

05 December 2022

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As the Malaysian bourse is still digesting its recent headline gains, investors could nibble at the second and third liners for trading opportunities. The benchmark FBMKLCI swung between profits and losses last week, climbing from as low as 1,465 on Wednesday to a high of 1,497 on Thursday before stopping at 1,482 last Friday. This represents a week-on-week dip of 4.7 points or 0.3%. On Wall Street, the DJIA finished relatively flat at 34,430, up 82.8 points or 0.2% through the week.

There were more advancing counters than declining ones in the four market days on the local stock exchange. Meanwhile, trading activity stood at a daily average volume of 3.8b shares valued at RM3.1b, versus the previous week's average of 4.6b shares worth RM2.6b. The week also saw net weekly selling flows by foreign investors and local retailers (amounting to RM301m and RM130m, respectively) that were matched by net buying trades by domestic institutions (of RM431m). For the whole of November, foreign investors logged net outflows of RM282m, less than October's cumulative outflows of RM601m.

Slow news may be good news for Malaysia equities at this juncture as we enter a fairly quiet week after a hive of activities. With the calendar of events showing no key macro data due for release apart from the scheduled corporate earnings announcements from the likes of Bermaz Auto (on Thursday), investors may look elsewhere for fresh market leads. On the local political scene, following the naming of a new cabinet team, the focus next will be on the setting of a date to table Budget 2023 in the parliament.

In terms of fund flows pattern, of interest will be the USD trend following its recent depreciation against a basket of 10 major global currencies (down 7.7% since end-September). Tracking the USD weakness, the Ringgit has strengthened vis-à-vis the USD (+7.6%), Yuan (+5.9%) and SGD (+3.7%) since early November. An extended reversal of the USD (after rising since end-May last year) may benefit emerging markets (like Malaysia) and currencies (like the Ringgit) as funds move out from the US in search of better investment returns going forward.

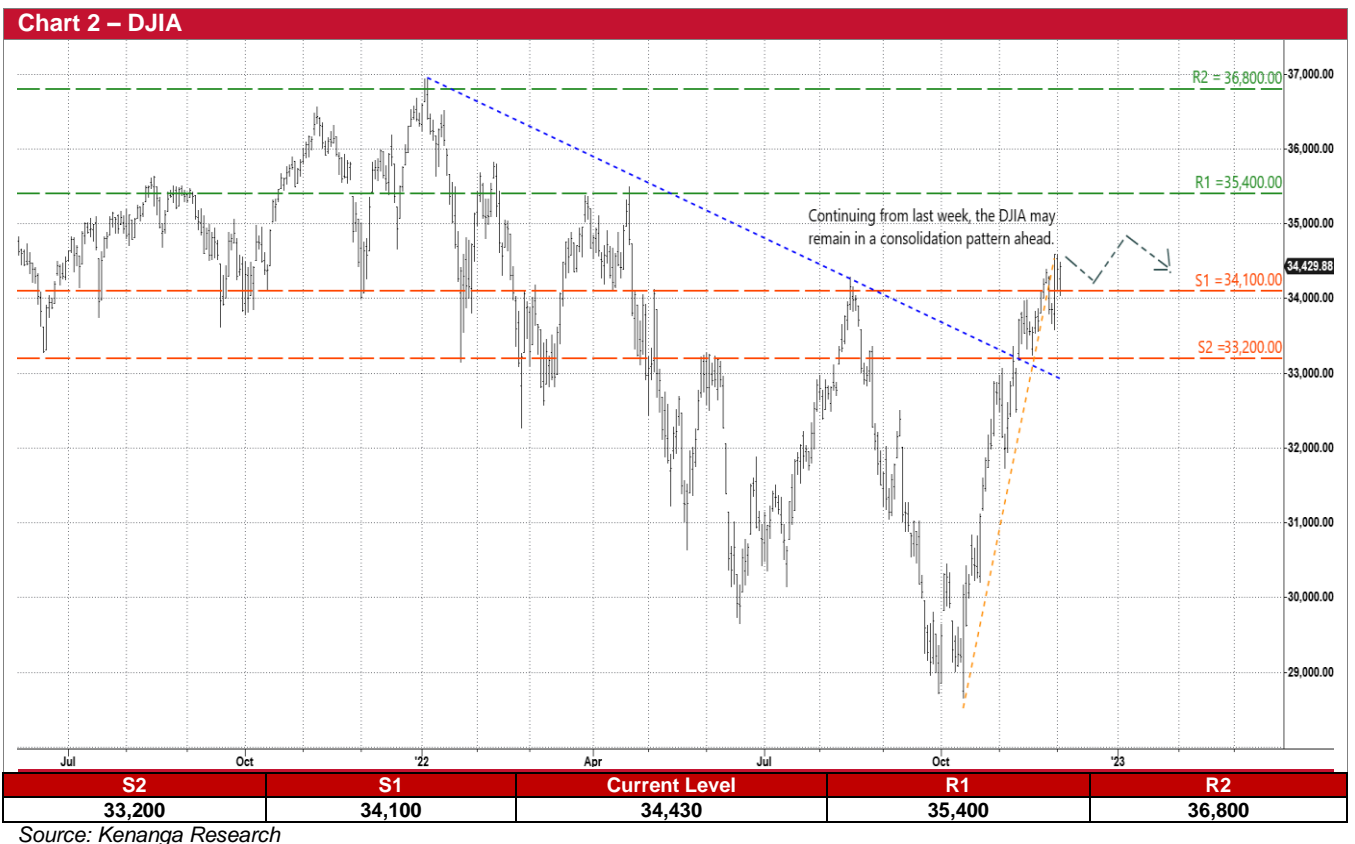
This comes as buying interest is picking up on Bursa Malaysia. Last week, for example, in contrast to the big-cap laden FBMKLCI's performance (down 0.3%), the FBM 70 Index (+3.4%), FBM Small Cap Index (+2.8%), FBM Fledgling Index (+2.5%) and FBM ACE Index (+3.4%) all ended in positive territory, capturing the increased buying activity in the mid-, small- and micro-caps.

During the week, contributions from the key FBMKLCI's key movers being Tenaga (+6.8% / +6.3 index points), PPB (+6.5% / +2.3 index points) and Dialog (+6.9% / +2.0 index points) were negated by the top laggards namely Petronas Chemicals (-6.2% / -5.1 index points), Public Bank (-2.4% / -5.1 index points) and CIMB (-2.8% / -3.4 index points). By sector, technology (+7.8%), energy (+5.4%) and property (+3.6%) attracted the highest buying flows while healthcare (-2.4%), industrial products & services (-1.9%) and finance services (-1.5%) posted the steepest weekly losses.

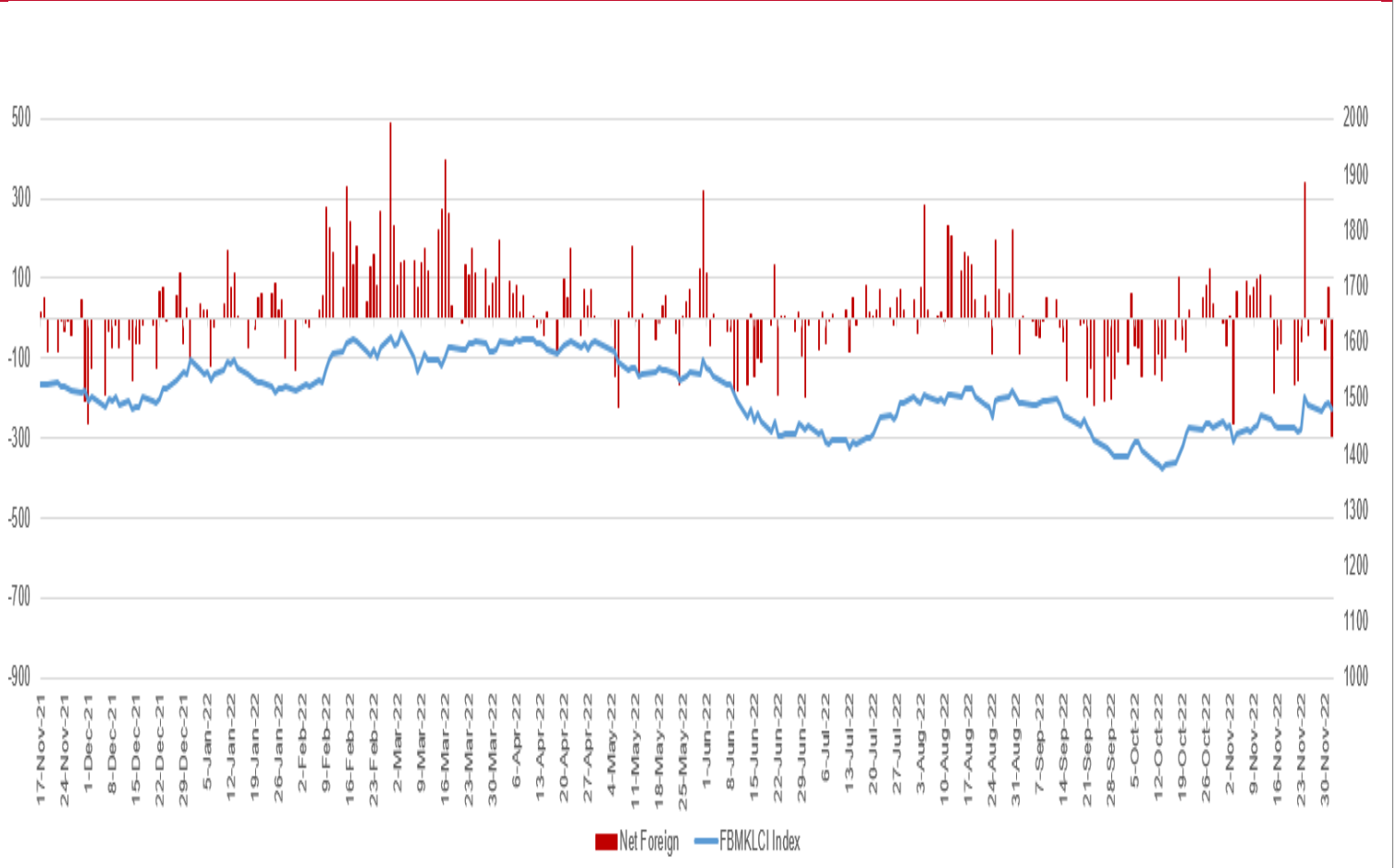
From a technical standpoint, the FBMKLCI will probably remain in a consolidation pattern for the time being after a rally of 108.4 points or 7.9% since mid-October. With profit-taking temptations capping its near-term performance, the benchmark index is in the midst of unwinding from an overbought position (as traced by the RSI and stochastic indicators). Thereafter, the bellwether – which is still hovering above the descending trendline following a recent breakout – may shift higher in tandem with the bullish DMI crossover. On the chart, the FBMKLCI could initially range-bound between our immediate support and resistance thresholds of 1,475 (S1) and 1,510 (R1) with a resumption of the upward trajectory – towards the next resistance hurdle of 1,550 (R2) – likely to be forthcoming when the index crosses over the key 200-day SMA.

In the US, as the DJIA (currently back to where it was in April this year) strives to digest its recent gains, the key market barometer may carry on the sideways gyrations, possibly swinging (with a marginal downward bias) between our current support and resistance levels of 34,100 (S1) and 35,400 (R1), respectively.

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Net Foreign Trade Position vs FBMKLCI



Foreign investors remained as net sellers with net outflows of RM301.2m last week compared to cumulative net outflows of RM81.7m in the prior week.

Source: Kenanga Research

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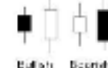

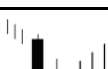
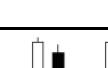


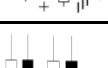
STOCK CALL MONITOR*

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			
INNATURE BHD	8/11/2022	Technical Buy	0.53	0.60	0.46	13%	-13%	1.00x	0.56	0.51	0.56	Open	
YTL CORP BHD	8/11/2022	Technical Buy	0.57	0.63	0.52	11%	-9%	1.20x	0.59	0.53	0.59	Open	
FM GLOBAL LOGISTICS HOLDINGS	9/11/2022	Technical Buy	0.54	0.60	0.48	12%	-10%	1.18x	0.58	0.53	0.56	Open	
YTL POWER INTERNATIONAL BHD	9/11/2022	Technical Buy	0.70	0.77	0.62	11%	-11%	1.00x	0.76	0.66	0.74	Open	
DUFU TECHNOLOGY CORP BHD	10/11/2022	Technical Buy	1.59	1.76	1.44	11%	-9%	1.13x	2.05	1.53	2.04	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	0.29	TP Hit	24/11/2022
BSL CORP BHD	11/11/2022	Technical Buy	0.13	0.16	0.10	23%	-23%	1.00x	0.17	0.11	0.16	TP Hit	29/11/2022
HARALEGA HOLDINGS BHD	11/11/2022	Technical Buy	2.06	2.28	1.84	11%	-11%	1.00x	2.17	1.65	1.66	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	4.44	3.70	4.41	TP Hit	1/12/2022
OPCOM HOLDINGS BHD	15/11/2022	Technical Buy	0.87	0.99	0.76	14%	-13%	1.09x	0.88	0.77	0.78	Open	
EP MANUFACTURING BERHAD	16/11/2022	Technical Buy	1.04	1.18	0.93	13%	-11%	1.27x	1.13	0.98	1.10	Open	
CARIMIN PETROLEUM BHD	16/11/2022	Technical Buy	0.53	0.60	0.47	13%	-11%	1.17x	0.62	0.52	0.61	TP Hit	30/11/2022
PIE INDUSTRIAL BHD	17/11/2022	Technical Buy	2.59	2.85	2.33	10%	-10%	1.00x	2.76	2.48	2.70	Open	
SP SETIA BHD	17/11/2022	Technical Buy	0.53	0.59	0.47	11%	-10%	1.09x	0.72	0.52	0.71	TP Hit	24/11/2022
PROLEXUS BHD	22/11/2022	Technical Buy	0.41	0.46	0.36	14%	-11%	1.22x	0.44	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	3.99	Open	
HAP SENG PLANTATIONS HLDGS	23/11/2022	Technical Buy	2.02	2.24	1.81	11%	-10%	1.05x	2.08	1.95	1.96	Open	
AXIATA GROUP BERHAD	23/11/2022	Technical Buy	2.80	3.08	2.55	10%	-9%	1.12x	3.28	2.78	3.15	TP Hit	24/11/2022
CNERGENZ BHD	24/11/2022	Technical Buy	0.88	0.97	0.78	11%	-11%	1.00x	0.98	0.84	0.96	TP Hit	2/12/2022
REVENUE GROUP BHD	24/11/2022	Technical Buy	0.72	0.81	0.64	13%	-11%	1.13x	0.77	0.63	0.66	SL Hit	1/12/2022
CITAGLOBAL BHD	25/11/2022	Technical Buy	0.26	0.29	0.23	12%	-10%	1.20x	0.27	0.24	0.27	Open	
ECONPILE HOLDINGS BHD	25/11/2022	Technical Buy	0.17	0.19	0.15	12%	-12%	1.00x	0.18	0.16	0.17	Open	
ECO WORLD DEVELOPMENT GROUP	30/11/2022	Technical Buy	0.66	0.75	0.58	14%	-12%	1.13x	0.71	0.66	0.70	Open	
SIME DARBY BERHAD	30/11/2022	Technical Buy	2.20	2.41	2.00	10%	-9%	1.05x	2.21	2.15	2.17	Open	
HIBISCUS PETROLEUM BHD	1/12/2022	Technical Buy	1.11	1.23	1.00	11%	-10%	1.09x	1.16	1.11	1.12	Open	
RAMSSOL GROUP BHD	1/12/2022	Technical Buy	0.39	0.43	0.35	10%	-10%	1.00x	0.43	0.39	0.40	TP Hit	2/12/2022
JHM CONSOLIDATION BHD	2/12/2022	Technical Buy	0.72	0.80	0.65	11%	-10%	1.07x	0.75	0.73	0.74	Open	
SWIFT HAULAGE BHD	2/12/2022	Technical Buy	0.47	0.52	0.42	11%	-11%	1.00x	0.49	0.47	0.48	Open	

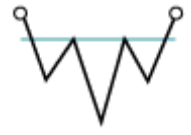
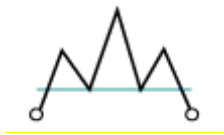


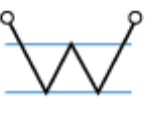
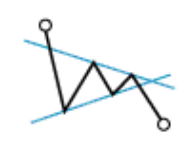

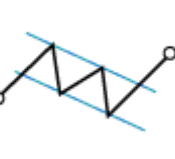
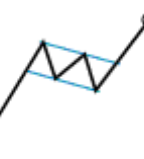

* Tracks our stock recommendations on a one-month rolling basis from issue date. Stock names will drop out from the list after one month from issue date regardless of their status.

^ 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.

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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