

02 May 2023

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

Volatility is set to return as investors may react to fresh information this week. Last week, the benchmark FBM KLCI was stuck inside a narrow 15-point range, drifting lower to close at 1,416 on Friday for a weekly dip of 6.2 points or 0.4%. Over on Wall Street, the DJIA swung down and up before finishing at 34,098, which represented a week-on-week increase of 289.2 points or 0.9%.

With market breadth coming in negative on all the four trading days, daily average transaction on the local stock exchange dwindled to 2.6b shares in volume and RM1.5b in value from the prior week's average of 3.0b shares worth RM1.7b. The week also saw foreign investors continuing their selling spree, registering net weekly outflows of RM188m, which was absorbed by net buying trades from domestic institutions (of RM167m) and local retailers (of RM21m). Quite expectedly then, cumulative net foreign outflows stood at RM251m for the whole of April, albeit less than March's aggregate net selling value of RM1.35b.

Following the FBM KLCI's 0.5% loss in April (taking its year-to-date decline to 5.3%), it remains to be seen if investors will choose to "sell in May and go away" in the coming month. Statistically, records showed that the FBM KLCI ended in the red in May in six of the last 10 years – including the most recent two years – translating to an average monthly return of minus 0.8% since 2013.

Kicking off the month, investors will be kept busy with a stream of news flows during the 3-day working week ahead. On the home front, the Malaysia Manufacturing PMI will be out today while Bank Negara Malaysia's monetary policy committee will meet tomorrow (most economists polled expect that the policymakers would likely leave the overnight policy rate unchanged). There will also be corporate quarterly earnings announcements, among them Bursa Malaysia, F&N Holdings and Sunway REIT (all on Wednesday).

Yet, of greater interest is the emergence of possible fresh market insights from overseas. In particular, the focus will be on key takeaways from: (i) the US Federal Open Market Committee meeting scheduled for today and tomorrow with consensus currently predicting either a 25-basis point hike in the federal funds rate (84% chance) or a status quo (16% probability), (ii) the European Central Bank's monetary policy meeting to be held on Thursday, which is anticipated to raise its interest rate by either 25-basis point or 50-basis point according to street opinion, and (iii) the US April employment report due on Friday, which will provide an update on the latest inflation situation.

As investors await the incoming news flows pertaining to interest rate developments, sentiment on the local bourse will probably remain subdued for the time being. This comes as the week just ended saw a mixed performance across the broad market, as tracked by the FBM KLCI (-0.4%), FBM 70 Index (-0.9%), FBM Small Cap Index (-0.1%), FBM Fledgling Index (flat) and FBM ACE Index (+0.5%). By sector, healthcare (-2.3%), transportation & logistics (-1.3%) and industrial products & services (-1.0%) fell the most while telecommunications & media (+3.0%), REIT (+1.2%) and construction (+0.4%) topped the weekly gains.

Technically speaking, continuing from where it left off last week, the FBM KLCI may retrace further after slipping 22.3 points or 1.6% from a recent high of 1,438 in mid-April. On the chart, with the stochastic indicator still reversing from an overbought condition, the benchmark index – which broke below the 25-day SMA last week – could extend its downward trajectory ahead. Our immediate support threshold is seen at 1,395 (S1) while the first resistance hurdle stays at 1,440 (R1).

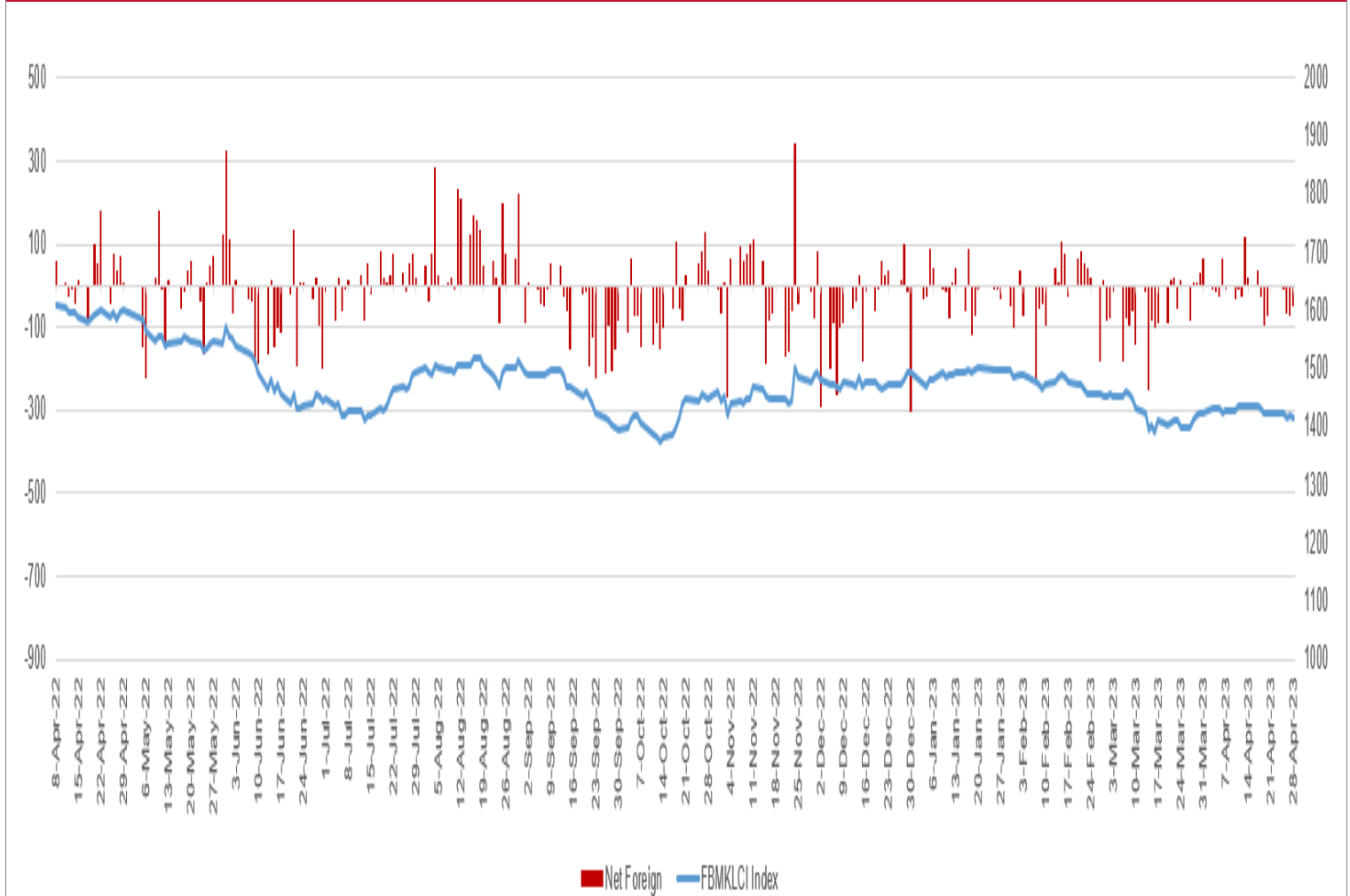
In the US, with the 50-day SMA still hovering below the 100-day SMA, the DJIA is expected to face profit-taking pressure following its run-up since mid-March, probably backing off from our immediate resistance barrier of 34,100 (R1) towards our first support line of 33,200 (S1).

02 May 2023



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Net Foreign Trade Position vs FBMKLCI



Foreign investors remained net sellers with net outflows of RM187.8m last week compared to cumulative net outflows of RM151.1m in the prior week.

Source: Kenanga Research

02 May 2023


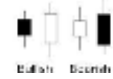




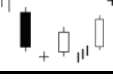
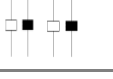
STOCK CALL MONITOR*

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			
KIM HIN JOO BHD	4/4/2023	Technical Buy	0.21	0.25	0.18	19%	-14%	1.33x	0.23	0.21	0.21	Open	
CUSCAPI BHD	4/4/2023	Technical Buy	0.20	0.23	0.16	18%	-18%	1.00x	0.21	0.18	0.19	Open	
RESERVOIR LINK ENERGY BHD	5/4/2023	Technical Buy	0.34	0.39	0.29	15%	-15%	1.00x	0.35	0.31	0.32	Open	
SAMCHEM HOLDINGS BHD	5/4/2023	Technical Buy	0.58	0.66	0.52	14%	-10%	1.33x	0.59	0.56	0.57	Open	
CAREPLUS GROUP BHD	6/4/2023	Technical Buy	0.33	0.37	0.29	14%	-12%	1.13x	0.37	0.29	0.29	TP Hit	10/4/2023
V.S. INDUSTRY BERHAD	6/4/2023	Technical Buy	0.83	0.94	0.73	13%	-12%	1.10x	0.85	0.80	0.82	Open	
ELSOFT RESEARCH BHD	7/4/2023	Technical Buy	0.63	0.69	0.56	10%	-10%	1.00x	0.65	0.58	0.58	Open	
SOLARVEST HOLDINGS BHD	7/4/2023	Technical Buy	0.90	0.99	0.81	11%	-9%	1.12x	0.96	0.86	0.91	Open	
SKP RESOURCES BHD	11/4/2023	Technical Buy	1.27	1.45	1.12	14%	-12%	1.20x	1.31	1.22	1.30	Open	
KUB MALAYSIA BHD	11/4/2023	Technical Buy	0.50	0.55	0.44	11%	-11%	1.00x	0.58	0.48	0.54	TP Hit	25/4/2023
CJ CENTURY LOGISTICS HOLDING	12/4/2023	Technical Buy	0.49	0.56	0.43	14%	-12%	1.17x	0.53	0.48	0.50	Open	
CTOS DIGITAL BHD	12/4/2023	Technical Buy	1.29	1.41	1.17	9%	-9%	1.00x	1.45	1.28	1.41	TP Hit	27/4/2023
COSMOS TECHNOLOGY INTERNATIO	13/4/2023	Technical Buy	0.51	0.58	0.45	13%	-12%	1.08x	0.53	0.46	0.47	Open	
INFOLINE TEC GROUP BHD	13/4/2023	Technical Buy	0.89	1.00	0.78	12%	-12%	1.00x	0.93	0.82	0.88	Open	
CORAZA INTEGRATED TECHNOLOGY	14/4/2023	Technical Buy	0.88	0.98	0.78	12%	-11%	1.11x	0.91	0.81	0.84	Open	
FIAMMA HOLDINGS BERHAD	14/4/2023	Technical Buy	1.05	1.18	0.94	12%	-10%	1.18x	1.09	0.98	0.98	Open	
OOCK GROUP BHD	18/4/2023	Technical Buy	0.42	0.46	0.37	11%	-11%	1.00x	0.42	0.40	0.40	Open	
SOUTHERN CABLE GROUP BHD	18/4/2023	Technical Buy	0.32	0.36	0.29	13%	-11%	1.14x	0.32	0.30	0.30	Open	
TECHBOND GROUP BHD	19/4/2023	Technical Buy	0.41	0.45	0.37	11%	-9%	1.29x	0.41	0.39	0.39	Open	
SENHENG NEW RETAIL BHD	19/4/2023	Technical Buy	0.44	0.50	0.38	15%	-13%	1.18x	0.45	0.42	0.43	Open	
YBS INTERNATIONAL BHD	20/4/2023	Technical Buy	0.67	0.75	0.59	12%	-12%	1.00x	0.68	0.62	0.63	Open	
YEW LEE PACIFIC GROUP BHD	20/4/2023	Technical Buy	0.34	0.38	0.30	12%	-12%	1.00x	0.35	0.33	0.34	Open	
CLASSIC SCENIC BHD	26/4/2023	Technical Buy	0.81	0.91	0.74	12%	-9%	1.43x	0.82	0.80	0.81	Open	
FARM FRESH BHD	26/4/2023	Technical Buy	1.50	1.65	1.37	10%	-9%	1.15x	1.55	1.49	1.54	Open	
DIALOG GROUP BHD	27/4/2023	Technical Buy	2.30	2.55	2.10	11%	-9%	1.25x	2.38	2.29	2.29	Open	
VOLCANO BHD	27/4/2023	Technical Buy	0.82	0.93	0.73	13%	-11%	1.22x	0.85	0.82	0.83	Open	
PEKAT GROUP BERHAD	28/4/2023	Technical Buy	0.41	0.45	0.36	11%	-11%	1.00x	0.42	0.41	0.42	Open	
SAMAIDEN GROUP BHD	28/4/2023	Technical Buy	0.89	0.99	0.81	11%	-9%	1.25x	0.90	0.87	0.89	Open	






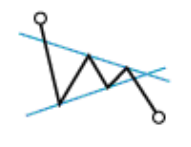

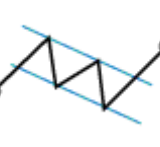


* Tracks our stock recommendations on a one-month rolling basis from issue date. Stock names will drop out from the list after one month from issue date regardless of their status.

[^] 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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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

