

06 June 2023

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The Malaysian bourse could attempt to find a stable footing following two consecutive weeks of losses. The week just ended saw the key FBM KLCI sliding as low as 1,377 last Friday before closing at 1,381 for a weekly drop of 21.7 points or 1.6%. In the US, the DJIA fell initially before settling at 33,763 on Friday, translating to a week-on-week climb of 669 points or 2.0%.

With falling stocks outnumbering advancing counters in four of the five trading days, daily average turnover on the local stock exchange jumped from 2.5b shares worth RM1.8b in the preceding week to 3.0b shares in volume and RM2.6b in value last week, lifted by portfolio rebalancing trades on Wednesday (as all the changes arising from the MSCI equity indices May 2023 review were implemented as of the close of 31 May) and the debut of three new listings (namely Cloudpoint Technology, Radium Development and Synergy House) during the week.

Meanwhile, domestic institutions and local retailers logged net buying activities (amounting to RM373m and RM134m, respectively) as foreign investors continued their selling streak with net weekly outflows of RM507m. This brought aggregate net selling trades for the whole of May to RM728m, more than the net monthly outflows of RM251m in April.

After last week's frenzy, news flows will slow down in the coming holiday-shortened week. On the calendar of events, there will be: (i) a new listing by Edeltech Holdings (which is principally involved in the provision of engineering support for IC assembly and test processes in the semiconductor industry) on the ACE Market on Wednesday (at a market cap of RM127.8m based on an IPO offer price of RM0.24 per share), and (ii) the release of the April Industrial Production Index (IPI) on Friday.

Separately, investors may want to keep their eyes on oil prices (and oil & gas stocks) in response to yesterday's news that Saudi Arabia would reduce its oil output (by 1m barrels per day in July) while OPEC+ plans to extend the previously announced supply cut until end-2024 (from end-2023 earlier).

Following up from 1QCY23 corporate reporting season (which was hit by more earnings disappointments than pleasant surprises) and the prevailing weakness of the Ringgit (down 4.0% against USD since mid-April this year to RM4.58 per USD currently), it remains to be seen if investors' mood to sell will spread on. This comes as the big-caps loaded FBM KLCI lost 1.6% during the week even though the mid-, small- and micro-caps – as tracked by the FBM 70 Index (+0.9%), FBM Small Cap Index (+0.4%), FBM Fledgling Index (+0.1%) and FBM ACE Index (+1.8%) – all chalked up weekly gains.

By sector, industrial products & services (-2.6%), plantation (-1.9%) and consumer products & services (-1.8%) emerged as the key losers while construction (+3.1%), technology (+2.9%) and telecommunications & media (+1.5%) were the weekly best performers. In terms of individual performance by the FBM KLCI constituents, the top weekly laggards were Public Bank (-3.1% / -5.4 index points), Petronas Chemicals (-5.8% / -3.6 index points) and Tenaga (-2.8% / -2.7 index points) which were mitigated by positive contributions from AMMB Holdings (+3.7% / +0.9 index points), Dialog (+2.4% / +0.6 index points) and Inari (+2.8% / +0.6 index points).

From a charting perspective, the FBM KLCI will likely strive to regain its footing after tumbling from a recent high of 1,438 on 8 May to 1,381 currently, falling 57.1 points or 4.0% along the way. With both the stochastic and RSI indicators due to climb out from the oversold territory, the benchmark index could attract buying support, possibly staging an intermediate technical rebound to plot a double-bottom reversal pattern (which coincides with its preceding trough of 1,373 that was hit in mid-October last year). We have adjusted our first support threshold to 1,355 (S1) while our immediate support-turned-resistance hurdle is currently seen at 1,395 (R1).

On Wall Street, following last week's jump, which consequently pushed the DJIA to cut above the 50-day SMA, the bellwether is expected to extend its upward trajectory ahead in view of the bullish crossover by the DMI Plus above the DMI Minus and the stochastic indicator's unwinding from the oversold zone. Our immediate support and resistance levels presently stand at 33,200 (S1) and 34,100 (R1), respectively.

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Chart 1 – FBMKLCI



Source: Kenanga Research

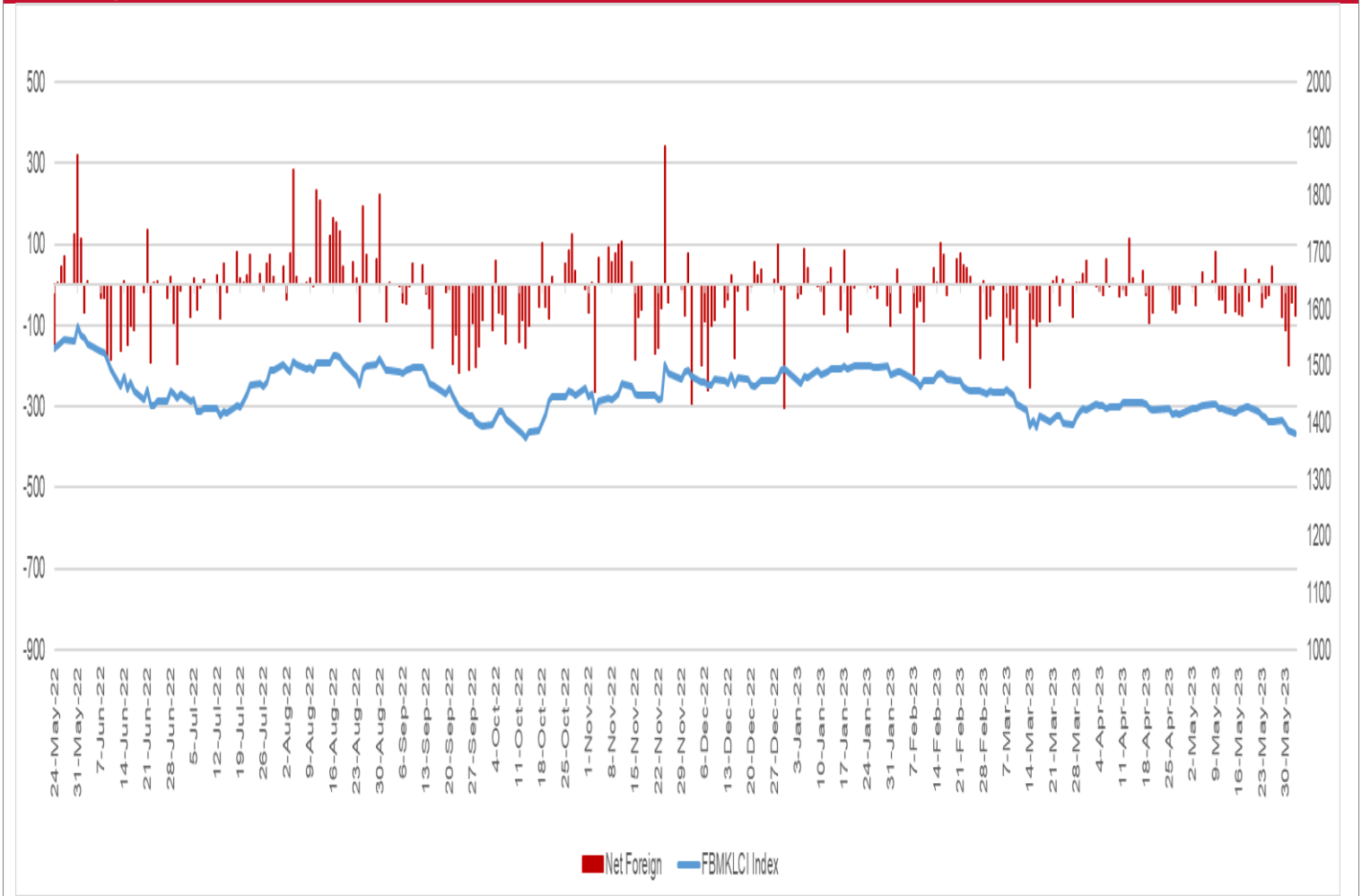
Chart 2 – DJIA



Source: Kenanga Research,

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Net Foreign Trade Position vs FBMKLCI



Foreign investors remained net sellers with net outflows of RM506.5m last week compared to cumulative net outflows of RM58.7m 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			
ECONPILE HOLDINGS BHD	9/5/2023	Technical Buy	0.22	0.25	0.18	16%	-16%	1.00x	0.23	0.17	0.19	SL Hit	23/5/2023
ALLIANCE BANK MALAYSIA BHD	9/5/2023	Technical Buy	3.39	3.75	3.06	11%	-10%	1.09x	3.45	3.30	3.38	Open	
JHM CONSOLIDATION BHD	10/5/2023	Technical Buy	0.76	0.85	0.67	13%	-11%	1.12x	0.80	0.72	0.75	Open	
PERAK TRANSIT BHD	10/5/2023	Technical Buy	1.01	1.14	0.90	13%	-11%	1.18x	1.14	1.01	1.08	TP Hit	11/5/2023
MY EG SERVICES BHD	11/5/2023	Technical Buy	0.79	0.89	0.69	13%	-12%	1.05x	0.88	0.73	0.85	Open	
RAMSSOL GROUP BHD	11/5/2023	Technical Buy	0.38	0.43	0.34	12%	-12%	1.00x	0.40	0.32	0.35	SL Hit	30/5/2023
ANCOM NYLEX BHD	12/5/2023	Technical Buy	1.00	1.10	0.90	10%	-10%	1.00x	1.02	0.96	0.98	Open	
SOLARVEST HOLDINGS BHD	12/5/2023	Technical Buy	0.87	0.96	0.78	11%	-10%	1.12x	1.06	0.86	1.04	TP Hit	18/5/223
HENG HUAT RESOURCES GROUP BHD	16/5/2023	Technical Buy	0.32	0.36	0.28	13%	-13%	1.00x	0.35	0.31	0.32	Open	
UMEDIC GROUP BHD	16/5/2023	Technical Buy	0.76	0.86	0.67	13%	-13%	1.00x	0.78	0.70	0.73	Open	
MALAKOFF CORP BHD	17/5/2023	Technical Buy	0.67	0.74	0.61	10%	-9%	1.17x	0.69	0.60	0.62	SL Hit	29/5/2023
CYPARK RESOURCES BHD	17/5/2023	Technical Buy	0.73	0.82	0.63	13%	-13%	1.00x	0.75	0.61	0.69	SL Hit	26/5/2023
CORAZA INTEGRATED TECHNOLOGY	18/5/2023	Technical Buy	0.82	0.90	0.73	10%	-10%	1.00x	0.83	0.72	0.81	SL Hit	25/5/2023
KIM TECK CHEONG CONSOLIDATED	18/5/2023	Technical Buy	0.24	0.27	0.21	13%	-13%	1.00x	0.26	0.22	0.24	Open	
AJIYA BHD	19/5/2023	Technical Buy	1.53	1.71	1.36	12%	-11%	1.06x	1.54	1.40	1.46	Open	
QES GROUP BHD	19/5/2023	Technical Buy	0.54	0.60	0.48	11%	-11%	1.00x	0.57	0.51	0.56	Open	
LTKM BHD	23/5/2023	Technical Buy	1.43	1.62	1.28	13%	-10%	1.27x	1.46	1.43	1.43	Open	
PMB TECHNOLOGY BHD	23/5/2023	Technical Buy	3.89	4.30	3.51	11%	-10%	1.08x	3.93	3.53	3.63	Open	
MUAR BAN LEE GROUP BHD	24/5/2023	Technical Buy	0.52	0.56	0.47	9%	-9%	1.00x	0.54	0.48	0.51	Open	
YEW LEE PACIFIC GROUP BHD	24/5/2023	Technical Buy	0.33	0.37	0.29	14%	-11%	1.29x	0.39	0.32	0.39	TP Hit	2/6/2023
INARI AMERTRON BHD	25/5/2023	Technical Buy	2.25	2.53	1.97	12%	-12%	1.00x	2.54	2.25	2.54	TP Hit	31/5/2023
SUNVIEW GROUP BHD	25/5/2023	Technical Buy	0.70	0.77	0.63	10%	-10%	1.00x	0.78	0.69	0.75	TP Hit	31/5/2023
BUMI ARMADA BERHAD	26/5/2023	Technical Buy	0.66	0.73	0.59	11%	-10%	1.15x	0.66	0.62	0.64	Open	
COASTAL CONTRACTS BHD	26/5/2023	Technical Buy	2.35	2.62	2.10	11%	-11%	1.08x	2.35	2.24	2.25	Open	
KELINGTON GROUP BHD	30/5/2023	Technical Buy	1.40	1.53	1.27	9%	-9%	1.00x	1.41	1.38	1.39	Open	
MBM RESOURCES BERHAD	30/5/2023	Technical Buy	3.54	3.88	3.21	10%	-9%	1.03x	3.58	3.47	3.55	Open	
TASCO BHD	31/5/2023	Technical Buy	0.84	0.93	0.76	11%	-10%	1.13x	0.86	0.84	0.85	Open	
BETAMEK BHD	31/5/2023	Technical Buy	0.45	0.51	0.40	13%	-11%	1.20x	0.46	0.44	0.46	Open	
AGMO HOLDINGS BHD	1/6/2023	Technical Buy	0.52	0.57	0.46	11%	-11%	1.00x	0.53	0.51	0.53	Open	
ASTRO MALAYSIA HOLDINGS BHD	1/6/2023	Technical Buy	0.67	0.75	0.59	12%	-12%	1.00x	0.69	0.66	0.69	Open	
GENTING MALAYSIA BHD	2/6/2023	Technical Buy	2.51	2.78	2.26	11%	-10%	1.08x	2.56	2.52	2.54	Open	
SDS GROUP BHD	2/6/2023	Technical Buy	0.63	0.70	0.57	12%	-9%	1.36x	0.64	0.62	0.62	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, 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.
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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