

03 October 2022

By Goh Yin Foo, CFA, CMT / gohyf@kenanga.com.my

Investors will continue to feel fidgety in view of the ongoing stock market slide. Last week, the Malaysian bourse retraced further when the benchmark FBMKLCI fell as low as 1,390 before stopping at 1,395 on Friday. This represents a week-on-week drop of 30.4 points or 2.1%, its third straight weekly loss. Over on Wall Street, the DJIA slipped 864.9 points or 2.9% to finish at 28,726.

With losers outnumbering winners in four of the five business days, the local stock exchange posted daily average turnover of 2.2b shares in volume and RM1.9b in value, marginally higher than the preceding week's average of 2.1b shares worth RM1.7b. Foreign investors continued to dump more shares than they had bought with net weekly outflows of RM741m while both domestic institutions and local retailers registered net buying trades of RM669m and RM72m, respectively. Consequently, September logged net foreign selling flows of RM1.62b, its first net monthly outflows since June and mostly reversing August's net inflows of RM1.98b.

As we usher in a new month (and the final quarter of 2022), investors will be hoping for a reprieve following the bloody September performance (which saw the FBMKLCI shedding 7.8%). And statistically, the odds are in their favour with the bellwether recording positive returns in October in seven of the last 10 years (including the most recent year) with an average monthly return of +0.4% since 2012.

The highlight of the coming week will be the tabling of Budget 2023 on Friday afternoon. In the run-up to budget day, there will be the publication of Malaysia Manufacturing PMI data due today while on the corporate front, Cosmos Technology International (an integrated water technology solutions provider principally involved in the distribution and instrumentation services of fluid control products and the manufacturing of fabricated metal products for industrial applications, which is valued at a market cap of RM89.8m based on an IPO offer price of RM0.35 per share) is scheduled for listing on the ACE Market on Thursday.

Abroad, investors will be anticipating the release of US September employment situation report on Friday, whereby the latest labour market conditions (in addition to inflation) will be closely watched by the US Federal Reserve policymakers as inputs for their interest rate decision making process.

Against a jittery market backdrop, the underlying sentiment will remain wobbly ahead, carrying over from last week's shaky performance. While the key FBMKLCI declined 2.1% last week – dragged down mainly by Public Bank (-2.5% / -5.1 index points), Tenaga Nasional (-5.3% / -4.7 index points) and Sime Darby Plantation (-5.5% / -2.8 index points) – the FBM 70 Index (-1.8%), the FBM Small Cap Index (-3.4%), the FBM Fledgling Index (-2.8%) and the FBM ACE Index (-2.3%) all fell in tandem. All the sector indices ended in the red through the week too with the worst hit being energy (-6.0%), plantation (-4.3%) and transportation & logistics (-3.7%).

Technically speaking, the benchmark FBMKLCI – which has already lost 133.2 points or 8.7% from a recent top of 1,528 in mid-August to break below the 1,400-psychological mark – could continue its negative bias in view of the declining momentum signal and prevailing Parabolic SAR downtrend even as the bellwether flirts around our immediate support threshold of 1,395 (S1, which coincides with the 61.8% Fibonacci retracement level as measured from its March 2020's trough to the December 2020 top). If that is broken on a weekly closing basis, an extended backslide may ensue with the next support line seen at 1,355 (S2). Our first resistance barrier remains at 1,440 (R1).

In the US, while the falling momentum indicator suggests the existence of continuous downward pressure, a technical rebound by the DJIA on Wall Street may be around the corner after plunging 5,555.9 points or 16.2% from a peak of 34,281 in mid-August. This comes as a reversal by the stochastic and RSI indicators from the oversold zone is anticipated with the DJIA likely to find an intermediate support at our revised first support line of 27,500 (S1), which is near the 50% Fibonacci retracement level (as calculated from its March 2020 low to the January 2022 peak). We have adjusted our immediate support and resistance thresholds to 27,500 (S1) and 28,900 (R1), respectively.

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Chart 1 – FBMKLCI

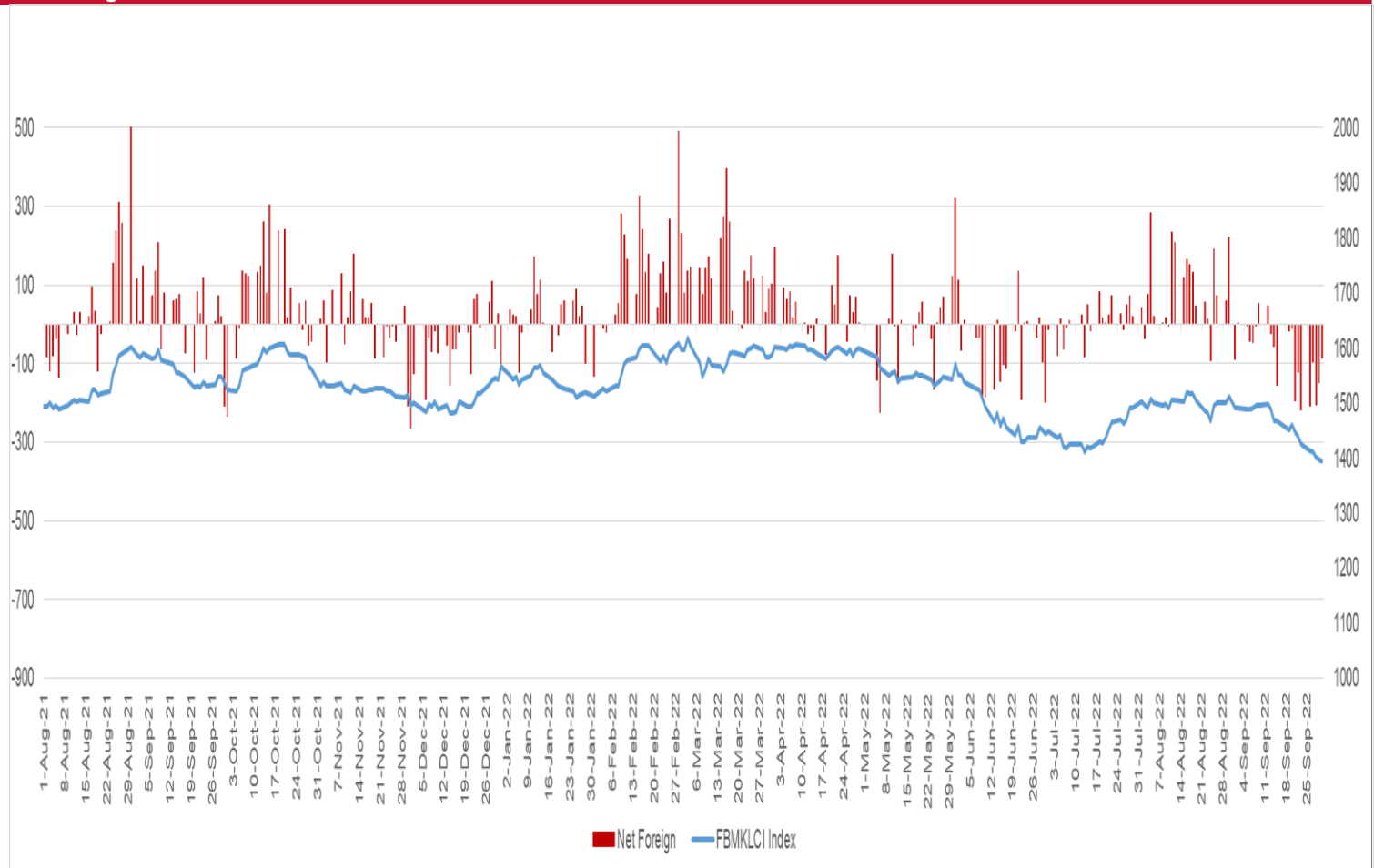


Chart 2 – DJIA



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Net Foreign Trade Position vs FBMKLCI



Foreign investors remained net sellers with net outflows of RM740.6m last week compared to cumulative net outflows of RM562.6m 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
PROLEXUS BHD	06/09/2022	Technical Buy	0.40	0.45	0.35	14%	-11%	1.22x	0.47	0.40	0.43	TP Hit	26/09/2022
SAMCHEM HOLDINGS BHD	06/09/2022	Technical Buy	0.77	0.86	0.67	12%	-12%	1.00x	0.80	0.75	0.75	Open	
MALAYSIA MARINE AND HEAVY EN	07/09/2022	Technical Buy	0.41	0.46	0.36	12%	-12%	1.00x	0.43	0.38	0.39	Open	
COASTAL CONTRACTS BHD	07/09/2022	Technical Buy	1.91	2.18	1.64	14%	-14%	1.00x	2.06	1.87	1.91	Open	
CORAZA INTEGRATED TECHNOLOGY	08/09/2022	Technical Buy	0.75	0.84	0.65	13%	-13%	1.00x	0.90	0.75	0.82	TP Hit	12/09/2022
TSH RESOURCES BHD	08/09/2022	Technical Buy	1.05	1.17	0.94	11%	-10%	1.09x	1.05	0.91	0.92	SL Hit	28/09/2022
PESTECH INTERNATIONAL BHD	09/09/2022	Technical Buy	0.29	0.32	0.25	12%	-12%	1.00x	0.31	0.28	0.30	Open	
UNISEM (M) BERHAD	09/09/2022	Technical Buy	2.59	2.86	2.32	10%	-10%	1.00x	2.88	2.46	2.60	TP Hit	14/09/2022
SEDANIA INNOVATOR BHD	13/09/2022	Technical Buy	0.36	0.42	0.30	17%	-17%	1.00x	0.37	0.29	0.30	SL Hit	27/09/2022
EVERGREEN FIBREBOARD BHD	13/09/2022	Technical Buy	0.50	0.55	0.44	11%	-11%	1.00x	0.52	0.35	0.36	SL Hit	26/09/2022
HSS ENGINEERS BHD	14/09/2022	Technical Buy	0.38	0.44	0.33	16%	-13%	1.20x	0.41	0.38	0.40	Open	
ECONPILE HOLDINGS BHD	14/09/2022	Technical Buy	0.18	0.20	0.15	14%	-14%	1.00x	0.19	0.17	0.18	Open	
AEMULUS HOLDINGS BHD	15/09/2022	Technical Buy	0.48	0.55	0.43	14%	-10%	1.30x	0.49	0.38	0.39	SL Hit	21/09/2022
V.S. INDUSTRY BERHAD	15/09/2022	Technical Buy	1.03	1.16	0.92	13%	-11%	1.18x	1.03	0.91	0.97	SL Hit	26/09/2022
GUAN CHONG BHD	20/09/2022	Technical Buy	2.30	2.52	2.09	10%	-9%	1.05x	2.40	2.19	2.19	Open	
MR DIY GROUP M BHD	20/09/2022	Technical Buy	2.03	2.23	1.84	10%	-9%	1.05x	2.06	1.92	1.97	Open	
UMW HOLDINGS BHD	21/09/2022	Technical Buy	3.12	3.48	2.77	12%	-11%	1.03x	3.15	2.95	2.99	Open	
NTPM HOLDINGS BHD	21/09/2022	Technical Buy	0.43	0.47	0.39	9%	-9%	1.00x	0.43	0.39	0.40	SL Hit	30/09/2022
SAMAIKEN GROUP BHD	22/09/2022	Technical Buy	0.75	0.83	0.66	11%	-11%	1.00x	0.77	0.72	0.76	Open	
THONG GUAN INDUSTRIES BHD	22/09/2022	Technical Buy	2.72	2.98	2.47	10%	-9%	1.04x	2.75	2.55	2.60	Open	
CENGILD MEDICAL BHD	23/09/2022	Technical Buy	0.49	0.56	0.43	14%	-12%	1.17x	0.50	0.42	0.44	SL Hit	29/09/2022
MI TECHNOVATION BHD	23/09/2022	Technical Buy	1.32	1.50	1.15	14%	-13%	1.06x	1.33	1.16	1.23	Open	
BONIA CORP BHD	27/09/2022	Technical Buy	1.96	2.25	1.70	15%	-13%	1.12x	2.03	1.90	1.93	Open	
SKP RESOURCES BHD	27/09/2022	Technical Buy	1.70	1.92	1.50	13%	-12%	1.10x	1.74	1.63	1.66	Open	
FARM FRESH BHD	28/09/2022	Technical Buy	1.58	1.74	1.42	10%	-10%	1.00x	1.62	1.56	1.61	Open	
PIE INDUSTRIAL BHD	28/09/2022	Technical Buy	2.78	3.05	2.51	10%	-10%	1.00x	2.80	2.72	2.77	Open	
PGF CAPITAL BHD #	29/09/2022	Technical Buy	1.15	1.29	1.02	12%	-11%	1.04x	1.17	1.09	1.10	Open	
MYNEWS HOLDINGS BHD	29/09/2022	Technical Buy	0.46	0.52	0.40	13%	-12%	1.09x	0.47	0.43	0.43	Open	
CSC STEEL HOLDINGS BHD	30/09/2022	Technical Buy	1.16	1.28	1.04	10%	-10%	1.00x	1.19	1.15	1.19	Open	
INARI AMERTRON BHD	30/09/2022	Technical Buy	2.55	2.80	2.30	10%	-10%	1.00x	2.53	2.50	2.52	Open	




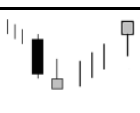




* Tracks our stock recommendations on a one-month rolling basis from issue date. Stock names will drop out from the list after one month from issue date regardless of their status.

^ 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.

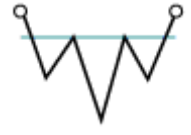

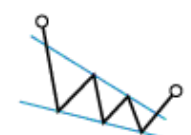

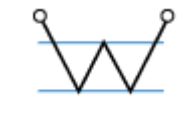
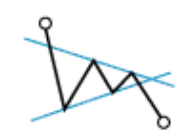
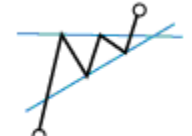
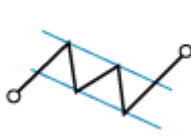


PGF Capital Bhd's stop loss price has been amended to RM1.02 (from RM0.98 previously).

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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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KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia

Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my