

27 June 2022

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Caution ahead. Last week's short-lived relief rally suggests that the prevailing weak momentum could persist on the Malaysian bourse. The benchmark FBMKLCI jumped initially to as high as 1,462 on Wednesday only to backslide subsequently to an intra-week low of 1,428 on Thursday in the absence of follow-through buying interest. Consequently, the bellwether ended at 1,437 last Friday for a week-on-week drop of 20.0 points or 1.4% with the top three index laggards – namely Maybank (-3.2% / -6.4 index points), Sime Darby Plantation (-5.4% / -2.8 index points) and Public Bank (-1.3% / -2.7 index points) – contributing to the performance drag. Over on Wall Street, the DJIA bounced up by 1,611.9 points or 5.4% during the week to finish at 31,501.

As falling stocks outnumbered gainers in three of the five days, trading activity on the local stock exchange narrowed to a daily average of 2.6b shares in volume and RM1.7b in value, from the prior week's average of 2.8b shares worth RM2.2b. During the week, both foreign investors and domestic institutions sold more shares than they had bought (albeit marginally with net weekly outflows of RM61m and RM8m, respectively) while local retailers were net buyers (valued at RM69m).

After a torrid time in June, which saw the FBMKLCI slipping 8.5% month-to-date, what's in store for July as we enter the second half of the year at the end of this week? Investors may want to exercise prudence given the historical pattern. Statistically, the key market barometer had ended in the red in July in six of the last 10 years (including the most recent year), posting an average monthly return of +1.0% since 2012.

For the coming week, investors may look forward to a mixture of macro data releases and corporate news flows. On Thursday, there will be the publication of May banking statistics and the outcome of the OPEC meeting. And this Friday, the Malaysia Manufacturing PMI report will be out.

In terms of industry update, we may hear news on the progress of the 5G project as telecommunication players are supposed to finalise their decisions to take up a stake in Digital Nasional Bhd (the special purpose vehicle set up to roll out the 5G mobile telecommunication network based on the single wholesale network model) and sign up for 5G network contracts by the 30 June deadline. Meanwhile, Mynews Holdings (on Monday), United Malacca and SCGM (both on Tuesday) as well as Gamuda (on Wednesday) are slated to announce their latest quarterly financial results.

Following a plunge of 133.4 points or 8.5% so far this month, a recent crossing back above the lower Bollinger Band may push the FBMKLCI to resume its relief rally ahead. Yet, with the Parabolic SAR still showing a declining trend, the bellwether could struggle to sustain any intermittent technical rebound. Hence, beyond the near term, the FBMKLCI will probably swing meekly with a downward bias, possibly backing off from our support-turned-resistance hurdles of 1,440 (R1) and 1,475 (R2). On the way down, we have moved our support thresholds to 1,395 (S1) and 1,355 (S2).

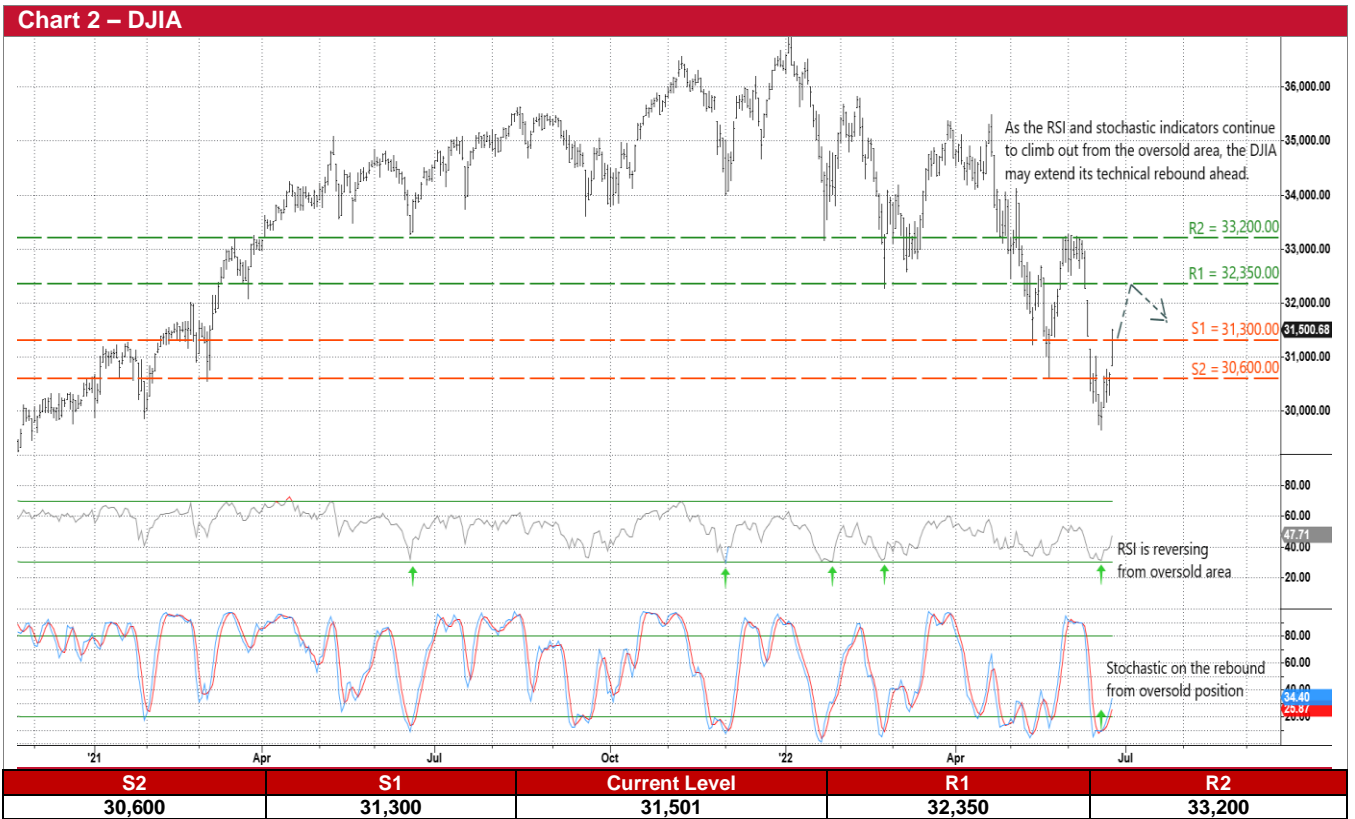
In the US, on the back of an ongoing reversal from the oversold territory by the stochastic and RSI indicators, the DJIA may attempt to extend its recovery, although the sustainability of any counter rally remains to be seen at this juncture. Our immediate support and resistance lines for the DJIA have been tweaked to 31,300 (S1) and 32,350 (R1), respectively.



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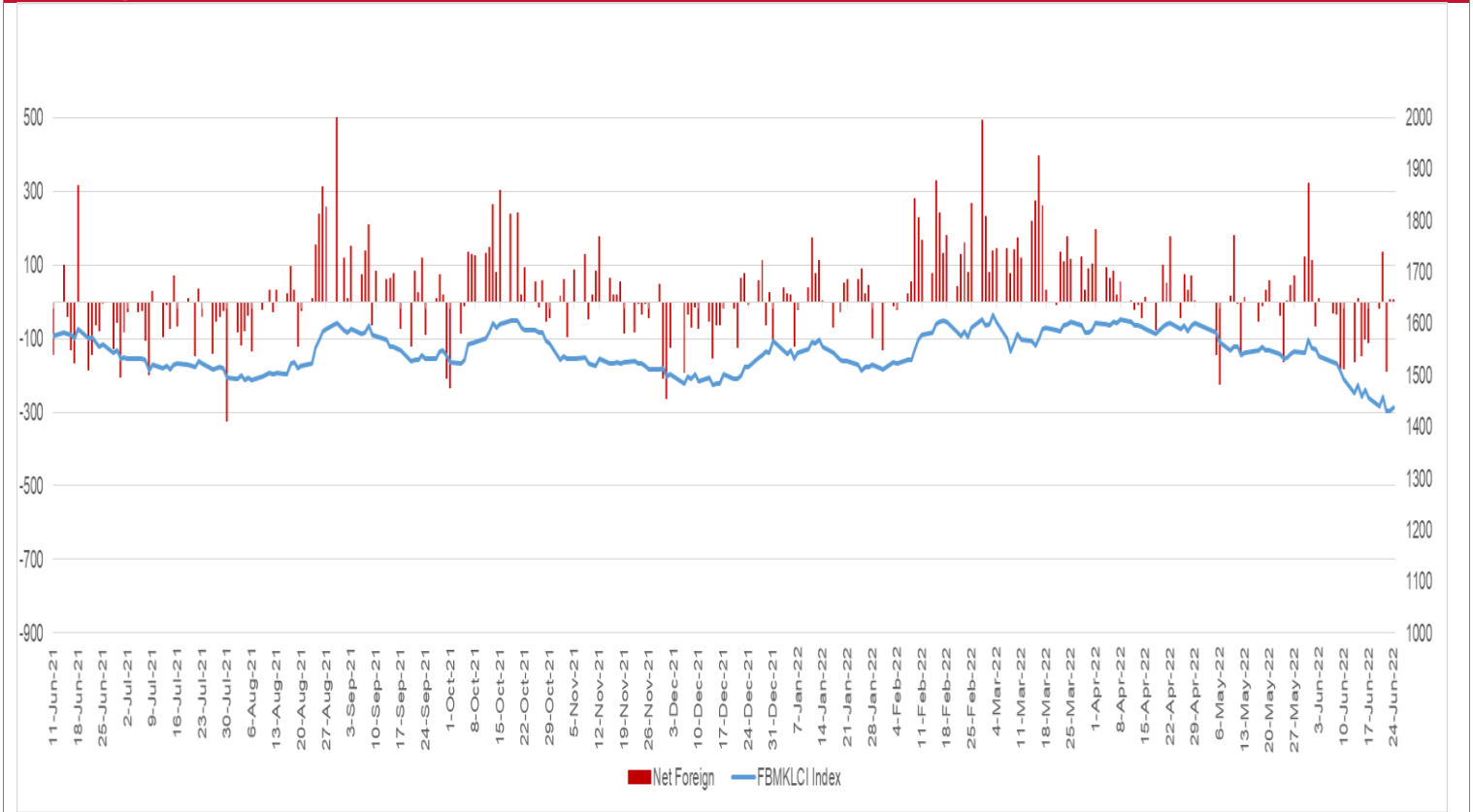
Source: Kenanga Research



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Net Foreign Trade Position vs FBMKLCI



Foreign investors remained net sellers with net outflows of RM61.5m last week compared to cumulative net outflows of RM511.5m in the prior week.

Source: Kenanga Research

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STOCK CALL MONITOR*


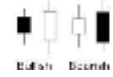

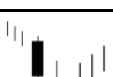
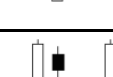

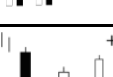

Stock Name	Issue Date (ID)	Rating	Price @ ID	Target Price (TP)	Stop Loss Price (SL)	Upside Potential @ ID	Downside Risk @ ID	Risk to Reward Ratio	Highest Price since ID	Lowest Price since ID	Last Price	Status [^]	Date Status Fulfilled
			RM	RM	RM	%	%	RM	RM	RM			
SIME DARBY BERHAD	27/5/2022	Trading Buy	2.17	2.36	2.00	9%	-8%	1.12x	2.31	2.11	2.11	Open	
MR DIY GROUP M BHD#	27/5/2022	Trading Buy	2.28	2.50	2.11	10%	-7%	1.29x	2.30	1.90	1.97	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	0.34	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	0.45	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	0.62	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	0.37	0.37	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	0.56	Open	
HARBOUR-LINK GROUP BHD	3/6/2022	Trading Buy	1.35	1.52	1.21	13%	-10%	1.21x	1.45	1.15	1.17	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	0.31	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	1.29	1.35	SL Hit	20/6/2022
COASTAL CONTRACTS BHD	8/6/2022	Trading Buy	1.94	2.19	1.70	13%	-12%	1.04x	2.03	1.61	1.63	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	0.28	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	1.57	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	3.27	3.10	3.21	Open	
MAXIS BHD	14/6/2022	Trading Buy	3.28	3.60	2.94	10%	-10%	0.94x	3.31	3.16	3.22	Open	
JAYA TIASA HOLDINGS BHD	15/6/2022	Trading Buy	0.70	0.78	0.63	11%	-10%	1.14x	0.70	0.62	0.62	SL Hit	22/6/2022
AFFIN BANK BHD	15/6/2022	Trading Buy	1.92	2.10	1.74	9%	-9%	1.00x	1.97	1.84	1.88	Open	
GUAN CHONG BHD	16/6/2022	Trading Buy	2.55	2.83	2.29	11%	-10%	1.06x	2.53	2.40	2.49	Open	
SEDANIA INNOVATOR BHD	16/6/2022	Trading Buy	0.42	0.50	0.35	20%	-17%	1.21x	0.46	0.38	0.43	Open	
AEMULUS HOLDINGS BHD	17/6/2022	Trading Buy	0.60	0.71	0.51	18%	-15%	1.17x	0.63	0.59	0.62	Open	
QES GROUP BHD	17/6/2022	Trading Buy	0.50	0.57	0.43	14%	-14%	1.00x	0.53	0.49	0.51	Open	
INNATURE BHD	21/6/2022	Trading Buy	0.49	0.55	0.44	12%	-10%	1.20x	0.52	0.49	0.49	Open	
SYARIKAT TAKAFUL MALAYSIA KE	21/6/2022	Trading Buy	3.33	3.66	2.99	10%	-10%	0.97x	3.35	3.20	3.28	Open	
MALAYAN CEMENT BHD	22/6/2022	Trading Buy	2.20	2.47	1.96	12%	-11%	1.13x	2.19	2.15	2.17	Open	
MPHB CAPITAL BHD	22/6/2022	Trading Buy	1.48	1.63	1.33	10%	-10%	1.00x	1.48	1.42	1.44	Open	
CCK CONSOLIDATED HOLDINGS BH	23/6/2022	Trading Buy	0.59	0.66	0.53	12%	-10%	1.17x	0.61	0.58	0.59	Open	
SAMCHEM HOLDINGS BHD	23/6/2022	Trading Buy	0.77	0.86	0.69	12%	-10%	1.13x	0.80	0.77	0.78	Open	
REVENUE GROUP BHD	24/6/2022	Trading Buy	0.95	1.05	0.85	11%	-10%	1.11x	0.96	0.95	0.95	Open	
DAGANG NEXCHANGE BHD	24/6/2022	Trading Buy	0.76	0.83	0.69	10%	-9%	1.15x	0.78	0.75	0.77	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.

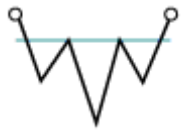
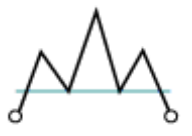
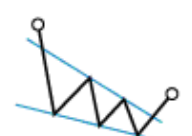


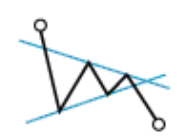
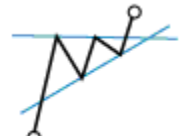
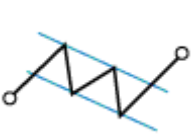


[^] Status will be categorised as either: (i) "TP hit" when stock reaches target price first or (ii) "SL hit" when stock touches stop loss first OR (iii) "Open" when neither TP nor SL has been hit.

Adjusted for a 1-for-2 bonus issue exercise as the shares traded ex-entitlement on 22 June 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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