

08 May 2023

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As volatility returns, the Malaysian stock market remains vulnerable to further selling pressure. The week just ended saw monetary policymakers – led by the US Federal Reserve, European Central Bank and Bank Negara Malaysia – raising key interest rates (by 0.25% each) while the US banking sector was hit by a confidence crisis triggered by bank failures (the latest being First Republic Bank). Against this backdrop, the benchmark FBM KLCI gyrated from a low of 1,415 on Wednesday to end at an intra-week high of 1,431 last Friday. This translated to a weekly gain of 15.1 points or 1.1%. On Wall Street, the DJIA logged a week-on-week decline of 424 points or 1.2% to close at 33,674.

With falling counters outnumbering rising ones in two of the three working days, daily trading on the local bourse averaged at 3.0b shares in volume and RM1.5b in value, versus the preceding week's average of 2.6b shares worth RM1.5b. Quite expectedly so, there were insignificant fund flows movements as represented by minimal net weekly buying flows by domestic institutions (of RM53m) which absorbed the net weekly selling trades from both local retailers and foreign investors (amounting to RM32m and RM21m, respectively).

A steady pipeline of events will be coming up in the week ahead. Locally, the March Index of Industrial Production will be released tomorrow followed by the April palm oil industry statistics on Wednesday and the 1QCY23 economic report card on Friday. Overseas, the US April Consumer Price Index data (due to be published on Wednesday) will provide an update on the inflation gauge.

On the corporate front, Autocount Dotcom – which is involved in the development and distribution of financial management software – will be listed on the ACE Market tomorrow (at a market cap of RM181.7m based on an IPO offer price of RM0.33 per share). Meanwhile, more financial results announcements are scheduled to be made by the likes of Hartalega (on Tuesday), Swift Haulage (on Wednesday), MR D.I.Y. and Sentral (both on Thursday). There may also be individual share price implications following the periodic review of stock constituents in the MSCI indices (the outcome of which will be revealed this Thursday).

Hopefully, investor sentiment (and trading activity) will pick up post the holiday-shortened fortnight. This comes as last week's FBM KLCI performance (up 1.1%) has masked the broad market weakness as tracked by the FBM 70 Index (-0.3%), FBM Small Cap Index (-1.5%), FBM Fledgling Index (-0.6%) and FBM ACE Index (-2.9%). By sector, finance services (+1.2%), healthcare (+0.9%) and plantation (+0.2%) led the gainers while energy (-2.3%), technology (-1.9%) and telecommunications & media (-1.3%) lost the most ground through the week.

Chart-wise, the key FBM KLCI may pull back deeper in view of the stochastic indicator's ongoing reversal from an overbought position with the bellwether's further progress likely to be blocked by an intermediate descending trendline and the 50-day SMA. This suggests that the FBM KLCI could show a negative bias ahead, possibly backing off from our first resistance hurdle of 1,440 (R1) while our immediate support threshold remains at 1,395 (S1).

Over on Wall Street, continuing from last week, the DJIA will probably stage an extended retracement after a rally since mid-March as the 50-day SMA is still hovering below the 100-day SMA. We are keeping our immediate support level at 33,200 (S1) and first resistance barrier at 34,100 (R1).



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Chart 1 – FBMKLCI



Source: Kenanga Research

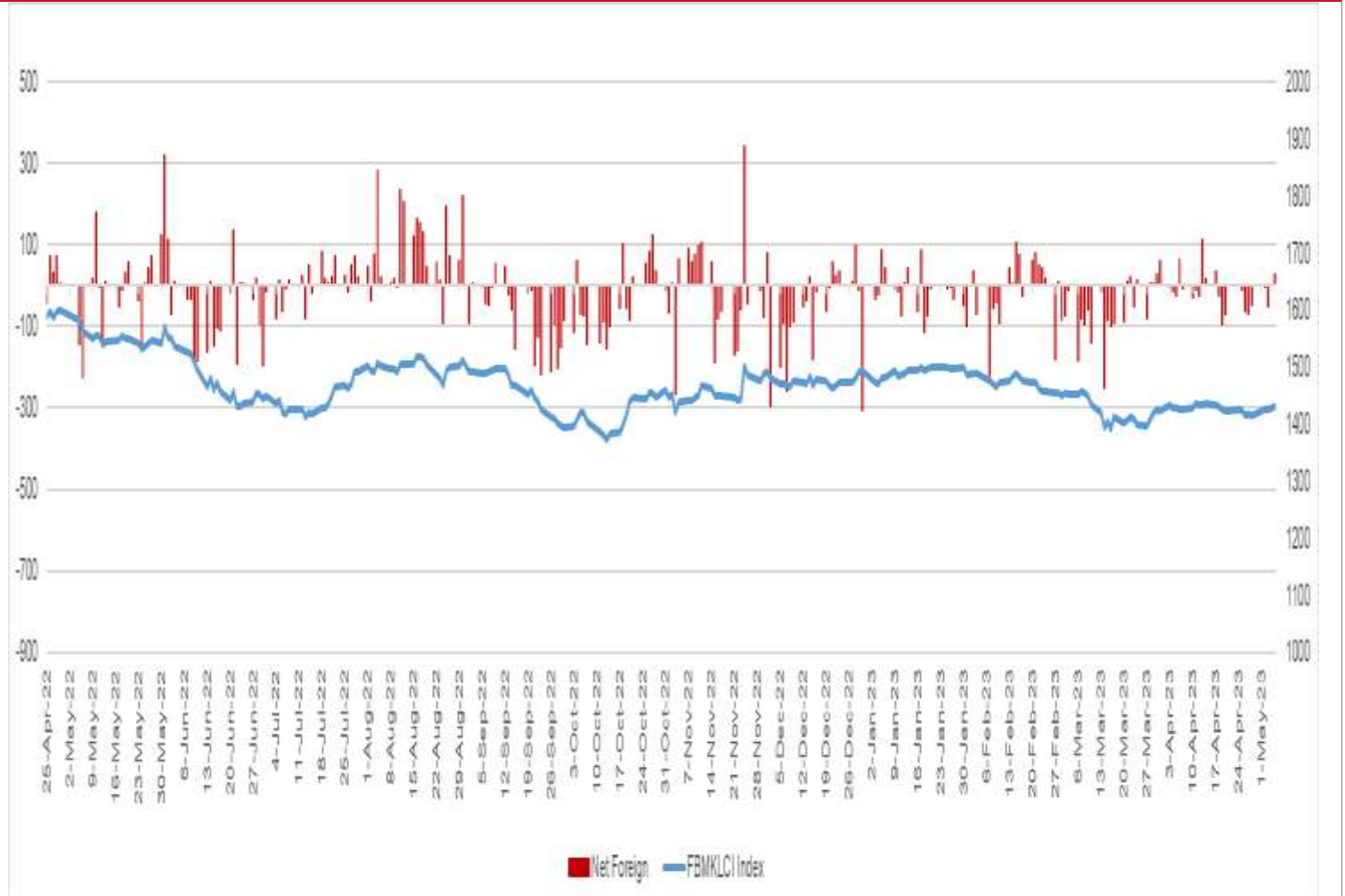
Chart 2 – DJIA



Source: Kenanga Research,

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Net Foreign Trade Position vs FBMKLCI



Foreign investors remained net sellers with net outflows of RM20.8m last week compared to cumulative net outflows of RM187.8m 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			
SKP RESOURCES BHD	11/4/2023	Technical Buy	1.27	1.45	1.12	14%	-12%	1.20x	1.31	1.22	1.24	Open	
KUB MALAYSIA BHD	11/4/2023	Technical Buy	0.50	0.55	0.44	11%	-11%	1.00x	0.58	0.48	0.52	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	0.49	Open	
CTOS DIGITAL BHD	12/4/2023	Technical Buy	1.29	1.41	1.17	9%	-9%	1.00x	1.45	1.28	1.44	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	0.84	Open	
CORAZA INTEGRATED TECHNOLOGY	14/4/2023	Technical Buy	0.88	0.98	0.78	12%	-11%	1.11x	0.91	0.78	0.80	SL Hit	5/5/2023
FIAMMA HOLDINGS BERHAD	14/4/2023	Technical Buy	1.05	1.18	0.94	12%	-10%	1.18x	1.09	0.96	0.98	Open	
OOCK GROUP BHD	18/4/2023	Technical Buy	0.42	0.46	0.37	11%	-11%	1.00x	0.42	0.39	0.40	Open	
SOUTHERN CABLE GROUP BHD	18/4/2023	Technical Buy	0.32	0.36	0.29	13%	-11%	1.14x	0.32	0.29	0.29	Open	
TECHBOND GROUP BHD	19/4/2023	Technical Buy	0.41	0.45	0.37	11%	-9%	1.29x	0.41	0.38	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	0.57	0.57	SL Hit	3/5/2023
YEW LEE PACIFIC GROUP BHD	20/4/2023	Technical Buy	0.34	0.38	0.30	12%	-12%	1.00x	0.35	0.30	0.30	Open	
CLASSIC SCENIC BHD	26/4/2023	Technical Buy	0.81	0.91	0.74	12%	-9%	1.43x	0.82	0.80	0.82	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	2.22	2.26	Open	
VOLCANO BHD	27/4/2023	Technical Buy	0.82	0.93	0.73	13%	-11%	1.22x	0.86	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	0.40	0.41	Open	
SAMAIDEN GROUP BHD	28/4/2023	Technical Buy	0.89	0.99	0.81	11%	-9%	1.25x	0.94	0.87	0.94	Open	
GDEX BHD	3/5/2023	Technical Buy	0.20	0.25	0.15	25%	-25%	1.00x	0.21	0.20	0.20	Open	
POS MALAYSIA BERHAD	3/5/2023	Technical Buy	0.56	0.61	0.51	10%	-8%	1.22x	0.56	0.55	0.55	Open	
NCT ALLIANCE BHD	5/5/2023	Technical Buy	0.37	0.42	0.32	14%	-14%	1.00x	0.37	0.36	0.36	Open	
POWER ROOT BHD	5/5/2023	Technical Buy	2.16	2.40	1.94	11%	-10%	1.09x	2.16	2.14	2.16	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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Published by:

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