

20 June 2022

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When it rains, it pours. What now? The key FBMKLCI slumped deeper last week to as low as 1,446 before stopping at 1,457 on Friday, which represents a weekly decline of 37.2 points or 2.5%. There was no respite on Wall Street too with the DJIA plunging 1,504.0 points or 4.8% to end at 29,889.

Against a negative market breadth in all five trading days, the local stock exchange posted daily average turnover of 2.8b shares valued at RM2.2b, versus the preceding week's average of 2.8b shares worth RM1.9b. And continuing their selling spree, foreign investors registered net weekly outflows of RM512m which was absorbed by buying trades from both the domestic institutions and local retailers (amounting to RM289m and RM223m, respectively) throughout the week.

Corporate news will be at the forefront this week. On the ACE Market, SFP Tech Holdings (an engineering supporting service provider of sheet metal fabrication, CNC machining, mechanical assembly and automation equipment solutions with a market cap of RM240.0m based on an IPO offer price of RM0.30 per share) will be listed today while YX Precious Metals (which is principally involved in wholesaling, design and manufacturing of gold jewellery and valued at a market cap of RM104.2m based on an IPO offer price of RM0.28 per share) will make its debut on Thursday. There will also be quarterly results announcements by the likes of Astro Malaysia (on Tuesday) and Yinson Holdings (on Thursday).

Following the waves of selling that hit "everything everywhere all at once", the FBMKLCI has shed 113.4 points or 7.2% since end-May with the FBM 70 Index (-4.7%), the FBM Small Cap Index (-8.1%), the FBM Fledgling Index (-5.6%) and the FBM ACE Index (-6.8%) all ended in the red too. By sector indices, energy (-13.8%), healthcare (-13.1%) and plantation (-9.4%) saw the steepest declines month-to-date. In terms of FBMKLCI constituent individual performance, the top three index laggards during the period were Public Bank (-5.1% / -11.1 index points), Tenaga Nasional (-9.3% / -8.9 index points) and Press Metal (-14.9% / -8.8 index points).

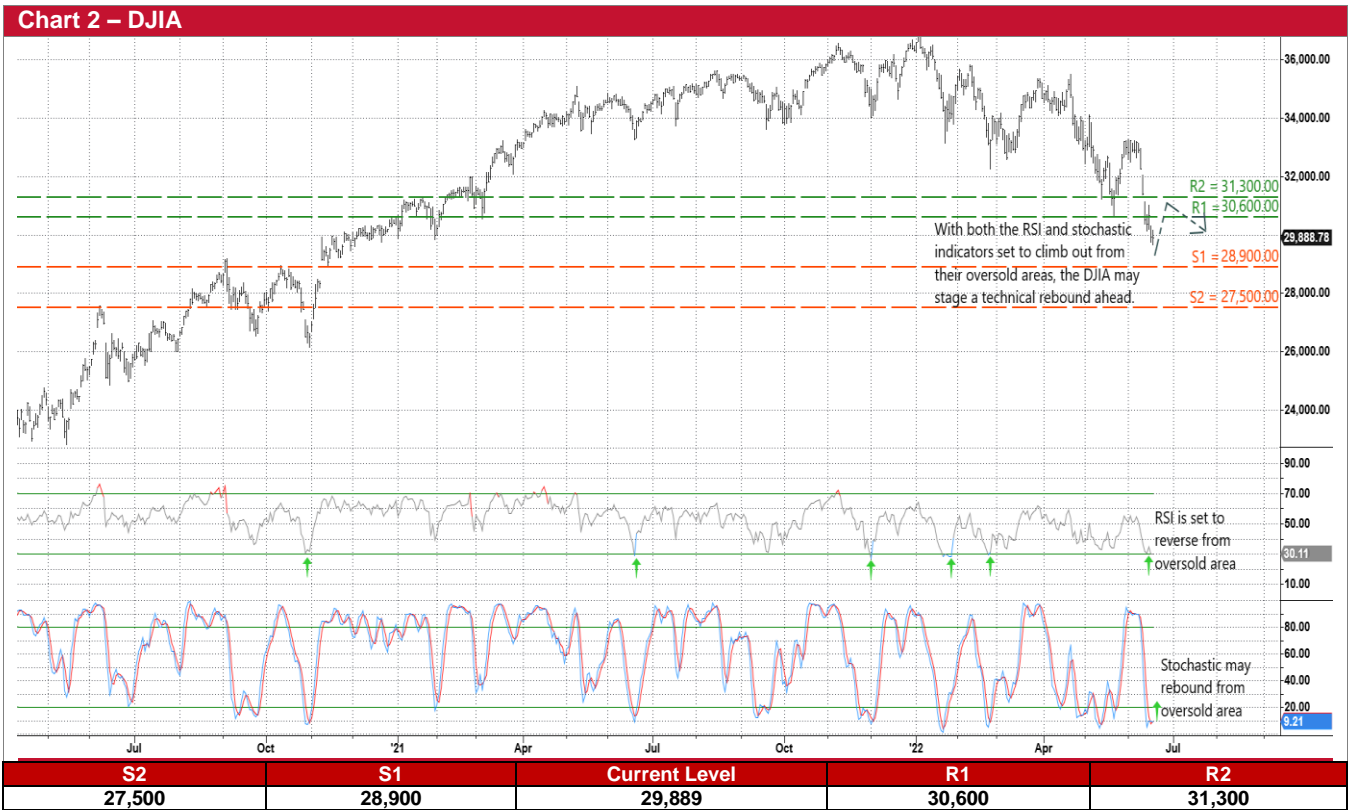
On the chart, after breaking past the two preceding troughs (in early August 2021 and mid-December 2021) to fall under the rectangle pattern, the FBMKLCI has moved a step down to close at where it was in late May 2020. This could set the stage for the benchmark index to resume its negative momentum post an anticipated transitional relief rally first. We reckon a bounce-up by the key market barometer may be around the corner as the RSI indicator is reversing from an oversold area, although any intermediate rebound will likely be capped by our support-turned-resistance barriers of 1,475 (R1) and 1,510 (R2). Beyond the short term, a failure to overcome these thresholds will signal that the FBMKLCI could be on its way to test our adjusted support levels of 1,440 (S1) and 1,395 (S2).

On Wall Street, as both the RSI and stochastic indicators unwind from their oversold positions, the DJIA (after sinking 18.8% since the start of April 2022) may stage a technical rebound ahead, notwithstanding that the sustainability of any counter rally remains doubtful at this juncture. We have tweaked our immediate support and resistance lines for the bellwether to 28,900 (S1) and 30,600 (R1), respectively.

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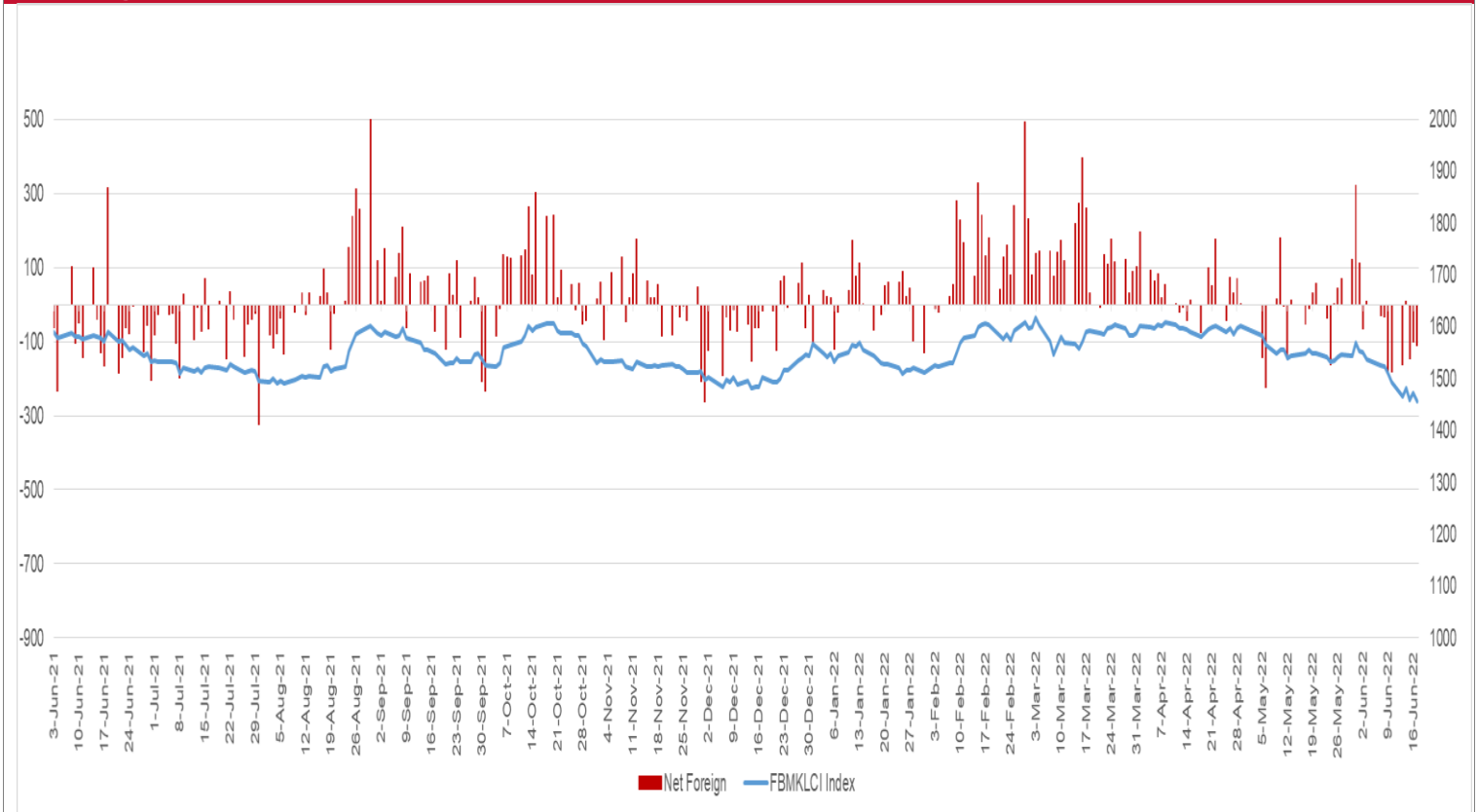


Source: Kenanga Research



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Net Foreign Trade Position vs FBMKLCI



Foreign investors remained net sellers with net outflows of RM511.5m last week compared to cumulative net outflows of RM436.9m in the prior week.

Source: Kenanga Research

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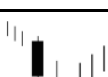
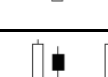
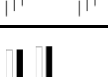
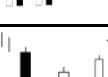
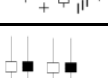
STOCK CALL MONITOR*

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			
BONIA CORP BHD	20/5/2022	Trading Buy	2.60	2.89	2.31	11%	-11%	1.00x	2.86	2.24	2.39	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	1.67	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	0.98	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	0.86	Open	
WESTPORTS HOLDINGS BHD	25/5/2022	Trading Buy	3.80	4.10	3.54	8%	-7%	1.15x	3.80	3.38	3.59	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	0.52	Open	
TAMBUN INDAH LAND BHD	26/5/2022	Trading Buy	1.00	1.12	0.88	13%	-12%	1.09x	1.01	0.82	0.84	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	2.11	2.13	Open	
MR DIY GROUP M BHD	27/5/2022	Trading Buy	3.42	3.75	3.16	10%	-8%	1.27x	3.44	2.88	2.89	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	0.35	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	0.46	0.47	Open	
MALAYAN FLOUR MILLS BHD	1/6/2022	Trading Buy	0.64	0.72	0.55	13%	-13%	1.00x	0.68	0.60	0.61	Open	
NTPM HOLDINGS BHD	1/6/2022	Trading Buy	0.46	0.50	0.41	10%	-10%	1.00x	0.47	0.43	0.43	Open	
BUMI ARMADA BERHAD	2/6/2022	Trading Buy	0.46	0.51	0.41	11%	-11%	1.00x	0.46	0.40	0.41	SL Hit	13/6/2022
OPTIMAX HOLDINGS BHD	2/6/2022	Trading Buy	0.62	0.69	0.55	11%	-11%	1.00x	0.62	0.56	0.58	Open	
HARBOUR-LINK GROUP BHD	3/6/2022	Trading Buy	1.35	1.52	1.21	13%	-10%	1.21x	1.45	1.20	1.32	SL Hit	13/6/2022
HENG HUAT RESOURCES GROUP BH	3/6/2022	Trading Buy	0.36	0.41	0.32	13%	-11%	1.13x	0.37	0.30	0.32	SL Hit	13/6/2022
AEON CO (M) BHD	8/6/2022	Trading Buy	1.56	1.74	1.38	12%	-12%	1.00x	1.58	1.40	1.43	Open	
COASTAL CONTRACTS BHD	8/6/2022	Trading Buy	1.94	2.19	1.70	13%	-12%	1.04x	2.03	1.68	1.73	SL Hit	16/6/2022
EMICO HOLDINGS BHD	9/6/2022	Trading Buy	0.34	0.39	0.30	13%	-13%	1.00x	0.34	0.27	0.27	SL Hit	13/6/2022
SKP RESOURCES BHD	9/6/2022	Trading Buy	1.65	1.87	1.43	13%	-13%	1.00x	1.70	1.52	1.61	Open	
MESTRON HOLDINGS BHD	10/6/2022	Trading Buy	0.35	0.39	0.31	13%	-10%	1.29x	0.35	0.33	0.34	Open	
SUNZEN BIOTECH BHD	10/6/2022	Trading Buy	0.25	0.28	0.22	12%	-12%	1.00x	0.26	0.24	0.25	Open	
DIGI.COM BHD	14/6/2022	Trading Buy	3.10	3.40	2.83	10%	-9%	1.11x	3.26	3.10	3.18	Open	
MAXIS BHD	14/6/2022	Trading Buy	3.28	3.60	2.94	10%	-10%	0.94x	3.31	3.18	3.22	Open	
JAYA TIASA HOLDINGS BHD	15/6/2022	Trading Buy	0.70	0.78	0.63	11%	-10%	1.14x	0.70	0.65	0.66	Open	
AFFIN BANK BHD	15/6/2022	Trading Buy	1.92	2.10	1.74	9%	-9%	1.00x	1.97	1.88	1.90	Open	
GUAN CHONG BHD	16/6/2022	Trading Buy	2.55	2.83	2.29	11%	-10%	1.06x	2.53	2.40	2.50	Open	
SEDANIA INNOVATOR BHD	16/6/2022	Trading Buy	0.42	0.50	0.35	20%	-17%	1.21x	0.44	0.38	0.41	Open	
AEMULUS HOLDINGS BHD	17/6/2022	Trading Buy	0.60	0.71	0.51	18%	-15%	1.17x	0.61	0.59	0.61	Open	
QES GROUP BHD	17/6/2022	Trading Buy	0.50	0.57	0.43	14%	-14%	1.00x	0.51	0.49	0.51	Open	

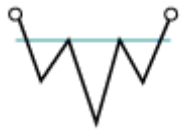
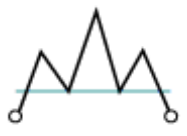
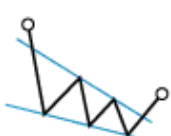


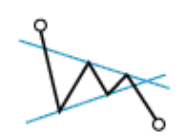
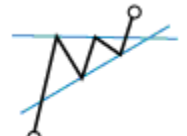
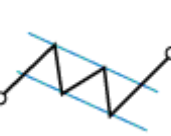


* Tracks our stock recommendations on a one-month rolling basis from issue date. Stock names will drop out from the list after one month from issue date regardless of their status.

^ 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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