

15 May 2023

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As volatility subsides in the absence of fresh catalysts, the Malaysian bourse may slip back into a narrow trading range for the time being. Last week, the key FBM KLCI started off on a strong note – hitting a high of 1,438 on Monday – only to lose steam thereafter to close at its intra-week low of 1,423 on Friday. This translated to a weekly loss of 8.1 points or 0.6%. Over in the US, the DJIA eased further to finish at 33,301, down 373.8 points or 1.1%.

With the broad market registering a negative breadth in all the five trading days, daily turnover on the local stock exchange averaged at 3.1b shares in volume and RM1.8b in value, more than the previous week's average of 3.0b shares worth RM1.5b. In terms of fund flows pattern, domestic institutions emerged as marginal net buyers (after logging net weekly inflows of RM50m) to offset the net weekly selling trades by both foreign investors and local retailers (amounting to RM46m and RM4m, respectively).

The coming week will be hogged mainly by news flows from the corporate scene. There will be a stream of quarterly financial results announcements from the likes of S P Setia (on Wednesday), MPI, Aeon Co. (M), Pos Malaysia (all on Thursday) and Maxis, Kelington Group, P.I.E. Industrial (all on Friday). On Friday also, DXN Holdings – which is principally involved in the sales of health-oriented and wellness consumer products through a direct selling model – will be listed on the Main Market (at a market cap of RM3.5b based on an IPO offer price of RM0.70 per share). On the macro front, the April external trade statistics will be released on Friday.

Of added interest too is the upcoming mid-year review of the FBM KLCI constituents, which will be updated using the closing share prices on next Monday (22 May) as the cut-off date. Based on last Friday's market cap ranking, there is a possibility that Inari (which is currently in 37<sup>th</sup> position) may be replaced by either Westports (in 29<sup>th</sup> position) or Malaysia Airports (in 30<sup>th</sup> position).

This is going to be the case assuming that Inari's ranking will remain in the 36<sup>th</sup> position or below when the stock market closes next Monday. Interestingly, as of last Friday: (i) Inari's market cap was merely lower than the market cap for Top Glove (ranked 35<sup>th</sup>) by RM281.1m and Heineken Malaysia (ranked 36<sup>th</sup>) by RM232.0m only, and (ii) Westports' market cap was just marginally higher than the market cap of Malaysia Airports (in 30<sup>th</sup> position) by RM22.0m.

Meanwhile, investors should keep their eyes on the latest developments pertaining to the raising of the US national debt limit standoff. Briefly, an unresolved (or prolonged) outcome arising from the political showdown – as the US federal government may run out of cash and trigger a default as early as beginning June – could result in far reaching ramifications across the financial world, damaging confidence and causing a global economic catastrophe.

Back home, it remains to be seen whether the selling activity will spread following last week's mixed market performance, which saw the mid- and small-caps (as tracked by the FBM 70 Index (+0.1%) and FBM Small Cap Index (-0.2%)) outperforming the big- and micro-caps (as measured by the FBM KLCI (-0.6%), FBM Fledgling Index (-0.7%) and FBM ACE Index (-4.4%)). By sector, technology (-2.1%), industrial products & services (-1.4%) and transportation & logistics (-1.4%) were the top weekly losers while healthcare (+3.5%), plantation (+1.8%) and utilities (+0.2%) led the gainers during the week.

From a technical standpoint, with the stochastic indicator plotting lower highs amid an ongoing reversal from the overbought territory, the FBM KLCI – which is struggling to overcome an intermediate descending trendline and the 50-day SMA – will likely shift downward ahead. On the chart, the FBM KLCI could drift with a negative bias, possibly backing off further from our immediate resistance hurdle of 1,440 (R1) towards our first support threshold of 1,395 (S1).

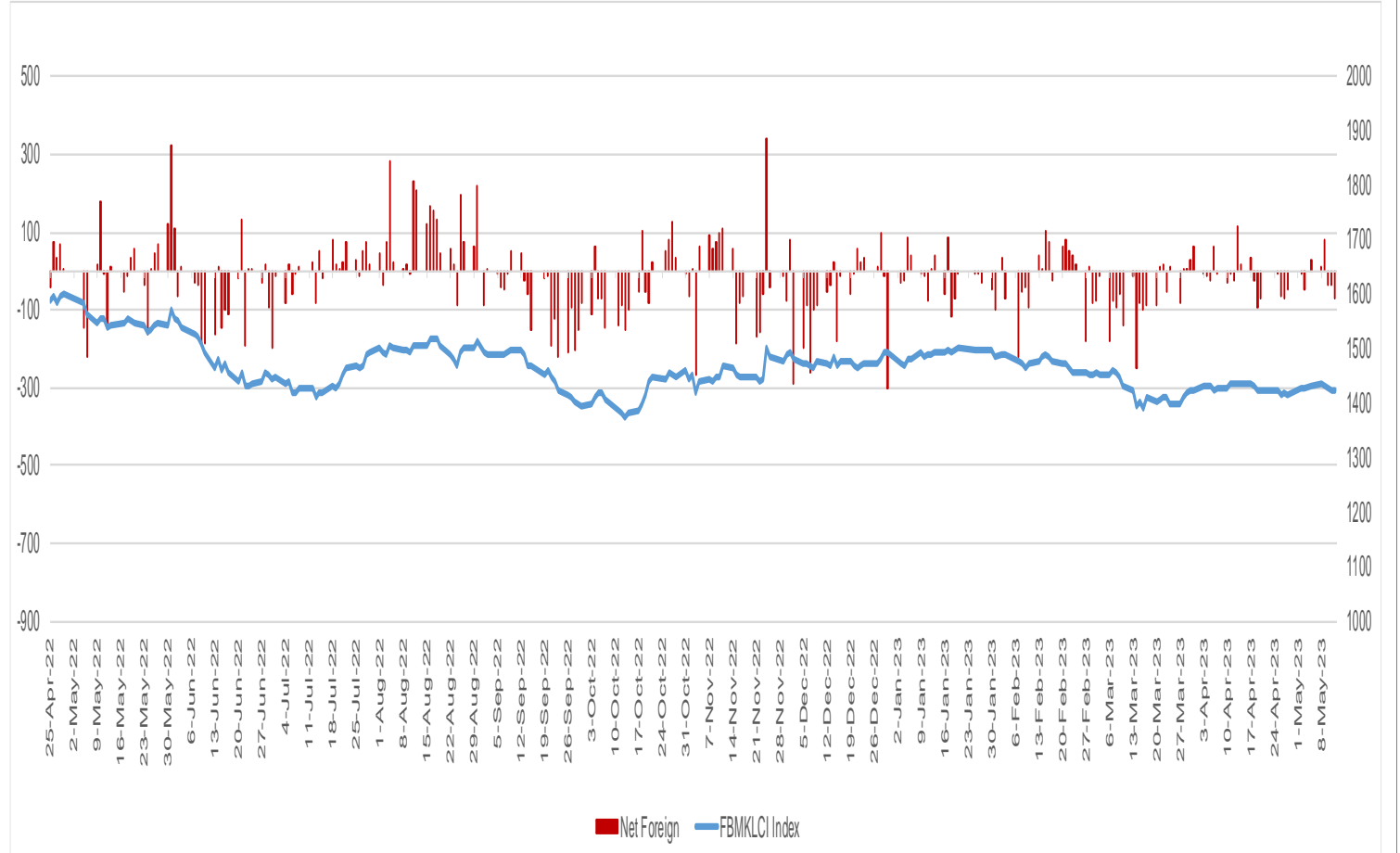
On Wall Street, as the 50-day SMA is still hovering below the 100-day SMA, the DJIA will probably swing sideways with a downward bias, possibly testing again our immediate support level of 33,200 (S1). Our first resistance hurdle to block the bellwether's advancement remains at 34,100 (R1).

15 May 2023



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Net Foreign Trade Position vs FBMKLCI



Foreign investors remained net sellers with net outflows of RM46.3m last week compared to cumulative net outflows of RM20.8m in the prior week.

Source: Kenanga Research

15 May 2023






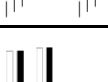
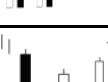
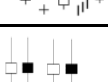
## STOCK CALL MONITOR\*

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 <sup>^</sup>	Date Status Fulfilled
OOCK GROUP BHD	18/4/2023	Technical Buy	0.42	0.46	0.37	11%	-11%	1.00x	0.42	0.38	0.39	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	0.38	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	0.54	0.56	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	0.31	Open	
CLASSIC SCENIC BHD	26/4/2023	Technical Buy	0.54	0.61	0.49	13%	-9%	1.40x	0.65	0.53	0.53	TP Hit	11/5/2023
FARM FRESH BHD	26/4/2023	Technical Buy	1.50	1.65	1.37	10%	-9%	1.15x	1.56	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	2.18	2.25	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	0.40	Open	
SAMAIDEN GROUP BHD	28/4/2023	Technical Buy	0.89	0.99	0.81	11%	-9%	1.25x	0.97	0.87	0.94	Open	
GDEX BHD	3/5/2023	Technical Buy	0.20	0.25	0.15	25%	-25%	1.00x	0.21	0.19	0.19	Open	
POS MALAYSIA BERHAD	3/5/2023	Technical Buy	0.56	0.61	0.51	10%	-8%	1.22x	0.56	0.54	0.54	Open	
NCT ALLIANCE BHD	5/5/2023	Technical Buy	0.37	0.42	0.32	14%	-14%	1.00x	0.37	0.35	0.36	Open	
POWER ROOT BHD	5/5/2023	Technical Buy	2.16	2.40	1.94	11%	-10%	1.09x	2.26	2.12	2.21	Open	
ECONPILE HOLDINGS BHD	9/5/2023	Technical Buy	0.22	0.25	0.18	16%	-16%	1.00x	0.22	0.21	0.22	Open	
ALLIANCE BANK MALAYSIA BHD	9/5/2023	Technical Buy	3.39	3.75	3.06	11%	-10%	1.09x	3.39	3.30	3.33	Open	
JHM CONSOLIDATION BHD	10/5/2023	Technical Buy	0.76	0.85	0.67	13%	-11%	1.12x	0.80	0.76	0.80	Open	
PERAK TRANSIT BHD	10/5/2023	Technical Buy	1.01	1.14	0.90	13%	-11%	1.18x	1.14	1.01	1.10	TP Hit	11/5/2023
MY EG SERVICES BHD	11/5/2023	Technical Buy	0.79	0.89	0.69	13%	-12%	1.05x	0.81	0.78	0.80	Open	
RAMSSOL GROUP BHD	11/5/2023	Technical Buy	0.38	0.43	0.34	12%	-12%	1.00x	0.40	0.37	0.38	Open	
ANCOM NYLEX BHD	12/5/2023	Technical Buy	1.00	1.10	0.90	10%	-10%	1.00x	1.01	1.00	1.01	Open	
SOLARVEST HOLDINGS BHD	12/5/2023	Technical Buy	0.87	0.96	0.78	11%	-10%	1.12x	0.88	0.86	0.87	Open	

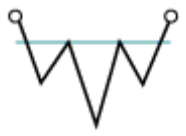
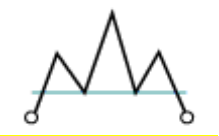
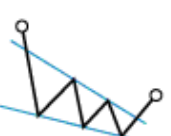

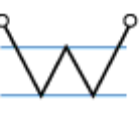

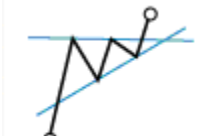
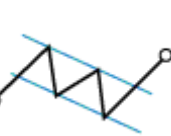


\* Tracks our stock recommendations on a one-month rolling basis from issue date. Stock names will drop out from the list after one month from issue date regardless of their status.

<sup>^</sup> 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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