

22 May 2023

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The lacklustre performance of the Malaysian bourse could just drag on for the time being given the dearth of fresh catalysts. The week just ended saw the key FBM KLCI slipping to a low of 1,416 last Monday before recouping the initial losses subsequently to finish at its intra-week high of 1,429 on Friday, up 5.6 points or 0.4% week-on-week. Similarly, on Wall Street, the DJIA fell in the beginning of the week only to recover thereafter to end at 33,427, which translated to a weekly rise of 126.0 points or 0.4%.

With declining counters outnumbering rising stocks in three of the five trading days, the local stock exchange logged daily average trading volume of 2.7b shares valued at RM1.6b, down from the previous week's average of 3.1b shares worth RM1.8b. And just like the week before, both foreign investors and local retailers sold more shares than they had bought (registering net weekly outflows of RM211m and RM145m, respectively) while domestic institutions remained net buyers after posting net weekly trades of RM356m.

It is going to be a busy week ahead as far as news flows is concerned with financial results taking the limelight. As we enter the final stretch before the corporate earnings reporting season for 1QCY23 draws to a close end-May, listed companies that are due to release their announcements include Petronas Gas, TSH Resources, Thong Guan (on Monday), Sunway Construction (on Tuesday), Maybank, CelcomDigi, Sime Darby, Sime Plantation, KL Kepong, Genting Plantations, Ta Ann, Hap Seng Plantations, Sunway, Media Prima, NationGate (all on Wednesday), Public Bank, Genting Bhd, Genting Malaysia, Axiata, Inari, DRB-Hicom, Dutch Lady, Sime Darby Property, WCT, UOA Development (all on Thursday) and RHB Bank, Affin Bank, UMW, IOI Properties, Kerjaya Prospek (on Friday). In terms of macro data, the April Consumer Price Index report will be out on Friday.

Meanwhile, continuing from last week's analysis of the upcoming mid-year review of the FBM KLCI constituents, there will likely be one change on the list of component stocks using today's closing share prices (with an announcement scheduled to be made on 1 Jun). Based on last Friday's market cap ranking, Inari (which has slipped to the 39<sup>th</sup> position) may be substituted by either Malaysia Airports (in 28<sup>th</sup> position) or Westports (in 30<sup>th</sup> position).

This comes as Inari will probably close today (being the cut-off date) in the 36<sup>th</sup> position or below (which is the threshold to trigger the omission rule) given that its existing market cap (as of last Friday) remains less than the market cap for Top Glove (ranked 35<sup>th</sup>) by a sizeable margin of RM1.36b. Standing in as its replacement will be a toss between Malaysia Airports (in 28<sup>th</sup> position) and Westports (in 30<sup>th</sup> position) as the former's market cap was barely higher than the latter by just RM85.9m on Friday.

Overseas, the impasse lingers on as there is still no agreement in sight to raise the US national debt ceiling. To recap, an unresolved (or prolonged) outcome arising from the political stalemate – which will result in the US federal government running out of cash and trigger a default as early as beginning June – could wreak havoc and leave a trail of destructions across the financial world as well as the global economy.

Against this backdrop, our domestic stock market is expected to stay listless in the near term notwithstanding last week's relatively resilient performance. Last week, all key index trackers ended in positive territory – namely the FBM KLCI (+0.4%), FBM 70 Index (+1.2%), FBM Small Cap Index (+0.3%) and FBM ACE Index (+0.4%) – except for the FBM Fledgling Index (-0.2%). By sector, healthcare (+6.0%), utilities (+2.2%) and energy (+1.2%) attracted the most buying flows while telecommunications & media (-1.9%), industrial products & services (-1.3%) and REIT (-1.0%) were the top weekly losers.

Technically speaking, the FBM KLCI may back off from an intermediate descending trendline as the Parabolic SAR indicator is signalling a downward bias while the 50-day SMA is hovering below the 100-day SMA. Hence, continuing from where it left off, the FBM KLCI could pull back deeper towards our first support level of 1,395 (S1). Our immediate resistance barrier remains at 1,440 (R1).

In the US, the DJIA – which will likely be under pressure while the 50-day SMA stays below the 100-day SMA – may shift lower to test again our immediate support line of 33,200 (S1) with 34,100 (R1) is still our first resistance hurdle to block the bellwether's upward trajectory.

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Chart 1 – FBMKLCI



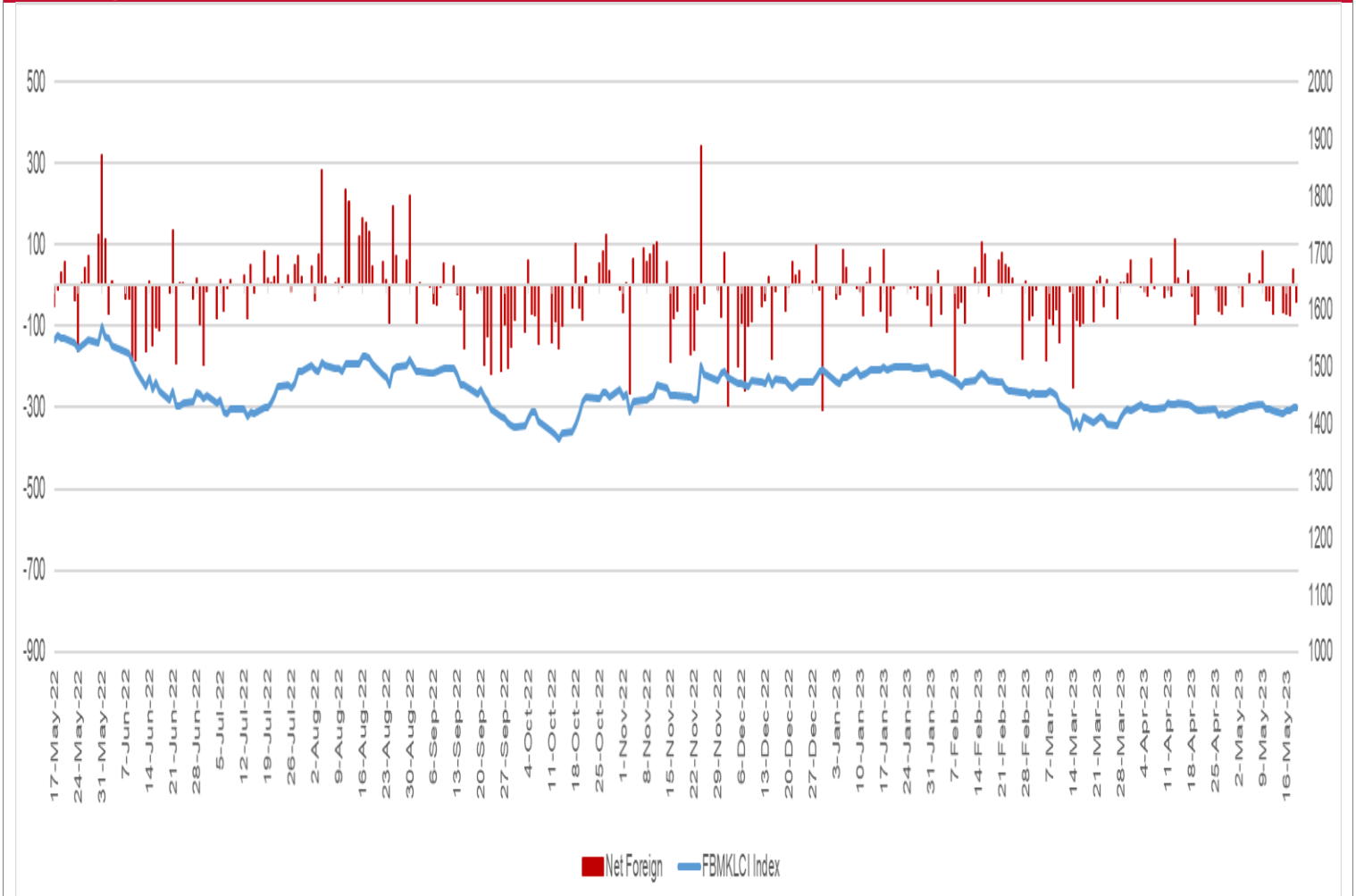
Source: Kenanga Research

Chart 2 – DJIA



Source: Kenanga Research,

Net Foreign Trade Position vs FBMKLCI



Foreign investors remained net sellers with net outflows of RM211.0m last week compared to cumulative net outflows of RM46.3m 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 RM	Status <sup>^</sup>	Date Status Fulfilled
			RM	RM	RM	%	%		RM	RM			
CLASSIC SCENIC BHD #	26/4/2023	Technical Buy	0.54	0.61	0.49	13%	-9%	1.40x	0.65	0.51	0.54	TP Hit	11/5/2023
FARM FRESH BHD	26/4/2023	Technical Buy	1.50	1.65	1.37	10%	-9%	1.15x	1.58	1.49	1.57	Open	
DIALOG GROUP BHD	27/4/2023	Technical Buy	2.30	2.55	2.10	11%	-9%	1.25x	2.38	2.15	2.17	Open	
VOLCANO BHD	27/4/2023	Technical Buy	0.82	0.93	0.73	13%	-11%	1.22x	0.99	0.82	0.92	TP Hit	17/5/2023
PEKAT GROUP BERHAD	28/4/2023	Technical Buy	0.41	0.45	0.36	11%	-11%	1.00x	0.42	0.38	0.39	Open	
SAMAIDEN GROUP BHD	28/4/2023	Technical Buy	0.89	0.99	0.81	11%	-9%	1.25x	0.97	0.87	0.92	Open	
GDEX BHD	3/5/2023	Technical Buy	0.20	0.25	0.15	25%	-25%	1.00x	0.21	0.18	0.19	Open	
POS MALAYSIA BERHAD	3/5/2023	Technical Buy	0.56	0.61	0.51	10%	-8%	1.22x	0.56	0.53	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	0.37	Open	
POWER ROOT BHD	5/5/2023	Technical Buy	2.16	2.40	1.94	11%	-10%	1.09x	2.26	2.08	2.11	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	3.34	Open	
JHM CONSOLIDATION BHD	10/5/2023	Technical Buy	0.76	0.85	0.67	13%	-11%	1.12x	0.80	0.76	0.79	Open	
PERAK TRANSIT BHD	10/5/2023	Technical Buy	1.01	1.14	0.90	13%	-11%	1.18x	1.14	1.01	1.11	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	0.79	Open	
RAMSSOL GROUP BHD	11/5/2023	Technical Buy	0.38	0.43	0.34	12%	-12%	1.00x	0.40	0.36	0.36	Open	
ANCOM NYLEX BHD	12/5/2023	Technical Buy	1.00	1.10	0.90	10%	-10%	1.00x	1.02	1.00	1.01	Open	
SOLARVEST HOLDINGS BHD	12/5/2023	Technical Buy	0.87	0.96	0.78	11%	-10%	1.12x	1.01	0.86	0.99	TP Hit	18/5/223
HENG HUAT RESOURCES GROUP BH	16/5/2023	Technical Buy	0.32	0.36	0.28	13%	-13%	1.00x	0.34	0.32	0.33	Open	
UMEDIC GROUP BHD	16/5/2023	Technical Buy	0.76	0.86	0.67	13%	-13%	1.00x	0.78	0.72	0.73	Open	
MALAKOFF CORP BHD	17/5/2023	Technical Buy	0.67	0.74	0.61	10%	-9%	1.17x	0.69	0.67	0.68	Open	
CYPARK RESOURCES BHD	17/5/2023	Technical Buy	0.73	0.82	0.63	13%	-13%	1.00x	0.75	0.71	0.72	Open	
CORAZA INTEGRATED TECHNOLOGY	18/5/2023	Technical Buy	0.82	0.90	0.73	10%	-10%	1.00x	0.83	0.79	0.81	Open	
KIM TECK CHEONG CONSOLIDATED	18/5/2023	Technical Buy	0.24	0.27	0.21	13%	-13%	1.00x	0.25	0.23	0.24	Open	
AJIYA BHD	19/5/2023	Technical Buy	1.53	1.71	1.36	12%	-11%	1.06x	1.54	1.53	1.53	Open	
QES GROUP BHD	19/5/2023	Technical Buy	0.54	0.60	0.48	11%	-11%	1.00x	0.54	0.53	0.54	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.

# Share price data for CSCENIC has been adjusted for a 1-for-2 bonus issue (following its ex-entitlement date on 10 May 2023).

**Basic Technical Terms:**

Reversal Candlesticks	Patterns	Description
<b>Doji</b> 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.
<b>Engulfing Pattern</b>		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.
<b>Hammer (Bullish)</b> <b>Shooting Star (Bearish)</b>		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.
<b>Inverted Hammer (Bullish)</b> <b>Hanging Man (Bearish)</b>		The Inverted Hammer is a single-day bullish reversal pattern. In a downtrend, the open is lower, and 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.
<b>Harami</b> <b>Harami Cross</b>		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.
<b>Marubozu</b>		A Marubozu candlestick has no shadow extending from the body at either the open, the close or at both.
<b>Morning Doji Star (Bullish)</b> <b>Evening Doji Star (Bearish)</b>		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.
<b>Spinning Top</b>		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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