

Traders Brief

September 21, 2016
Bursa daily market outlook
Potential downtrend reversal following hammer candlestick formation
Market review

- After plunging 2.3% last week, the MSCI Asia Pac index rebounded for a 3rd day with a 0.2% gain to 138.7 ahead of the widely focused BOJ (21 Sep) and Fed (22 Sep) policy meetings. Investors were split over what action the BOJ will undertake while bets on a potential rate hike from the Fed remain ~22% despite a higher-than-expected US inflation data last Friday.
- After tumbling 39.7 pts in five days, KLCI staged a 4.1-pt technical rebound to 1655.8, spurred by bargain hunting on AXIATA (+12 sen to RM5.39), PCHEM (+10 sen to RM6.60), SIME (+9 sen to RM7.74), HIFG (+34 sen to RM15.98) and GENTING (+9 sen to RM7.90). Despite the headline gains, market breadth was negative with 344 gainers as compared to 418 losers.
- The Dow soared as much as 107 pts in the early session, lifted by a rebound in oil prices ahead of a possible OPEC meeting next week and a patchy Aug housing starts which reduced the probability of a rate hike tomorrow. However, the gains were slashed to 10 pts as skittishness returned ahead of the BOJ and FOMC policy decisions.

Technical view
Oversold with key support near 1640

- Following a 4.1-pt relief rebound and a hammer candlestick formation yesterday, KLCI immediate outlook has marginally improved, supported by upticks in indicators. Although volatility will prevail, the index is likely to test 1664 (support-turned-resistance) in the near term. A strong close above 1664 will spur index higher towards 1670-1678 levels next. On the flip side, a decisive fall below 1640 will witness KLCI to correct further towards 1611-1622 zones.

Market Strategy

- We expect volatility to remain in the wake of lukewarm sentiment amid the volatile oil prices and Ringgit coupled with uncertainties ahead of the highly anticipated BOJ policy outcome today. However, we expect market to stabilise further amid clarity from the FOMC policy statement (to be released by 3am on 22 Sep).
- Stock on radar.** We recommend **ARMADA** (Trading Buy) as we believe the stock will witness potential relief rally after tumbling 15.5% mom amid a spinning top formation. A decisive breakout above RM0.745 will spur prices higher towards RM0.77-0.84 zones. On the flip side, key supports are RM0.695 and RM0.665. Cut loss at RM0.655.

Weekly expected range	1640 – 1675
Today's expected range	1650-1660
Key resistances	1656, 1664, 1670, 1678
Key supports	1640, 1622, 1611, 1600

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FBM KLCI	1655.8
Overall market volume (shares)	1.39bn
Overall market value (RM)	1.70bn

Daily trading participation (value) 20 Sep

Foreign	RM0.46bn (27.27%)
Local institution	RM0.9bn (52.86%)
Local retail	RM0.34bn (19.87%)

5-days Trading Participation (%)

	13 Sep	14 Sep	15 Sep	19 Sep	20 Sep
Foreign	30.4	21.9	43.2	30.2	27.2
Institution	48.6	59.8	44.6	48.1	52.9
Retail	21.0	18.3	12.2	21.7	19.9

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Global Index Summary

	Close	Daily (%)	2016 P/B (x)	2016 P/E (x)	YTD (%)
KLCI	1,656	0.2	1.54	15	-2.2
ASX	5,304	0.2	1.75	15	0.1
DAX	10,394	0.2	1.46	12	-3.3
STI	2,855	0.1	1.06	13	-1.0
HSI	23,531	-0.1	1.12	12	7.4
INDU	18,130	0.1	2.90	15	4.0
JCI	5,302	-0.4	2.25	15	15.4
KOSPI	2,026	0.5	0.90	10	3.3
NIKKEI	16,492	-0.2	1.37	15	-13.4
SENSEX	28,523	-0.4	2.57	15	9.2
SET	1,474	-1.3	1.69	14	14.4
SHCOMP	3,023	-0.1	1.35	13	-14.6

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Major Currencies

	Close	Daily (%)	YTD (%)
AUD/RM	3.129	0.2	(0.4)
EUR/RM	4.635	0.3	(1.2)
EUR/USD	1.115	0.0	2.7
HKD100/RM	53.360	0.0	(3.7)
JPY/RM	4.073	0.1	14.0
SGD/RM	3.041	0.2	0.0
USD/JPY	101.640	(0.1)	(15.5)
USD/RM	4.139	0.0	(3.6)

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Commodities

	Close	Daily (%)	YTD (%)
Baltic Dry (pts)	865.0	3.5	81.0
Copper (US\$/lb)	215.6	0.3	1.0
CPO (RM/MT)	2,693.0	1.9	8.4
WTIOil (US\$/barrel)	44.8	1.7	21.0
Gold (US\$/ounce)	1,315.8	0.1	24.0
Soy Bean (US\$/bushel)	989.8	1.8	13.6

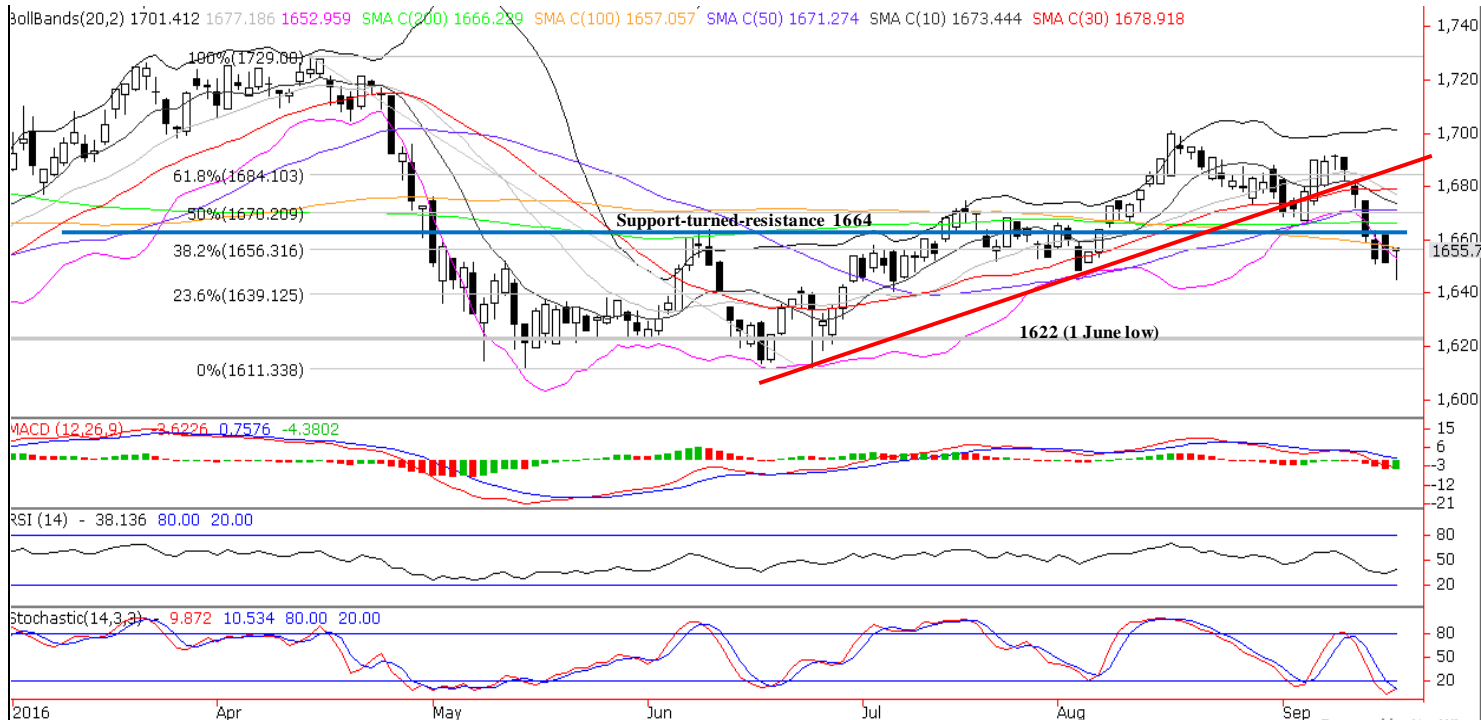
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FIG1 ENTITLEMENTS

No	Stocks	Ann date	Ex-date	Consolidate	Bonus issue/Split	Rights issue	Bonus warrants	Free warrants with each rights subscribed
1	INX	7 Sep	21 Sep	1:2				

Source: Bursa

FIG2 KLCI DAILY: POTENTIAL DOWNTREND REVERSAL FOLLOWING THE HAMMER PATTERN



Source: HLeBroking

FIG3 DOW DAILY: SEVERE DOWNSIDE CUSHIONED BY GROSSLY OVERSOLD INDICATORS



Source: Stockchart

FIG4 TECHNICAL STOCKPICKS SNAPSHOT

No	Stocks	Entry px	Report date	S1	S2	R1	R2	LT Tgt Px	Stop-loss	Highest px since report	Lowest px since report	Price ⁶	Gains/Loss since report ⁷	Remarks
Trading Idea (maximum holding period = 1 week)														
Trading Idea (maximum holding period = 2 weeks)														
1	WASEONG	0.855	17 Aug	0.84	0.825	0.905	0.93	0.975	0.81	0.865	0.81	0.86	0.6%	Closed position amid expiry
2	OCK	0.795	1 Sep	0.785	0.765	0.815	0.86	0.90	0.745	0.805	0.79	0.815	2.5%	Closed position amid expiry
3	HOMERIZ	0.895	2 Sep	0.87	0.86	0.915	0.96	1.01	0.84	0.925	0.87	0.885	-1.1%	Closed position amid expiry
Trading Idea (maximum holding period = 4-8 weeks)														
4	KFIMA	1.90	5 Aug	1.83	1.76	2.00	2.16	2.28	1.73	1.99	1.89	1.92	1.1%	Closed position amid expiry
5	TNLOGIS	1.51	29 Aug	1.47	1.42	1.57	1.62	1.74	1.40	1.69	1.47	1.61	6.6%	
6	AJIYA	0.78	5 Sep	0.76	0.74	0.815	0.85	0.90	0.72	0.85	0.78	0.85	9.0%	Took profit at R2 on 7 Sep
7	VS	1.35	6 Sep	1.30	1.26	1.41	1.47	1.56	1.25	1.38	1.32	1.39	3.0%	
8	KSL	1.13	7 Sep	1.10	1.08	1.16	1.20	1.28	1.06	1.18	1.12	1.12	-0.9%	

9	PRESBHD	2.17	8 Sep	2.11	2.02	2.29	2.36	2.51	1.99	2.25	2.15	2.22	2.3%	
10	SENDAI	0.455	15 Sep	0.435	0.405	0.475	0.515	0.585	0.40	0.555	0.455	0.515	13.2%	Took profit on 19 Sep after hitting above R2
11	GPACKET	0.245	19 Sep	0.235	0.23	0.27	0.285	0.305	0.225	0.25	0.24	0.24	-2.0%	
12	FLBHD	1.55	20Sep	1.47	1.42	1.60	1.72	1.80	1.41	1.64	1.55	1.62	4.5%	
GemPicks (maximum holding period is 6 months)														
13	SALCON	0.615	12-Apr	0.59	0.57	0.645	0.66	0.75	0.545	0.685	0.57	0.595	-3.3%	
14	TOMYPAK	1.77	10-May	1.79	1.69	1.94	2.05	2.23	1.62	1.99	1.65	1.68	-11.3%	

Source: HLeBroking; HLIB

Note:

1. Maximum holding period for stocks recommended are ranging from one week, two weeks, four weeks to three-six months. We will take profit (depending on strength of technical chart reading) should share price reach our R1/R2/LT upside targets.
2. We will close the positions upon expiry of the maximum holding period even if the stocks fail to achieve our R1/R2/LT upside targets and/or remained above the cut loss level;
3. For Sell ratings, we consider the return as equivalent to the losses made if investors did not sell;
4. Prices shall be adjusted accordingly in the event of relevant exercises (i.e dividend, bonus, rights issues etc)
5. S=support; R=resistance;
6. For those that we took profit, this column shows the price level which we exited from the trade.
7. Excluding brokerage, stamp duty as well as clearing fees
8. Tomypak's entry price was derived after adjusting its dividend, rights and free warrants (TOMYPAK RM1.68; TOMYPAK-WA RM0.35, DPS: 2sen).

FIG6 PERFORMANCE TRACKER

	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep	2016 return
Total calls made	16	9	19	14	10	9	7	12	8	104
Total winners	4	5	10	7	3	6	6	8	5	54
Total losers	12	4	9	7	7	3	1	4	3	50
Successful hit rates	25%	56%	53%	50%	30%	67%	86%	67%	63%	52%
Average return	-1.2%	0.9%	0.0%	2.0%	-2.1%	2.4%	4.1%	2.9%	3.1%	12.1%
Relative against CI	-1.2%	0.4%	-0.4%	4.1%	-1.7%	1.9%	3.6%	2.7%	4.7%	14.3%

Source: HLIB

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BUY	Positive recommendation of stock under coverage. Expected absolute return of more than +10% over 12-months, with low risk of sustained downside.
TRADING BUY	Positive recommendation of stock not under coverage. Expected absolute return of more than +10% over 6-months. Situational or arbitrage trading opportunity.
HOLD	Neutral recommendation of stock under coverage. Expected absolute return between -10% and +10% over 12-months, with low risk of sustained downside.
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NEUTRAL	The sector, based on weighted market capitalization, is expected to have absolute return between -5% and +5% over 12-months.
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