

28 November 2022

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The Malaysian bourse might have turned the corner already although the relief rally could have overshoot in the short run. This follows an end to the political impasse following the appointment of a new prime minister post the 15th General Election (GE15). Last week, the benchmark FBMKLCI reversed from a low of 1,428 initially to soar as high as 1,504 on Friday before stopping at 1,487 for a weekly jump of 37.2 points or 2.6%. In the US, the DJIA was up 601.3 points or 1.8% week-on-week to close at 34,347.

Whilst market breadth was negative in three of the five days, daily average turnover on the local stock exchange surged to 4.6b shares in volume and RM2.6b in value (boosted by last Thursday's trading activity of 6.9b shares worth RM4.2b), versus the prior week's average of 2.6b shares valued at RM1.7b. The week also saw marginal net selling trades by foreign investors (of RM82m) and domestic institutions (of RM4m) as local retail investors booked net weekly inflows of RM86m. Meanwhile, the Ringgit strengthened against key currencies such as USD (up 1.5%), SGD (+1.7%) and Yuan (+2.1%) during the week.

With sentiment on the mend, investors can look forward to an extended run-up in the FBMKLCI (up 1.8% month-to-date) as we enter the final month of the year, which is traditionally a rewarding period. Statistically, the odds are in their favour as the bellwether had enjoyed positive returns in December in nine of the last 10 years (except in 2014) to register an average monthly return of +2.2% since 2012.

There will be plenty of news flows to sustain investors' interest in the coming holiday-shortened week. The corporate scene will be hogged by the final batch of financial results announcements due for release today (from the likes of RHB Bank, Hong Leong Bank, Alliance Bank, Press Metal, Petronas Dagangan, Sime Darby Property, Velesto Energy, Capital A, IHH Healthcare, UMW Holdings, Padini Holdings) and tomorrow (by Public Bank, AMMB Holdings, CIMB, Malaysia Airports, Mah Sing, MRCB, FGV Holdings, Uzma). Separately, Lefom – which is involved in the manufacturing of and trading in steel products – is scheduled to debut on the ACE Market tomorrow with a market cap of RM340.6m based on an IPO offer price of RM0.23 per share.

And following the FTSE Bursa Malaysia semi-annual index review exercise, a preliminary announcement on the likely additions and deletions of the FBMKLCI constituents will be made tomorrow with a final publication to be unveiled on Thursday. Using the market cap ranking as of last Monday as the cut-off date, our initial analysis suggests that QL Resources and AMMB Holdings are expected to substitute Top Glove and Hartalega as member stocks.

On the macro data front, the October banking statistics will be out tomorrow to be followed by Malaysia's PMI manufacturing report on Thursday and the US employment situation report on Friday. And as the dust of GE15 settles, there will be much anticipation on the naming of a new cabinet line-up and the fixing of a fresh date to re-table Budget 2023.

Overall, investors may want to comb through the stock market for laggard plays after last week's performance. During the week, the relief rally lifted all main indices, namely the FBMKLCI (+2.6%), FBM 70 Index (+3.9%), FBM Small Cap Index (+3.0%), FBM Fledgling Index (+3.2%) and FBM ACE Index (+5.6%). The top weekly FBMKLCI movers were Public Bank (+4.9% / +9.7 index points), CIMB (+7.2% / +8.4 index points), Petronas Chemicals (+5.3% / +4.2 index points), Tenaga (+4.8% / +4.2 index points) and Axiata (+6.3% / +2.7 index points). By sector, technology (+6.7%), construction (+5.2%) and energy (+4.9%) led the weekly gains while only plantation (-0.9%) ended in the red.

On the chart, following last week's sharp rally that propelled the FBMKLCI to overcome a descending trendline to climb back to where it was in the first half of September, a trend reversal could be in the making after previously plotting lower highs and lower lows since early May. Notwithstanding that the benchmark index is in an overbought position (as shown by a hook-down in the RSI indicator), the occurrence of a bullish DMI crossover suggests a resumption of the upward shift may be on the horizon. That said, the FBMKLCI could swing – with a positive bias – between our adjusted first support and resistance thresholds of 1,475 (S1) and 1,510 (R1) in the near term. In the event that the key market barometer breaches R1 and breaks free from the 200-day SMA, the FBMKLCI may then advance further to challenge the next resistance hurdle of 1,550 (R2).

Over on Wall Street, after a jump of 5,686.1 points or 19.8% from the trough in mid-October, the DJIA may extend its consolidation pattern by fluctuating (with a marginal downward bias) between our revised support and resistance levels of 34,100 (S1) and 35,400 (R1), respectively.

28 November 2022

Chart 1 – FBMKLCI



Source: Kenanga Research

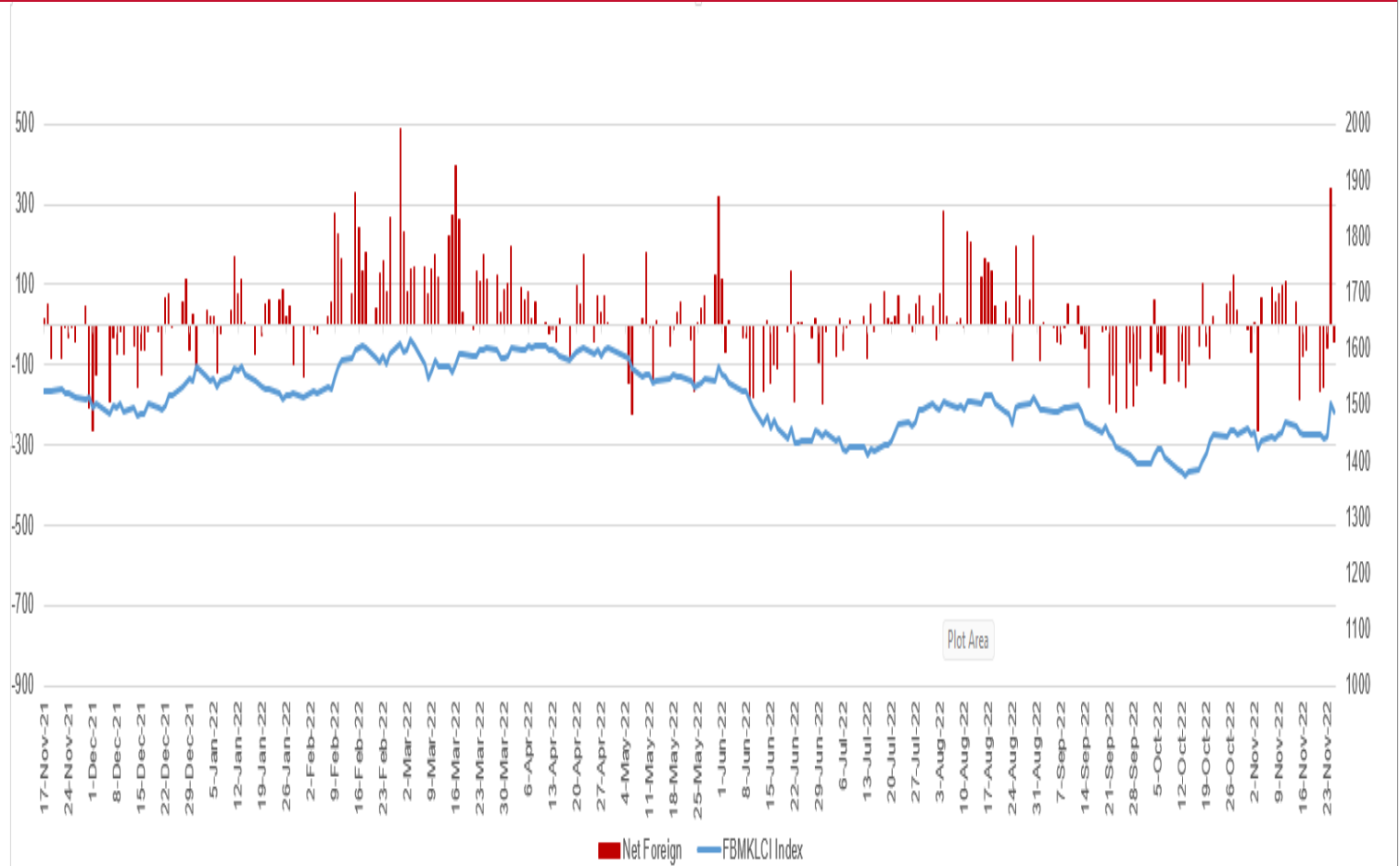
Chart 2 – DJIA



Source: Kenanga Research

28 November 2022

Net Foreign Trade Position vs FBMKLCI



Foreign investors remained as net sellers with net outflows of RM81.7m last week compared to cumulative net outflows of RM272.0m in the prior week.

Source: Kenanga Research

28 November 2022

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
JHM CONSOLIDATION BHD	1/11/2022	Technical Buy	0.87	0.97	0.77	12%	-11%	1.11x	0.89	0.70	0.75	SL Hit	9/11/2022
KPJ HEALTHCARE BERHAD	1/11/2022	Technical Buy	0.82	0.90	0.75	10%	-9%	1.14x	0.98	0.82	0.98	TP Hit	24/11/2022
MR DIY GROUP M BHD	2/11/2022	Technical Buy	2.00	2.22	1.78	11%	-11%	1.00x	2.06	1.90	2.00	Open	
PECCA GROUP BHD	2/11/2022	Technical Buy	0.88	0.98	0.78	11%	-11%	1.00x	0.88	0.81	0.84	Open	
HEVEABOARD BHD	3/11/2022	Technical Buy	0.38	0.42	0.33	12%	-12%	1.00x	0.38	0.34	0.35	Open	
VISDYNAMICS HOLDINGS BHD	3/11/2022	Technical Buy	0.57	0.63	0.50	12%	-12%	1.00x	0.57	0.49	0.53	SL Hit	10/11/2022
KELINGTON GROUP BHD	4/11/2022	Technical Buy	1.30	1.44	1.17	11%	-10%	1.08x	1.49	1.27	1.44	TP Hit	24/11/2022
MYNEWS HOLDINGS BHD	4/11/2022	Technical Buy	0.52	0.58	0.46	12%	-12%	1.00x	0.62	0.51	0.61	TP Hit	16/11/2022
INNATURE BHD	8/11/2022	Technical Buy	0.53	0.60	0.46	13%	-13%	1.00x	0.56	0.51	0.54	Open	
YTL CORP BHD	8/11/2022	Technical Buy	0.57	0.63	0.52	11%	-9%	1.20x	0.59	0.53	0.56	Open	
FM GLOBAL LOGISTICS HOLDINGS	9/11/2022	Technical Buy	0.54	0.60	0.48	12%	-10%	1.18x	0.56	0.53	0.56	Open	
YTL POWER INTERNATIONAL BHD	9/11/2022	Technical Buy	0.70	0.77	0.62	11%	-11%	1.00x	0.72	0.66	0.71	Open	
DUFU TECHNOLOGY CORP BHD	10/11/2022	Technical Buy	1.59	1.76	1.44	11%	-9%	1.13x	1.77	1.53	1.74	TP Hit	11/11/2022
UEM SUNRISE BHD	10/11/2022	Technical Buy	0.21	0.24	0.18	14%	-14%	1.00x	0.32	0.20	0.27	TP Hit	24/11/2022
BSL CORP BHD	11/11/2022	Technical Buy	0.13	0.16	0.10	23%	-23%	1.00x	0.14	0.11	0.13	Open	
HARTALEGA HOLDINGS BHD	11/11/2022	Technical Buy	2.06	2.28	1.84	11%	-11%	1.00x	2.17	1.70	1.83	SL Hit	17/11/2022
D&O GREEN TECHNOLOGIES BHD	15/11/2022	Technical Buy	3.85	4.25	3.45	10%	-10%	1.00x	4.02	3.70	3.95	Open	
OPCOM HOLDINGS BHD	15/11/2022	Technical Buy	0.87	0.99	0.76	14%	-13%	1.09x	0.88	0.77	0.79	Open	
EP MANUFACTURING BERHAD	16/11/2022	Technical Buy	1.04	1.18	0.93	13%	-11%	1.27x	1.05	0.98	1.01	Open	
CARIMIN PETROLEUM BHD	16/11/2022	Technical Buy	0.53	0.60	0.47	13%	-11%	1.17x	0.58	0.52	0.57	Open	
PIE INDUSTRIAL BHD	17/11/2022	Technical Buy	2.59	2.85	2.33	10%	-10%	1.00x	2.70	2.48	2.61	Open	
SP SETIA BHD	17/11/2022	Technical Buy	0.53	0.59	0.47	11%	-10%	1.09x	0.65	0.52	0.63	TP Hit	24/11/2022
PROLEXUS BHD	22/11/2022	Technical Buy	0.41	0.46	0.36	14%	-11%	1.22x	0.43	0.41	0.43	Open	
DIGI.COM BHD	22/11/2022	Technical Buy	3.78	4.16	3.43	10%	-9%	1.09x	4.08	3.67	3.98	Open	
HAP SENG PLANTATIONS HLDGS	23/11/2022	Technical Buy	2.02	2.24	1.81	11%	-10%	1.05x	2.08	1.99	2.01	Open	
AXIATA GROUP BERHAD	23/11/2022	Technical Buy	2.80	3.08	2.55	10%	-9%	1.12x	3.20	2.78	3.03	TP Hit	24/11/2022
CNERGENZ BHD	24/11/2022	Technical Buy	0.88	0.97	0.78	11%	-11%	1.00x	0.90	0.86	0.86	Open	
REVENUE GROUP BHD	24/11/2022	Technical Buy	0.72	0.81	0.64	13%	-11%	1.13x	0.77	0.73	0.75	Open	
CITAGLOBAL BHD	25/11/2022	Technical Buy	0.26	0.29	0.23	12%	-10%	1.20x	0.26	0.25	0.25	Open	
ECONPILE HOLDINGS BHD	25/11/2022	Technical Buy	0.17	0.19	0.15	12%	-12%	1.00x	0.17	0.16	0.17	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.

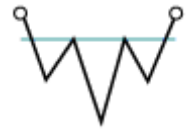
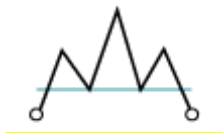



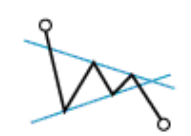
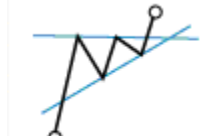
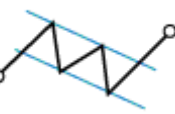


^ Status will be categorised as either: (i) "TP hit" when stock reaches target price first OR (ii) "SL hit" when stock touches stop loss first OR (iii) "Open" when neither TP nor SL has been hit.

28 November 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 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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