

Favouring a potential slower rate hike

Market Review

Malaysia: The FBM KLCI (-0.3%) edged lower after hovering mostly in the negative territory, dragged by weakness in selected plantation and gloves heavyweights yesterday. The lower liners, however, closed mixed, while the construction sector (-1.6%) underperformed the mixed sectorial peers.

Global markets: The US stockmarkets closed higher as the Dow rose 0.3% following the softer inflation data in November 2022 that rose 7.1% YoY vs. consensus expectations of 7.3% YoY. The European stockmarkets were upbeat, but Asia stockmarkets ended mixed.

The Day Ahead

The FBM KLCI closed lower for the second day prior to the release of US CPI data. With the US posting softer-than-expected CPI print at 7.1% YoY (the Fed's inflation target is at 2% YoY), the Wall Street has advanced overnight as investors expect either a gradual interest rate hike progress or lower quantum of increase going forward. At this moment, the market believes that the worst of inflation is behind us and the global stock markets may see some recovery. On the commodity markets, the Brent crude oil price settled above USD80 per barrel on the back of OPEC's falling crude production in November, while the CPO price climbed above RM3,950, and gold price surpassed USD1800.

Sector focus: The oil & gas and plantation counters could be in focus given the rising commodities prices. Besides, the technology sector may extend its gains, tracking the movements in Nasdaq. We continue to like the construction and building material sectors ahead of the revision of Budget 2023.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI extended declines and slipped below its daily EMA9 level. Technical indicators remained mixed as the MACD Histogram extended a negative bar, while the RSI is hovering above 50. Support is pegged along 1,450-1,460, while the resistance is envisaged at 1,500-1,510.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,108.64	0.30
S&P 500	4,019.65	0.73
NASDAQ	11,256.81	1.01
FBM KLCI	1,470.12	-0.29
FBM Small Cap	15,171.13	-0.16
FBM ACE	5,494.90	0.02
Construction	152.59	-1.60
Consumer	579.92	0.00
Energy	784.72	0.80
Financial Services	16,572.13	0.20
Healthcare	1645.57	-0.92
Ind Products	190.61	-0.45
Plantation	6,685.93	-0.99
Property	655.98	0.17
REITs	770.67	0.08
Technology	66.01	0.53
Telco & Media	594.33	0.32
Transport	831.88	-0.64
Utilities	859.04	1.06
Trading Vol (m)	2,686.30	6.51
Trading Val (RM m)	1,837.72	20.98
Advance/ Decline	86%	
FKLI	1,475.50	0.51
FCPO (RM)	3,972.00	2.21
Brent oil (USD)	80.68	3.45
Gold (USD)	1,810.80	1.65
USD	4.429	-0.26
GBP	5.4364	-0.26
EURO	4.6697	-0.10
SGD	3.2668	-0.02

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
492.3	40.7	-533.0

Source: Bloomberg, Bursa Market Place

Company Brief

Malaysian Resources Corporation Bhd's (MRCB) 70.0% owned subsidiary Kwasa Sentral Sdn Bhd (KSSB) has entered into a tenancy agreement (TA) with KD District Cooling System Sdn Bhd (KDDCS). The agreement would be for an initial term of 3 years with an option to renew for 7 subsequent terms of 3 years each and one succeeding term of 1 year with an estimated total of RM62.2m. (The Star)

Hartalega Holdings Bhd has signed an agreement with Northern Gateway Sdn Bhd's (NGX) to purchase a land for RM54.3m as part of its expansion plan. The price translates into RM20.78/sqf. NGX has obtained government approval for Free Commercial Zone and Free Industrial Zone for the Delapan Special Border Economic Zone after its approval on 13th January 2019. (The Edge)

Pharmaniaga Bhd has signed a research collaboration agreement with BioNet-Asia Co Ltd from Thailand to develop the hexavalent vaccine. The production of vaccines locally will reduce costs for the government and ensure drug security for the nation, as the vaccine was fully imported and used by the National Immunisation Programme. The annual market demand regionally is estimated at RM500-RM600m, and the vaccine is scheduled to be ready by the end of 2023. (The Edge)

Advancecon Holdings Bhd has secured subcontract works worth RM86.8m from KEB Builders Sdn Bhd. The group has accepted a letter from KEB for its appointment as the subcontractor for the Preliminaries, Site Clearance and Earthworks Geotechnical Works, Erosion Sediment and Control Plan job. The overall subcontract period is 30 months, starting from 13th December 2022. (The Edge)

ACE Credit (M) Sdn Bhd, part of the ACE Group, has disposed of the bulk of its stake in **Apex Equity Holdings Bhd**, days after the Securities Commission Malaysia went to court to block ACE from taking control of Apex Equity. ACE has ceased to be a substantial shareholder of the stockbroking group after disposing of 27.0m Apex Equity shares, representing a 13.3% stake, in the open market on 9th December 2022. ACE. Following the sale, ACE is left with a 1.6% stake or 3.3m shares in the group. (The Edge)

APM Automotive Holdings Bhd announced that the Employees Provident Fund (EPF) has ceased to be a substantial shareholder of the company, as the pension fund's stake dropped below 5.0% after it sold 279,500 APM shares on 8th December 2022. EPF emerged as a substantial shareholder of APM on 5th October 2016 with a 5.4% stake or 10.5m shares after acquiring 1.0m shares. (The Edge)

Technical Focus Tracker

Technical Focus Tracker											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Long Term Target (RM)	Support (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	EPMB	7-Dec	1.120	1.180	1.230	1.350	1.050	1.040	1.080	-3.6%	On-going
2	RAMSSOL	9-Dec	0.405	0.445	0.480	0.520	0.360	0.355	0.420	3.7%	On-going
3	CENGILD	12-Dec	0.490	0.495	0.520	0.575	0.425	0.420	0.465	-5.1%	On-going
4	RANHILL	14-Dec	0.440	0.465	0.485	0.515	0.415	0.410	0.440	0.0%	Initiate position

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4Q22 Stock Picks											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Long Term Target (RM)	Support (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	ATECH	3-Oct	1.869	2.180	2.280	-	1.740	1.660	1.930	3.3%	On-going
2	PECCA	3-Oct	0.880	1.000	1.080	-	0.795	0.740	0.790	-10.2%	On-going
3	KGB	3-Oct	1.290	1.520	1.630	-	1.260	1.150	1.470	14.0%	On-going
4	SCOMNET	3-Oct	1.665	1.890	2.050	-	1.390	1.240	1.710	2.7%	On-going
5	OPTIMAX	3-Oct	0.734	0.910	1.000	-	0.695	0.625	0.780	6.3%	On-going
6	SAMAIKEN	3-Oct	0.755	0.835	0.915	-	0.670	0.605	0.795	5.3%	On-going
7	TIMECOM	3-Oct	4.620	5.000	5.250	-	4.400	4.210	5.200	12.6%	On-going
8	HEXTAR	3-Oct	1.760	2.000	2.150	-	1.620	1.510	2.380	35.2%	On-going
9	TGUAN	3-Oct	2.560	2.870	3.030	-	2.470	2.320	2.360	-7.8%	On-going
10	GAMUDA	3-Oct	3.542	4.470	4.680	-	3.760	3.600	3.630	2.5%	On-going
11	MYEG	3-Oct	0.837	1.000	1.080	-	0.785	0.715	0.900	7.5%	On-going
12	CCK	3-Oct	0.650	0.720	0.760	-	0.580	0.550	0.655	0.8%	On-going
13	SIGN	3-Oct	1.730	2.000	2.150	-	1.610	1.440	2.770	60.1%	On-going
Average Return										10.2%	

Technical Focus Tracker Summary	
Total recommendations	287
Total winners	174
Total losers	112
Portfolio performance (2020)	22.7%
Accuracy (2020)	53.3%
Portfolio performance (2021)	30.4%
Accuracy (2021)	66.4%
Portfolio performance (2022)	10.2%
Accuracy (2022)	59.8%
FBM KLCI (Since 31/12/2021)	-6.2%
FBM Small Cap (Since 31/12/2021)	-3.7%
Malaysia GDP Growth (9M22)	9.3%

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