGS BHD	24/5/2022	Trading Buy	0.96	1.07	0.87	11%	-9%	1.22x	1.05	0.95	0.99	Open	
GLOBAL ORIENTAL BHD	24/5/2022	Trading Buy	0.31	0.35	0.27	13%	-11%	1.14x	0.39	0.27	0.29	TP Hit	26/5/2022
THREE-A RESOURCES BHD	25/5/2022	Trading Buy	0.89	0.98	0.80	11%	-10%	1.12x	0.90	0.84	0.87	Open	
WESTPORTS HOLDINGS BHD	25/5/2022	Trading Buy	3.80	4.10	3.54	8%	-7%	1.15x	3.80	3.45	3.45	SL Hit	30/5/2022
ECOMATE HOLDINGS BHD	26/5/2022	Trading Buy	0.54	0.61	0.47	13%	-13%	1.00x	0.54	0.50	0.51	Open	
TAMBUN INDAH LAND BHD	26/5/2022	Trading Buy	1.00	1.12	0.88	13%	-12%	1.09x	1.01	0.87	0.93	SL Hit	27/5/2022
SIME DARBY BERHAD	27/5/2022	Trading Buy	2.17	2.36	2.00	9%	-8%	1.12x	2.31	2.17	2.20	Open	
MR DIY GROUP M BHD	27/5/2022	Trading Buy	3.42	3.75	3.16	10%	-8%	1.27x	3.44	3.13	3.20	SL Hit	9/6/2022
MALAYSIAN RESOURCES CORP BHD	31/5/2022	Trading Buy	0.35	0.40	0.30	14%	-14%	1.00x	0.40	0.35	0.37	TP Hit	2/6/2022
HSS ENGINEERS BHD	31/5/2022	Trading Buy	0.47	0.51	0.42	10%	-10%	1.00x	0.48	0.47	0.48	Open	
MALAYAN FLOUR MILLS BHD	1/6/2022	Trading Buy	0.64	0.72	0.55	13%	-13%	1.00x	0.68	0.62	0.65	Open	
NTPM HOLDINGS BHD	1/6/2022	Trading Buy	0.46	0.50	0.41	10%	-10%	1.00x	0.47	0.44	0.45	Open	
BUMI ARMADA BERHAD	2/6/2022	Trading Buy	0.46	0.51	0.41	11%	-11%	1.00x	0.46	0.42	0.43	Open	
OPTIMAX HOLDINGS BHD	2/6/2022	Trading Buy	0.62	0.69	0.55	11%	-11%	1.00x	0.62	0.59	0.59	Open	
HARBOUR-LINK GROUP BHD	3/6/2022	Trading Buy	1.35	1.52	1.21	13%	-10%	1.21x	1.45	1.24	1.26	Open	
HENG HUAT RESOURCES GROUP BH	3/6/2022	Trading Buy	0.36	0.41	0.32	13%	-11%	1.13x	0.37	0.33	0.33	Open	
AEON CO (M) BHD	8/6/2022	Trading Buy	1.56	1.74	1.38	12%	-12%	1.00x	1.58	1.50	1.56	Open	
COASTAL CONTRACTS BHD	8/6/2022	Trading Buy	1.94	2.19	1.70	13%	-12%	1.04x	2.03	1.86	1.86	Open	
EMICO HOLDINGS BHD	9/6/2022	Trading Buy	0.34	0.39	0.30	13%	-13%	1.00x	0.34	0.31	0.32	Open	
SKP RESOURCES BHD	9/6/2022	Trading Buy	1.65	1.87	1.43	13%	-13%	1.00x	1.70	1.62	1.65	Open	
MESTRON HOLDINGS BHD	10/6/2022	Trading Buy	0.35	0.39	0.31	13%	-10%	1.29x	0.35	0.34	0.34	Open	
SUNZEN BIOTECH BHD	10/6/2022	Trading Buy	0.25	0.28	0.22	12%	-12%	1.00x	0.25	0.24	0.25	Open	

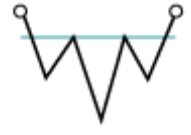

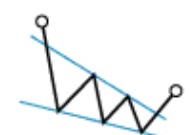

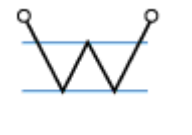
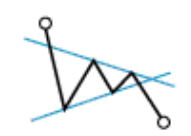

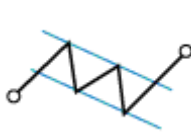

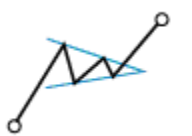
* Tracks our stock recommendations on a one-month rolling basis from issue date. Stock names will drop out from the list after one month from issue date regardless of their status.

[^] 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.

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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