

24 October 2022

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A bear market trap is most likely underway following last week's relief rally on the Malaysian bourse. The key FBMKLCI surged from as low as 1,377 on Monday to stop at its intra-week high of 1,446 last Friday. This translates to a weekly jump of 64.0 points / 4.6% or back to where it was one month ago. In the US, the DJIA soared 1,447.7 points or 4.9% week-on-week before finishing at 31,083.

Against the positive market backdrop, gainers outnumbered declining counters in four of the five days as the local stock exchange logged daily average trading volume of 2.3b shares valued at RM1.8b, higher than the preceding week's average of 2.1b shares worth RM1.7b. Capturing insignificant fund flow movements during the week, foreigners and retail investors registered marginal net weekly outflows (amounting to RM68m and RM79m, respectively) vis-à-vis the net buying trades from domestic institutions (totalling RM147m).

It is going to be a fairly quiet week ahead in terms of news flows. On the local corporate scene, Betamek – which is engaged in the provision of electronics manufacturing services for the automotive markets in Malaysia – will debut on the ACE Market tomorrow at a market cap of RM225.0m based on an IPO offer price of RM0.50 per share. There will also be the release of quarterly earnings report cards by the likes of Nestle (Malaysia) and CapitaLand Malaysia Trust (both on Wednesday) as well as CTOS Digital, BAT (Malaysia) and Pavilion REIT (all on Thursday).

Overseas, amid persistent worry of rising interest rates in an elevated inflationary environment, the European Central Bank's monetary policy committee is scheduled to meet on Thursday with investors anticipating another hefty interest rate hike of 0.75% following September's 0.75% jump.

Nonetheless, light news may be good news as far as the Malaysian bourse is concerned at this juncture. Essentially, investors may want to ride on the improved sentiment following last week's market rebound. During the week, the FBMKLCI (up 4.6%) got a lift mostly from banking stocks namely Public Bank (+7.1% / +13.8 index points), CIMB (+4.3% / +5.0 index points) and Maybank (+2.5% / +4.8 index points). The positive performance spilled over to the broad market although the FBM 70 Index (+1.0%), FBM Small Cap Index (+2.4%), FBM Fledgling Index (+2.3%) and FBM ACE Index (+3.2%) all posted relatively smaller weekly gains. By sector, plantation (+6.0%), transportation & logistics (+5.8%) and finance services (4.0%) saw the highest returns while only construction (-1.0%) and REIT (-0.7%) ended in the red through the week.

What next? After last week's relief rally, the FBMKLCI has likely found an intermediate bottom already as both the RSI and stochastic indicators are in the midst of reversing from the oversold position. Yet, the existence of a descending trendline (that stretches back to May this year) could block the bellwether's further upward movements. On the balance, the benchmark index will probably pull back initially and slide below our resistance-turned-support line of 1,440 (S1) before swinging sideways subsequently inside the 1,395 – 1,440 range.

Over on Wall Street, in view of last week's strong momentum, the DJIA – which has overcome a short-term negative sloping trendline to climb back to where it was in mid-September – will probably fluctuate with a marginal upward bias between our revised immediate support and resistance levels of 30,600 (S1) and 31,300 (R1).

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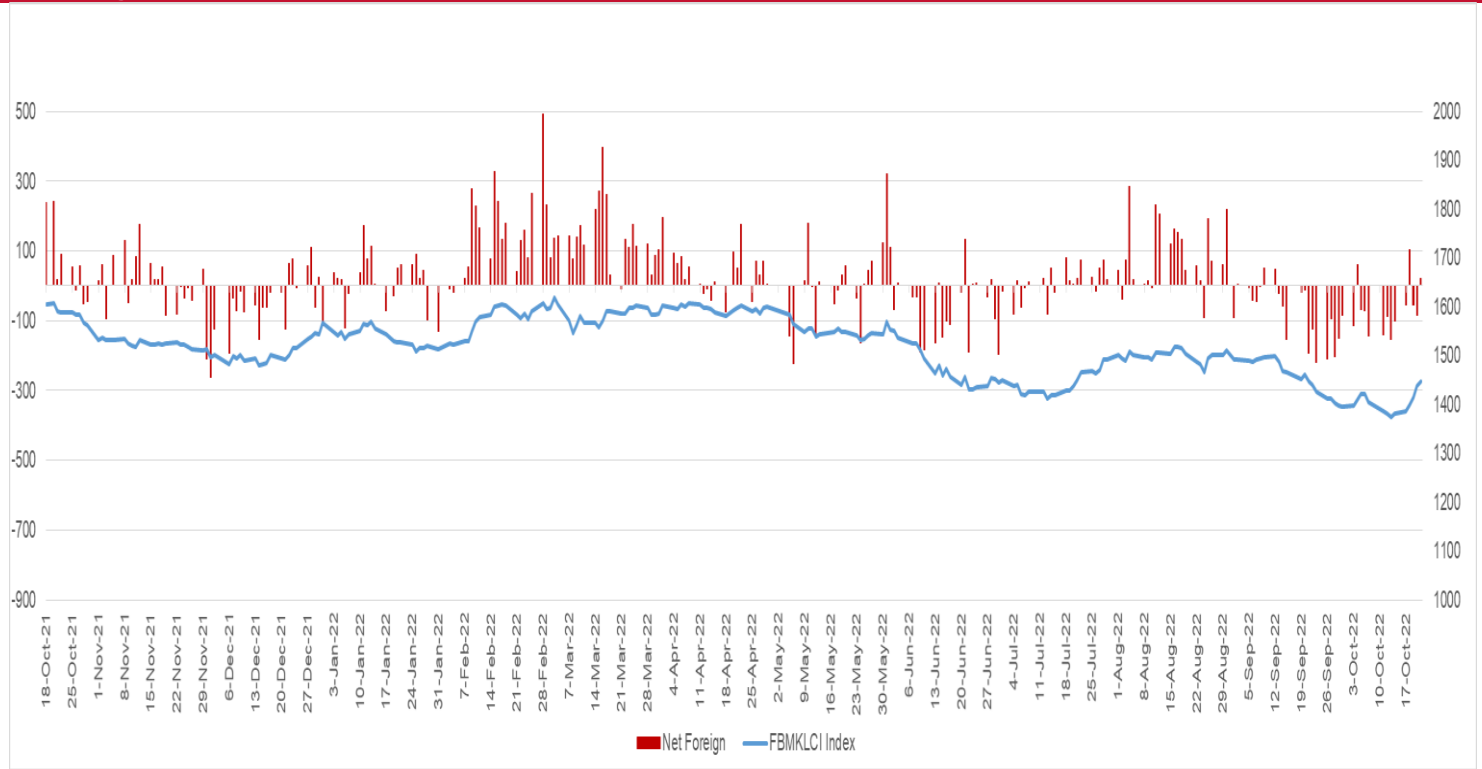


Source: Kenanga Research



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Net Foreign Trade Position vs FBMKLCI



Foreign investors remained net sellers with net outflows of RM68.2m last week compared to cumulative net outflows of RM479.7m in the prior week.

Source: Kenanga Research

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STOCK CALL MONITOR*


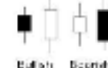

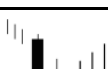
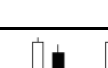


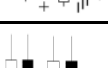
Stock Name	Issue Date (ID)	Rating	Price @ ID	Resistance Price (R1)	Stop Loss Price (SL)	Upside Potential @ ID	Downside Risk @ ID	Risk to Reward Ratio	Highest Price since ID	Lowest Price since ID	Last Price	Status [^]	Date Status Fulfilled
			RM	RM	RM	%	%	RM	RM	RM			
BONIA CORP BHD	27/9/2022	Technical Buy	1.96	2.25	1.70	15%	-13%	1.12x	2.03	1.71	1.74	Open	
SKP RESOURCES BHD	27/9/2022	Technical Buy	1.70	1.92	1.50	13%	-12%	1.10x	1.74	1.56	1.59	Open	
FARM FRESH BHD	28/9/2022	Technical Buy	1.58	1.74	1.42	10%	-10%	1.00x	1.67	1.56	1.63	Open	
PIE INDUSTRIAL BHD	28/9/2022	Technical Buy	2.78	3.05	2.51	10%	-10%	1.00x	2.88	2.49	2.53	SL Hit	21/10/2022
PGF CAPITAL BHD #	29/9/2022	Technical Buy	1.15	1.29	1.02	12%	-11%	1.04x	1.32	1.09	1.31	TP Hit	7/10/2022
MYNEWS HOLDINGS BHD	29/9/2022	Technical Buy	0.46	0.52	0.40	13%	-12%	1.09x	0.50	0.43	0.46	Open	
CSC STEEL HOLDINGS BHD	30/9/2022	Technical Buy	1.16	1.28	1.04	10%	-10%	1.00x	1.20	1.15	1.17	Open	
INARI AMERTRON BHD	30/9/2022	Technical Buy	2.55	2.80	2.30	10%	-10%	1.00x	2.60	2.28	2.38	SL Hit	17/10/2022
SWIFT HAULAGE BHD	4/10/2022	Technical Buy	0.49	0.55	0.43	12%	-12%	1.00x	0.50	0.45	0.47	Open	
MALAYSIAN BULK CARRIERS BHD	4/10/2022	Technical Buy	0.35	0.40	0.31	14%	-11%	1.25x	0.40	0.35	0.39	TP Hit	21/10/2022
UZMA BHD	5/10/2022	Technical Buy	0.38	0.43	0.32	15%	-15%	1.00x	0.40	0.35	0.36	Open	
MALAYSIAN RESOURCES CORP BHD	5/10/2022	Technical Buy	0.31	0.36	0.27	16%	-13%	1.25x	0.33	0.29	0.30	Open	
DIALOG GROUP BHD	6/10/2022	Technical Buy	2.00	2.29	1.80	15%	-10%	1.45x	2.06	1.71	1.82	SL Hit	12/10/2022
SIME DARBY BERHAD	6/10/2022	Technical Buy	2.20	2.48	1.96	13%	-11%	1.17x	2.22	2.11	2.20	Open	
MYTECH GROUP BHD	7/10/2022	Technical Buy	0.58	0.64	0.52	10%	-10%	1.00x	0.62	0.52	0.58	SL Hit	13/10/2022
POWER ROOT BHD	7/10/2022	Technical Buy	2.01	2.23	1.81	11%	-10%	1.10x	2.19	2.00	2.16	Open	
SUNWAY BHD	12/10/2022	Technical Buy	1.56	1.77	1.39	13%	-11%	1.24x	1.58	1.50	1.53	Open	
MMS VENTURES BHD	12/10/2022	Technical Buy	0.66	0.75	0.59	14%	-11%	1.29x	0.68	0.63	0.66	Open	
MALAKOFF CORP BHD	13/10/2022	Technical Buy	0.61	0.67	0.55	10%	-10%	1.00x	0.63	0.60	0.62	Open	
NCT ALLIANCE BHD	13/10/2022	Technical Buy	0.36	0.40	0.32	11%	-11%	1.00x	0.40	0.35	0.39	TP Hit	19/10/2022
LOTTE CHEMICAL TITAN HOLDING	14/10/2022	Technical Buy	1.36	1.55	1.20	14%	-12%	1.19x	1.39	1.34	1.38	Open	
OPTIMAX HOLDINGS BHD	14/10/2022	Technical Buy	0.69	0.78	0.61	13%	-12%	1.13x	0.77	0.69	0.76	Open	
WESTPORTS HOLDINGS BHD	18/10/2022	Technical Buy	3.17	3.48	2.87	10%	-9%	1.03x	3.33	3.16	3.31	Open	
PEKAT GROUP BERHAD	18/10/2022	Technical Buy	0.44	0.49	0.39	13%	-10%	1.22x	0.46	0.42	0.45	Open	
OPENSYS M BHD	19/10/2022	Technical Buy	0.35	0.39	0.31	11%	-11%	1.00x	0.36	0.35	0.36	Open	
TUNE PROTECT GROUP BHD	19/10/2022	Technical Buy	0.25	0.28	0.21	14%	-14%	1.00x	0.27	0.24	0.26	Open	
AURELIUS TECHNOLOGIES BHD	20/10/2022	Technical Buy	1.65	1.88	1.47	14%	-11%	1.28x	1.67	1.63	1.64	Open	
FRONTKEN CORP BHD	20/10/2022	Technical Buy	2.47	2.80	2.18	13%	-12%	1.14x	2.51	2.44	2.48	Open	
CTOS DIGITAL BHD	21/10/2022	Technical Buy	1.34	1.52	1.16	13%	-13%	1.00x	1.37	1.33	1.34	Open	
PESTECH INTERNATIONAL BHD	21/10/2022	Technical Buy	0.31	0.35	0.27	13%	-13%	1.00x	0.33	0.32	0.32	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.

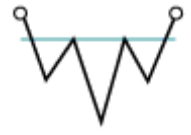
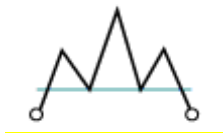



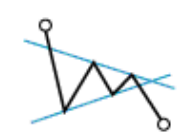
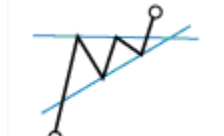
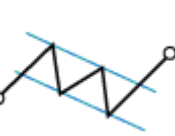


[^] Status will be categorised as either: (i) "TP hit" when stock reaches target price first OR (ii) "SL hit" when stock touches stop loss first OR (iii) "Open" when neither TP nor SL has been hit.

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

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 a cross, inverted cross or plus sign. Dojis 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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