

Evening Edition

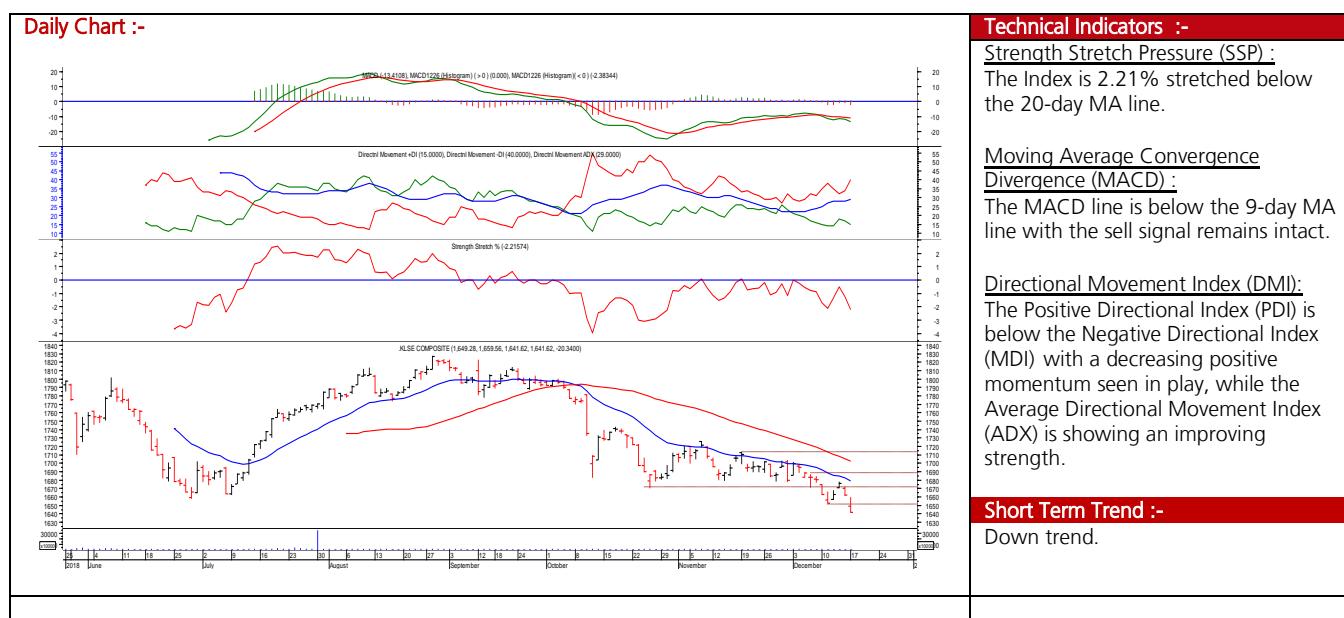


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Malaysia Technical Equity Research

17 December 2018

FBMKLCI – Market lost its fort at 1,650



What was the chart saying? The FBMKLCI had on 17 December 2018 gapped down to break below the 1,650 support as market participants rushed to liquidate stock in anticipation of a lower market. The market subsequently settled at the day's low of 1,641.62 (-20.34, -1.22).

In the broader market, losers outnumbered gainers with 690 stocks ending lower and 179 stocks finishing higher. That gave a market breadth of 0.25 indicating the bears were in control.

Major stock advancers among the FBMKLCI component stocks included Petgas (+RM0.60, +3.16%), Pchem (+RM0.06, +0.65%), and Harta (+RM0.02, +0.32%). Major stock decliners included PBBank (-RM0.52, -2.10%), Tenaga (-RM0.34, -2.56%), and Digi (-RM0.16, -3.67%). Total market value traded was RM1.17 bn.

The market made a lower low on 17 December 2018 with the benchmark index penetrating the 1,650 support to reach a low of 1,641.62. The downside gap indicated the urgency on the part of market participants to unload their stock positions which can be seen from the size of the downside gap created between the opening level on 17 December 2018 and the settlement on 14 December 2018. In fact, a selling pressure with an opening level of 12.68 points below last Friday's close of 1,661.96 was initiated in a hope to trigger a sell down since 1,650 was generally perceived to be a "trusted" support level. With the 1,650 support giving way, many market participants decided not to sit on their hands and watch the market drifting downward without them. Following the down close on 17 December 2018, we should see selling attempt with immediate hurdle at 1,661.

What to expect on Tuesday (18 December 2018)? The analysis of overall market action on 17 December 2018 revealed that buying power was weaker than selling pressure. As such, FBMKLCI would likely trade below the 1,641.62 level on 18 December 2018.

Stock Trend Monitor

- Sapnrg (5218) – Immediate hurdle at RM0.35
- Pchem (5183) – Support seen at RM9.00
- Nggb (7241) – Immediate support at RM0.445

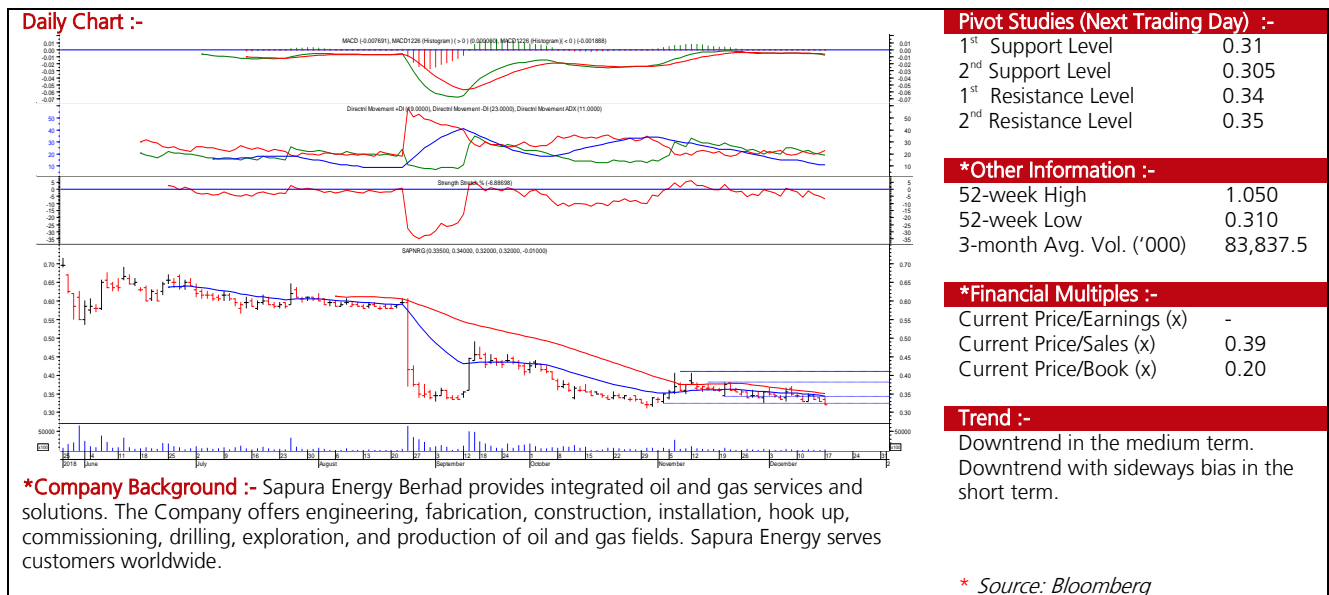
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STOCK TREND MONITOR

Sapnrg (5218) – Immediate hurdle at RM0.35



Sapnrg (5218 – Main Market) had on 17 December 2018 traded lower to settle at the day's low of RM0.32 (-RM0.01, -3.03%).

What Will Happen Next :-

Sapnrg continued to trade below the 20-day (blue) and 50-day (red) moving average lines.

Following the down close on 17 December 2018, the stock is likely to move lower with immediate support at RM0.31. A fall below RM0.31 should see further price decline to the subsequent support at RM0.30.

The hurdle is pegged at RM0.35. A rise above RM0.35 would lift the stock to the next resistance zone, RM0.37 – RM0.38.

Stock volume traded on 17 December 2018 was 50.6 m shares compared to the 3-month average volume of 83.8 m shares.

Indicators wise:-

1. Strength Stretch Pressure (SSP) : The stock is 6.88% stretched below the 20-day MA.
2. Moving Average Convergence Divergence (MACD) : The MACD line is below the 9-day MA line with the sell signal remains intact.
3. Directional Movement Index (DMI) : The Plus Directional Index (PDI) is below the Minus Directional Index (MDI) with a decreasing positive momentum seen in play, while the Average Directional Movement Index (ADX) is showing a weak strength.

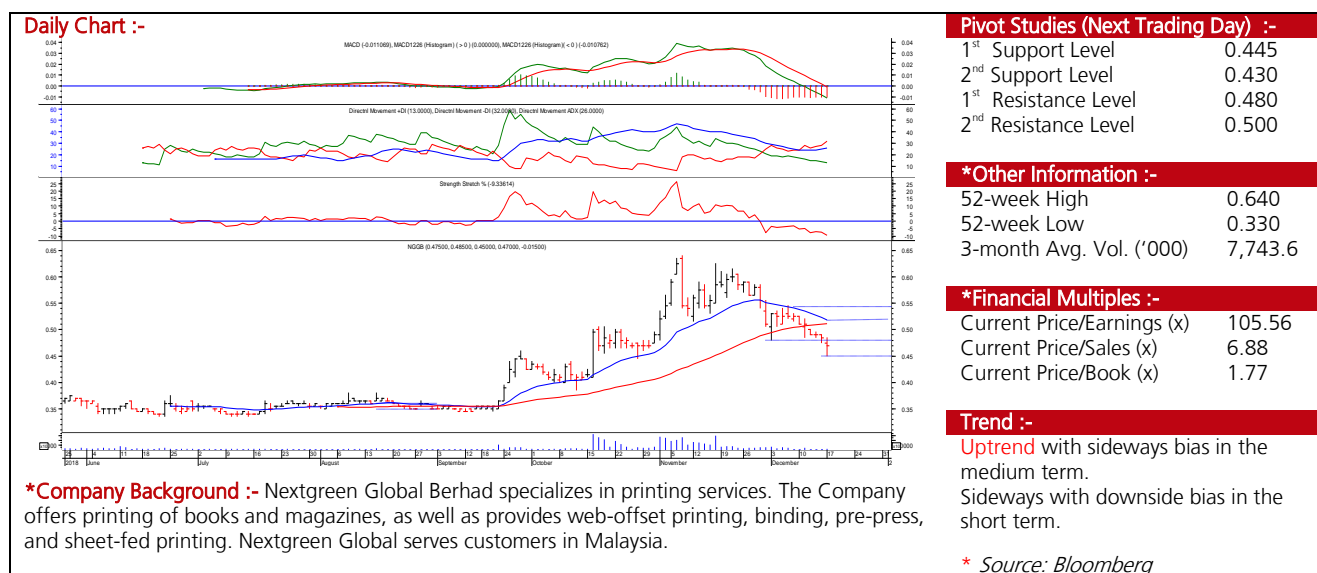
Note : AllianceDBS Research Fundamental team placed a Buy Call on 12 November 2018 with a price target of RM0.59 over a 12-month period.

News Flash on 17 December 2018 :-

Shahril decides to pump in RM100m more for Sapura Energy's cash call

Sapura Energy Bhd announced late tonight that its single largest shareholder, Tan Sri Shahril Shamsuddin, who is also the president and CEO, decided to put in an additional RM100m to subscribe in full for the rights issue that is sweetened with free warrants. Sapura Energy said it received irrevocable undertaking from its direct substantial shareholder Sapura Technology Sdn Bhd (STSB) for RM400m worth of rights shares, and from Jurudata Sdn Bhd, which will also be applying for excess rights shares besides its entitlement. This supersedes the letter of undertaking earlier, in which STSB had provided an irrevocable undertaking to subscribe to a minimum of RM300m worth of rights shares with warrants. On top of that, the company's other senior management have given their undertaking in writing for the massive cash call, which aims to raise RM4bn at 30 sen per rights share. (The Edge Markets)

Nggb (7241) – Immediate support at RM0.445



Nggb (7241 – Main Market) had on 17 December 2018 traded lower to RM0.45 before closing off the day's low at RM0.47 (-RM0.015, - 3.09%).

What Will Happen Next :-

Nggb continued to trade below the 20-day (blue) and 50-day (red) moving average lines.

Following the down close on 17 December 2018, the stock is likely to move lower again with immediate support at RM0.445. A fall below RM0.445 should see further price decline to the subsequent support zone, RM0.385 – RM0.405.

The hurdle is pegged at RM0.50. A rise above RM0.50 would lift the stock to the next resistance zone, RM0.525 - RM0.55.

Stock volume traded on 17 December 2018 was 1.52 m shares compared to the 3-month average volume of 7.74 m shares.

Indicators wise:-

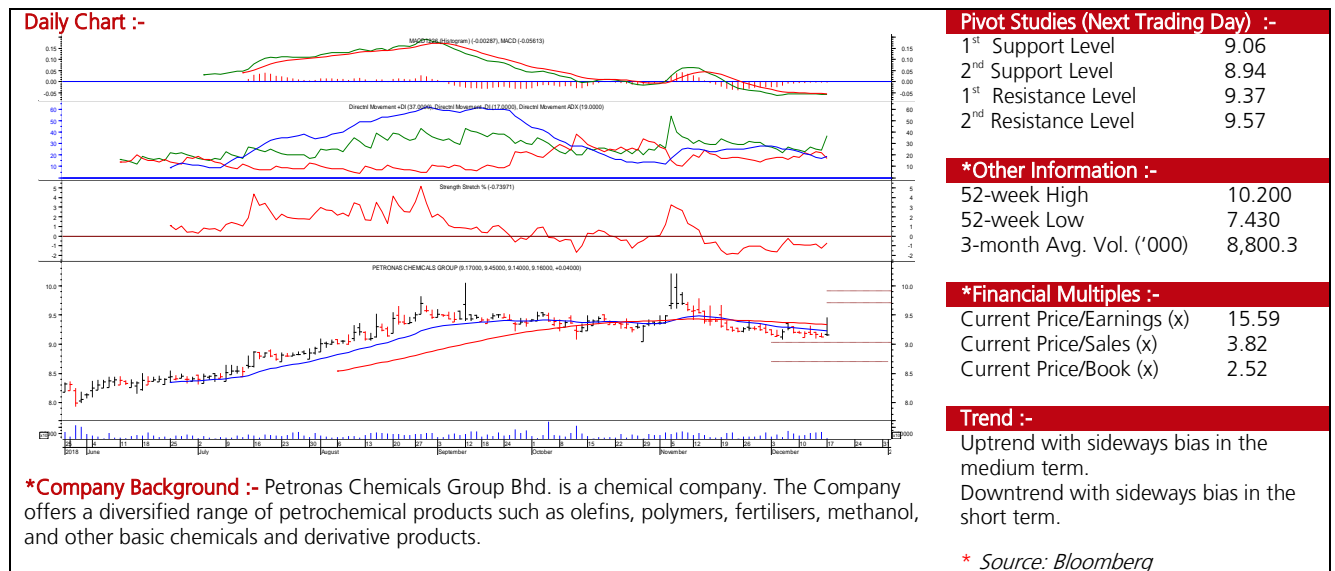
1. Strength Stretch Pressure (SSP) : The stock is 9.33% stretched below the 20-day MA.
2. Moving Average Convergence Divergence (MACD) : The MACD line is below the 9-day MA line with the sell signal remains intact.
3. Directional Movement Index (DMI) : The Plus Directional Index (PDI) is below the Minus Directional Index (MDI) with a decreasing positive momentum seen in play, while the Average Directional Movement Index (ADX) is showing an improving strength.

News Flash on 17 December 2018 :-

Nextgreen Global plans to raise up to RM33m via private placement

Nextgreen Global plans to raise up to RM32.83m in a private placement of its shares to investors to be identified later. In a filing with Bursa Malaysia, Nextgreen said the proposed private placement will entail the issuance of up to 65.67m new shares or 10% of its issued share capital. "Based on the indicative issue price of 50 sen per placement share, the proposed private placement is expected to raise gross proceeds of up to RM32.83m," it added. The group intends to use the proceeds from the private placement to pay for 375 acres of land in Kg. Paloh Hinai, Pekan, Pahang, which will be used for the development of the Pekan Green Technology Park (GTP), as well as for infrastructure costs in relation to the development of the GTP and for working capital. Barring any unforeseen circumstances, the proposed private placement is expected to be completed by the first half of 2019. (The Edge Markets)

Pchem (5183) – Support seen at RM9.00



Pchem (5183 – Main Market) had on 17 December 2018 traded higher to RM9.45 before closing near the day's low at RM9.18 (+RM0.06, +0.65%).

What Will Happen Next :-

Pchem continued to stay below the 20-day (blue) and 50-day (red) moving average lines.

Following the weak up close on 17 December 2018, the stock is likely to move lower with immediate support at RM9.00. A fall below RM9.00 would put pressure on the stock down to the subsequent support zone, RM8.70 – RM8.80.

The hurdle is pegged at RM9.45. A crossover of RM9.45 should see further price rise to the next overhead resistance zone, RM9.65 – RM9.80.

Stock volume traded on 17 December 2018 was 3.92 m shares compared to the 3-month average volume of 8.80 m shares.

Indicators wise:-

1. Strength Stretch Pressure (SSP) : The stock is 0.54% stretched below the 20-day MA.
2. Moving Average Convergence Divergence (MACD) : The MACD line is below the 9-day MA line with sell signal signal remains intact.
3. Directional Movement Index (DMI) : The Plus Directional Index (PDI) is above the Minus Directional Index (MDI) with an increasing positive momentum seen in play, while the Average Directional Movement Index (ADX) is showing a weak strength.

News Flash on 17 December 2018 :-

Petronas Chemicals unit to market methanol produced by Sarawak Petchem's Bintulu plant

Petronas Chemicals Group said its marketing unit has inked a deal to market methanol produced by a Sarawak state-owned company. Petronas Chemicals Marketing (Labuan) Ltd will act as the marketing arm for Sarawak Petchem Sdn Bhd for methanol from the latter's plant in Bintulu for 20 years, with the option for further extension. The plant is expected to come on stream in 2022 and will receive 140m standard cubic feet per day of natural gas feedstock from Petroliaam Nasional Bhd (Petronas), Petronas Chemicals said in a statement issued jointly with Sarawak Petchem. (The Edge Markets)

SUMMARY OF STOCK PICKS PERFORMANCE (November – December 2018)

Exit Date	Company	Entry Price	Exit Price	Gain/Loss (RM)	% Gain/Loss	Days	Remark
3 Dec 18	BIMB	3.74	3.90	0.16	4.28%	2	Profit target hit.
5 Dec 18	SLP	1.21	1.17	0.025 (1.21-1.17+div0.015)	(2.06%)	2	
13 Dec 18	Supermx	3.71	3.82	0.11	2.96%	1	Lower band of profit target hit.
Gross Gain (To-date)		5.18% (=7.24% - 2.06 %)					
8 Nov 18	KGB	1.10	1.19	0.09	8.18%	5	Profit target hit.
9 Nov 18	Datapr	0.25	0.245	(0.005)	(2.00%)	2	Stopped out. CI fell 16 pts.
9 Nov 18	lkhmas	0.16	0.165	0.005	3.12%	4	Stopped out. CI fell 16 pts.
9 Nov 18	BcMall	0.22	0.215	(0.005)	(2.27%)	2	Stopped out. CI fell 16 pts.
13 Nov 18	TRC	0.46	0.475	0.015	3.26%	9	Stopped out. CI fell 15 pts.
13 Nov 18	Pansar	0.81	0.80	(0.01)	(1.23%)	2	Stopped out. CI fell 15 pts.
19 Nov 18	Pohuat	1.53	1.58	0.05	3.26%	2	Lower band profit target hit.
19 Nov 18	Notion	0.705	0.705	0.00	0.00%	3	Stopped out. Hit 0.755 on 16 Nov. 2.5 sen below 0.78 price target.
19 Nov 18	SKPRes	1.28	1.27	(0.01)	(0.78%)	2	Stopped out.
21 Nov 18	RCECap	1.60	1.59	(0.01)	(0.62%)	3	Stopped out. CI fell 19 pts.
21 Nov 18	Chinwel	1.85	1.89	0.04	2.16%	8	Stopped out. CI fell 19 pts.
22 Nov 18	Comfort	0.96	0.94	(0.02)	(2.08%)	1	Stopped out.
26 Nov 18	WCEHB	0.685	0.67	(0.015)	(2.18%)	2	Stopped out.
Gross Gain (To-date)		8.82% (=19.98% - 11.16%)					
FBM Small Cap Index		-4.44%		Profit Factor	0.79 (=19.98% - 11.16%) / 11.16%		

SUMMARY OF STOCK PICKS PERFORMANCE (July - October 2018)

Exit Date	Company	Entry Price	Exit Price	Gain/Loss (RM)	% Gain/Loss	Days	Remark
1 Oct 18	PresBhd	1.04	1.02	(0.02)	(1.92%)	2	Stopped out.
2 Oct 18	Tawin	0.60	0.58	(0.02)	(3.33%)	2	Stopped out.
3 Oct 18	Rev	0.34	0.335	(0.005)	(1.47%)	2	Stopped out. Traded 0.355 on 2 Oct
3 Oct 18	Eatech	0.455	0.52	0.065	14.28%	1	Profit target hit.
4 Oct 18	Danco	0.53	0.555	(0.025)	4.71%	5	Stopped out. Traded 0.585 on 3 Oct. Target at 0.59.
8 Oct 18	VS	1.71	1.68	(0.03)	(1.75%)	3	Stopped out.
8 Oct 18	PBA	1.27	1.26	(0.01)	(0.78%)	2	Stopped out.
Gross Gain (To-date)		9.74% (=18.99% - 9.25%)					
FBM Small Cap Index		-11.42%			Profit Factor	1.05 (=18.99% - 9.25%) / 9.25%	
14 Sep 18	Sapnrg	0.44	0.48	0.04	9.09%	1	Profit target hit.
24 Sep 18	Wong	0.945	0.935	(0.01)	(1.05%)	1	Stopped out. CI fell 10 pts.
24 Sep 18	AWC	0.80	0.86	0.06	7.50%	4	Profit target hit.
24 Sep 18	Ideal	1.70	1.68	(0.02)	(1.17%)	2	Stopped out. CI fell 10 pts.
25 Sep 18	Vis	0.70	0.73	0.03	4.28%	1	Lower band profit target zone hit.
27 Sep 18	JHM	1.37	1.45	0.08	5.83%	1	Profit target hit.
27 Sep 18	KGB	0.935	1.01	0.075	8.02%	2	Profit target hit.
28 Sep 18	IJacobs	0.335	0.375	0.04	11.94%	2	Profit target hit.
Gross Gain (To-date)		44.44% (=46.66% - 2.22%)					
FBM Small Cap Index		-0.60%			Profit Factor	20.0 (= 46.66% - 2.22%) / 2.22%	
2 Aug 18	Pwroot	1.58	1.57	(0.01)	(0.63%)	3	Stopped out.
3 Aug 18	Krono	0.70	0.69	(0.01)	(1.42%)	2	Stopped out. Traded 0.73 on 3 Aug.
7 Aug 18	Notion	0.585	0.635	0.05	8.54%	3	Profit target hit.
7 Aug 18	SCGM	1.54	1.58	0.04	2.59%	1	Profit target hit.
13 Aug 18	Astino	0.865	0.935	0.07	8.09%	2	Revised profit target hit. CI fell 16 pts.
13 Aug 18	Thriren	0.445	0.44	(0.005)	(1.12%)	3	Stopped out. CI fell 16 pts.
13 Aug 18	KGB	0.81	0.825	0.015	1.85%	4	Stopped out. CI fell 16 pts.
14 Aug 18	Muda	1.96	2.14	0.18	9.18%	2	Profit target hit.
21 Aug 18	Nggb	0.365	0.36	(0.005)	(1.36%)	4	Stopped out.
27 Aug 18	Siggas	0.805	0.805	0.00	0.0%	6	Stopped out. Traded <u>0.85</u> on 23 Aug. Target 0.88.
24 Aug 18	OKA	1.36	1.36	0.00	0.0%	4	Stopped out. Traded <u>1.43</u> on 20 Aug. target 1.47.
Gross Gain (To-date)		25.72% (= 30.25% - 4.53%)					
FBM Small Cap Index		-2.16%			Profit Factor	5.67 (= 30.25% - 4.53%) / 4.53%	
5 Jul 18	Tecfast	0.47	0.465	(0.005)	(1.06%)	2	Stopped out. Traded <u>0.50</u> on 4 Jul
6 Jul 18	Leesk	0.945	0.92	(0.02)	(2.11%)	3	Stopped out. CI fell 18 points.
19 Jul 18	Brahims	0.33	0.36	0.03	9.09%	2	Profit target hit.
23 Jul 18	Krono	0.66	0.72	0.06	9.09%	3	Profit target hit.
24 Jul 18	Opcom	0.95	0.985	0.035	3.68%	2	Stopped out.
24 Jul 18	Johotin	1.04	1.09	0.05	4.80%	1	Lower band profit target hit.
26 Jul 18	Ucrest	0.345	0.40	0.055	15.94%	9	Stopped out. Traded <u>0.43</u> on 24 Jul which was 2 sen below target of 0.45
30 Jul 18	Mieco	0.47	0.475	0.005	1.05%	5	Stopped out. Traded <u>0.51</u> on 26 Jul which was 1.5 sen below target.
30 Jul 18	Datapr	0.265	0.255	(0.01)	(3.77%)	3	Stopped out.
Gross Gain (To-date)		36.72% (= 43.65% - 6.93%)					
FBM Small Cap Index		5.43%			Profit Factor	5.29 (= 43.65% - 6.93%) / 6.93%	

DISCLOSURE

Technical stock rating definitions

- Buy - Short term buy with expected capital return of 8% or more within one month.
- Cut Loss - Triggered when specified cut loss level is hit in order to protect capital.
- Take Profit - Triggered when specified target price is achieved.

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Glossary of technical terms commonly used

Average True Range (ATR)	A measure of volatility introduced by Welles Wilder whereby the indicator is the greatest of the following: <ul style="list-style-type: none"> - current high less the current low; - the absolute value of the current high less the previous close; - the absolute value of the current low less the previous close;
Bollinger Band	A band plotted 2 standard deviations away from a simple moving average, developed by John Bollinger.
Death Cross	Occurs when a short term MA line crosses below the long term MA line. It indicates a falling momentum and possible more short term losses ahead. I.e. 50-day MA line crosses below the 200-day MA line.
Divergence	When the price of an asset and an indicator, index or other related asset move in opposite directions.
Golden Cross	Occurs when a short term MA line crosses over the long term MA line. It indicates a rising momentum and possible more short term gains ahead. I.e. 50-day MA line crosses over the 200-day MA line.
Moving Average Convergence Divergence (MACD)	A trend-following momentum indicator that shows the relationship between two moving averages of prices. The MACD is calculated by subtracting the 26-day exponential moving average (EMA) from the 12-day EMA. A 9-day EMA of the MACD, called the "signal line", is then plotted on top of the MACD, functioning as a trigger for buy and sell signals.
On-Balance Volume (OBV)	A method used in technical analysis to detect momentum, the calculation of which relates volume to price change. OBV provides a running total of volume and shows whether this volume is flowing in or out of a given security. This indicator was developed by Joe Granville.
Overbought	In technical analysis, this term describe a situation in which the price of a security has risen to such a degree – usually on high volume – that an oscillator has reached its upper bound. This is generally interpreted as a sign that the price of the asset is becoming overvalued and may experience a pullback.
Oversold	A situation in technical analysis where the price of an asset has fallen to such a degree – usually on high volume – that oscillator has reached a lower bound. This is generally interpreted as a sign that the price of the asset is becoming undervalued and may represent a buying opportunity for investors.
Relative Strength Index	A technical momentum indicator that compares the magnitude of recent gains to recent losses in an attempt to determine overbought and oversold conditions of an index or stock.
Resistance	The price at which a stock or market can trade, but not exceed, for a certain period of time. Often referred to as "resistance level".
Reversal	A change in the direction of a price trend. On a price chart, reversals undergo a recognizable change in the price structure. An uptrend, which is a series of higher highs and higher lows, reverses into a downtrend by changing to a series of lower highs and lower lows. A downtrend, which is a series of lower highs and lower lows, reverses into an uptrend by changing to a series of higher highs and higher lows.
Stochastic	A technical momentum indicator that compares a security's closing price to its price range over a given time period. The indicator's sensitivity to market movements can be reduced by adjusting the time period or by taking a moving average of the result.
Support	The price level which, historically, a stock has had difficulty falling below. It is thought of as the level at which a lot of buyers tend to enter the stock.

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Wong Ming Tek, Executive Director

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