

26 September 2022

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A resilience test lies in wait for the Malaysian bourse following two straight weeks of heavy losses. The benchmark FBMKLCI tumbled last week to end at its intra-week low of 1,425 on Friday for a weekly decline of 42.3 points or 2.9%. On Wall Street, the DJIA plunged deeper to finish at 29,590, down 1,232.0 points or 4.0% week-on-week.

Amid a negative market breadth in four of the five market days, daily average transaction on the local stock exchange narrowed to 2.1b shares valued at RM1.7b, compared with the previous week's average of 2.6b shares worth RM1.9b. During the week, foreign investors sold more shares than they had bought with net weekly outflows of RM563m. The selling trades were absorbed by net buying activity from domestic institutions and local retail investors amounting to RM351m and RM212m, respectively.

Corporate news flows will hog the limelight in the week ahead. There will be a new listing on the ACE Market tomorrow by PT Resources Holdings, which is principally involved in the processing and trading of frozen seafood products as well as retail trading of meat and non-meat products and is valued at a market cap of RM192.6m based on an IPO offer price of RM0.36 per share. In terms of quarterly financial results, the likes of Astro Malaysia (on Monday), myNEWS Holdings (Tuesday) as well as Gamuda, Aeon Credit and Scientex (all on Thursday) are scheduled to announce their latest earnings report cards.

Meanwhile, according to the latest media reports, the signing of equity participation by major telecommunication players in Digital Nasional Bhd (the special-purpose vehicle set up to roll out the 5G mobile telecommunication network based on the single wholesale network) is anticipated to take place by this Friday. On the macro data front, the August banking statistics will be released on Friday.

Against the fairly quiet news backdrop, investors will remain in watchful mood for the time being after the broad-based market sell-off. Mirroring the big-caps laden FBMKLCI performance – which slid 2.9% last week dragged down mainly by Press Metal (-15.0% / -8.1 index points), Public Bank (-2.9% / -6.0 index points) and IHH Healthcare (-8.2% / -3.5 index points), the mid-, small- and micro-caps were also not spared the selling waves as tracked by the FBM 70 Index (-2.3%), the FBM Small Cap Index (-1.3%), the FBM Fledgling Index (-1.0%) and the FBM ACE Index (-1.4%). The worst hit sectors were industrial products & services (-5.1%), healthcare (-5.1%) and energy (-3.4%) while only transportation & logistics (+0.7) posted positive return during the week.

On the chart, after ending in the red in five of the last six weeks, the key FBMKLCI has now retraced from a recent high of 1,528 in mid-August to log cumulative losses of 102.9 points or 6.7%. At last Friday's close of 1,425, the benchmark index is nearing its previous low of 1,409 reached in mid-July during the mid-year market meltdown. Technically speaking, with the momentum indicator still in a downward trend, the bellwether could be facing a test of resilience ahead. Driven by a negative bias view, we have adjusted our immediate support threshold to 1,395 while the first support-turned-resistance hurdle is presently seen at 1,440.

In the US, following a steep drop of 4,691.0 points or 13.7% from a peak of 34,281 in mid-August, the DJIA has entered into the oversold territory. Nonetheless, hovering a tad below its mid-June low of 29,653 currently, the widely watched barometer may fall further – in tandem with the decreasing momentum indicator – before striving to make a technical rebound (as both the stochastic and RSI indicators remain in the oversold position). Our revised immediate support and resistance lines stand at 28,900 (S1) and 30,600 (R1), respectively.

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Chart 1 – FBMKLCI



Source: Kenanga Research

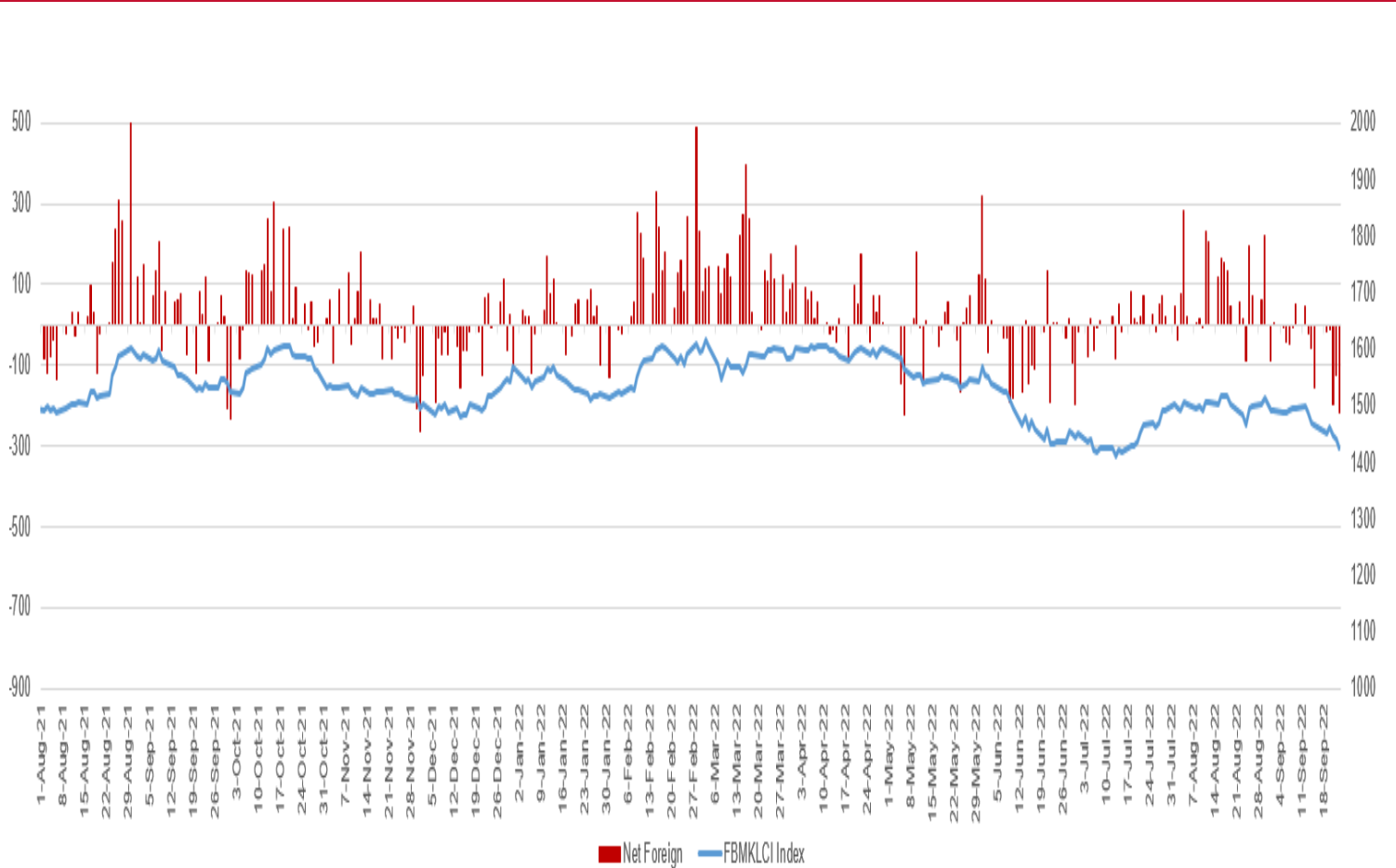
Chart 2 – DJIA



Source: Kenanga Research

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## Net Foreign Trade Position vs FBMKLCI



Foreign investors remained net sellers with net outflows of RM562.6m last week compared to cumulative net outflows of RM186.2m in the prior week.

Source: Kenanga Research

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## STOCK CALL MONITOR\*

Stock Name	Issue Date (ID)	Rating	Price @ ID RM	Resistance Price (R1) 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
ANCOM NYLEX BHD	26/8/2022	Technical Buy	0.96	1.06	0.87	10%	-9%	1.11x	1.04	0.90	1.01	Open	
VISDYNAMICS HOLDINGS BHD	26/8/2022	Technical Buy	0.78	0.85	0.70	10%	-10%	1.00x	0.82	0.70	0.75	SL Hit	2/9/2022
BANK ISLAM MALAYSIA BHD	30/8/2022	Technical Buy	2.61	2.92	2.31	12%	-11%	1.03x	2.68	2.53	2.58	Open	
ASTRO MALAYSIA HOLDINGS BHD	30/8/2022	Technical Buy	0.85	0.92	0.77	9%	-9%	1.00x	0.88	0.84	0.84	Open	
EONMETALL GROUP BHD	1/9/2022	Technical Buy	0.58	0.64	0.52	10%	-10%	1.00x	0.74	0.57	0.72	TP Hit	5/9/2022
SDS GROUP BHD	1/9/2022	Technical Buy	0.53	0.59	0.47	12%	-10%	1.18x	0.64	0.52	0.59	TP Hit	9/9/2022
ANN JOO RESOURCES BHD	2/9/2022	Technical Buy	1.03	1.20	0.89	17%	-14%	1.21x	1.10	0.98	0.99	Open	
DAGANG NEXCHANGE BHD	2/9/2022	Technical Buy	0.82	0.94	0.72	15%	-12%	1.20x	0.85	0.79	0.79	Open	
PROLEXUS BHD	6/9/2022	Technical Buy	0.40	0.45	0.35	14%	-11%	1.22x	0.44	0.40	0.44	Open	
SAMCHEM HOLDINGS BHD	6/9/2022	Technical Buy	0.77	0.86	0.67	12%	-12%	1.00x	0.80	0.76	0.77	Open	
MALAYSIA MARINE AND HEAVY EN	7/9/2022	Technical Buy	0.41	0.46	0.36	12%	-12%	1.00x	0.43	0.39	0.41	Open	
COASTAL CONTRACTS BHD	7/9/2022	Technical Buy	1.91	2.18	1.64	14%	-14%	1.00x	2.06	1.87	2.01	Open	
CORAZA INTEGRATED TECHNOLOGY	8/9/2022	Technical Buy	0.75	0.84	0.65	13%	-13%	1.00x	0.90	0.75	0.82	TP Hit	12/9/2022
TSH RESOURCES BHD	8/9/2022	Technical Buy	1.05	1.17	0.94	11%	-10%	1.09x	1.05	0.98	0.98	Open	
PESTECH INTERNATIONAL BHD	9/9/2022	Technical Buy	0.29	0.32	0.25	12%	-12%	1.00x	0.31	0.28	0.29	Open	
UNISEM (M) BERHAD	9/9/2022	Technical Buy	2.59	2.86	2.32	10%	-10%	1.00x	2.88	2.59	2.64	TP Hit	14/9/2022
SEDANIA INNOVATOR BHD	13/9/2022	Technical Buy	0.36	0.42	0.30	17%	-17%	1.00x	0.37	0.31	0.31	Open	
EVERGREEN FIBREBOARD BHD	13/9/2022	Technical Buy	0.50	0.55	0.44	11%	-11%	1.00x	0.52	0.45	0.45	Open	
HSS ENGINEERS BHD	14/9/2022	Technical Buy	0.38	0.44	0.33	16%	-13%	1.20x	0.41	0.38	0.40	Open	
ECONPILE HOLDINGS BHD	14/9/2022	Technical Buy	0.18	0.20	0.15	14%	-14%	1.00x	0.19	0.17	0.18	Open	
AEMULUS HOLDINGS BHD	15/9/2022	Technical Buy	0.48	0.55	0.43	14%	-10%	1.30x	0.49	0.41	0.43	SL Hit	21/9/2022
V.S. INDUSTRY BERHAD	15/9/2022	Technical Buy	1.03	1.16	0.92	13%	-11%	1.18x	1.03	0.94	0.94	Open	
GUAN CHONG BHD	20/9/2022	Technical Buy	2.30	2.52	2.09	10%	-9%	1.05x	2.32	2.26	2.27	Open	
MR DIY GROUP M BHD	20/9/2022	Technical Buy	2.03	2.23	1.84	10%	-9%	1.05x	2.06	1.97	1.98	Open	
UMW HOLDINGS BHD	21/9/2022	Technical Buy	3.12	3.48	2.77	12%	-11%	1.03x	3.15	3.07	3.09	Open	
NTPM HOLDINGS BHD	21/9/2022	Technical Buy	0.43	0.47	0.39	9%	-9%	1.00x	0.43	0.42	0.43	Open	
SAMAIDEN GROUP BHD	22/9/2022	Technical Buy	0.75	0.83	0.66	11%	-11%	1.00x	0.77	0.74	0.75	Open	
THONG GUAN INDUSTRIES BHD	22/9/2022	Technical Buy	2.72	2.98	2.47	10%	-9%	1.04x	2.75	2.68	2.69	Open	
CENGILD MEDICAL BHD	23/9/2022	Technical Buy	0.49	0.56	0.43	14%	-12%	1.17x	0.50	0.47	0.48	Open	
MI TECHNOVATION BHD	23/9/2022	Technical Buy	1.32	1.50	1.15	14%	-13%	1.06x	1.33	1.24	1.25	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.

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**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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