

Inflationary pressure still on the cards

Market Review

Malaysia: The FBM KLCI (-0.7%) snapped a 4-day winning streak as profit taking activities emerged on Petronas-related and banking heavyweights yesterday. The lower liners also retreated, while the broader market ended mostly weaker with the financial services sector (-1.3%) underperformed.

Global markets: Wall Street plummeted as the Dow (-3.9%) endured a rout following the release of hotter-than-expected inflation data, rising 8.3% YoY in August vs. consensus of 8.1% YoY rise. The European stock markets erased their intraday gains to close lower, but Asia stock markets ended mostly upbeat.

The Day Ahead

The FBM KLCI remained beneath the key 1,500 level as profit taking activities emerged in selected banking and industrial products & services heavyweights. We believe the market sentiment may turn negative again following a sharp sell-down on Wall Street triggered by a stubbornly high inflation, which will prompt the US Fed to maintain its hawkish stance at least for the near term. Commodities wise, the crude oil price hovered around USD93, while the CPO traded above RM3,850.

Sector focus: We are expecting an overall decline on Bursa exchange, with the technology taking the biggest hit, in tandem with the Nasdaq's sell-down. However, we believe there could be some sweet spot within defensive stocks such as within the banking and consumer sector. Meanwhile, we expect bargain hunting activities to emerge within the energy sector as the Brent crude oil price is above USD90.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI snapped its four-session winning streak and closed below its daily EMA60 level. Technical indicators turned negative as the MACD Histogram extended a negative bar, while the RSI hovered below the 50 level. Investors may watch for support located at 1,485, followed by 1,465, while the resistance is pegged at 1,510-1,530.

Research Team
research@msec.com.my
(603) 2201 2100

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	31,104.97	-3.94
S&P 500	3,932.69	-4.32
NASDAQ	11,633.57	-5.16
FBM KLCI	1,487.84	-0.68
FBM Small Cap	14,470.53	-0.10
FBM ACE	4,900.72	0.13
Construction	157.45	-0.35
Consumer	572.48	-0.08
Energy	727.67	1.56
Financial Services	16,666.99	-1.30
Healthcare	157,195	-0.35
Ind Products	183.45	-0.93
Plantation	6,998.90	0.31
Property	652.98	-0.35
REITs	786.58	-0.17
Technology	65.09	0.26
Telco & Media	592.95	0.07
Transport	823.95	-0.46
Utilities	873.88	-0.23
Trading Vol (m)	2,640.06	0.47
Trading Val (RM m)	1,738.28	12.41
Advance/Decline	78%	
FKLI	1,468.00	-0.94
FCPO (RM)	3,851.00	-1.21
Brent oil (USD)	93.17	-0.88
Gold (USD)	1,702.17	-1.30
USD	4.5078	-0.11
GBP	5.2809	-0.31
EURO	4.5826	-0.29
SGD	3.2328	-0.16
Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
-46.5	17.9	28.6

Source: Bloomberg, Bursa Market Place

Company Brief

AWC Bhd has received a contract worth RM62.2m from the Health Ministry (MOH) to provide clinic support services for nineteen district clinics in Perak. The contract is for a period of five years commencing from 1st October 2022 to 30th September 2027. (The Star)

Three officials of **GLIB Holdings Bhd** have been detained by the Malaysian Anti-Corruption Commission (MACC). The three were executive chairman and CEO Tai Boon Wee and two executive directors, Tai Qisheng and Wong Ping Kiong. They have given full cooperation to the MACC and have since been released and the legal representatives of the company are now following up on the matter. (The Star)

Seni Jaya Corp Bhd has appointed Ong Kah Hoe (Billy Ong) as an executive director effective 31st September 2022. Ong emerged as a substantial shareholder in Seni Jaya following the acquisition of 2.9m ordinary shares, or 6.1%-stake through a direct business transaction. With that, Ong now holds an 11.0%-stake in Seni Jaya via direct and indirect interests. Presently, Ong, 48 is the group managing director of **OCR Group Bhd**. (The Star)

Asdion Bhd is issuing 67.7m new irredeemable convertible preference shares at 4.0 sen per share and 171.3m settlement shares at 8.0 sen per share to pay off RM16.4m owed by the company to Kingdom Saga Sdn Bhd and M Saint Consultancy Sdn Bhd. (The Edge)

G Neptune Bhd's shareholders approved a proposal for the Guidance Note 3 company to buy a construction management services firm as part of its regularisation plan. G Neptune plans to acquire Southern Score Sdn Bhd from Super Advantage Property Sdn Bhd for RM252.0m, to be satisfied through the issuance of 1.68bn shares. The shareholders also approved a change of name of the company to Southern Score Builders Bhd to better reflect G Neptune's new corporate identity. (The Edge)

Cycle & Carriage Bintang Bhd will be delisted from the local exchange on 19th September 2022 following its privatisation. The Mercedes-Benz dealer submitted an application to Bursa Malaysia for the proposed withdrawal of its listing on 6th September 2022. (The Edge)

Sime Darby Plantation Bhd (SDP) is still awaiting a decision and feedback from the US Customs and Border Protection on the lifting of the Withhold Release Order imposed on the group after a comprehensive report was submitted on 26th April 2022 in response to allegations of forced labour against the company. Separately, SDP is continuing on its decarbonisation journey to meet climate action aspirations, including through acceleration of renewable efforts. (The Edge)

Public Bank Bhd is planning to establish a sustainability road map in the near term. It will also focus on areas of strengths which comprise domestic consumer banking and small and medium enterprise lending, wealth management, transactional services, capital market operations and international operations. (The Edge)

Capital A Bhd's airasia Super App is offering a full-time employment programme for drivers of its e-hailing arm, airasia Ride, a month after a similar offer was made to airasia food and airasia xpress delivery riders. (The Edge)

Malayan United Industries Bhd's (MUI) retail arm MJ Department Stores Sdn Bhd, which runs Metrojaya outlets in Malaysia, is planning to open its latest outlet at the LaLaport Bukit Bintang City Centre retail hub along Jalan Hang Tuah on 21st September 2022. (The Edge)

Steel product manufacturer **Leform Bhd** has received approval to list on the ACE Market of Bursa Malaysia and targets to be listed by 4Q22. Listing on the ACE Market will enable the group to tap into the equity capital market to raise funds to embark on its next expansion phase. (The Edge)

Betamek Bhd has signed an underwriting agreement with M&A Securities Sdn Bhd in conjunction with its initial public offering exercise on the ACE Market of Bursa Malaysia. The electronics manufacturing services provider targets to be listed by October 2022. Betamek specialises in design and development, procurement and manufacturing of customised electronics and components for the automotive industry. (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	WELLCAL	24-Aug	1.230	1.290	1.380	1.500	1.180	1.170	1.290	4.9%	Take profit at R1 on 12-Sep
2	TGUAN	29-Aug	2.580	2.840	2.900	2.980	2.520	2.510	2.620	1.6%	On-going
3	SLVEST	1-Sep	0.735	0.815	0.855	0.970	0.675	0.670	0.780	6.1%	On-going
4	ABMB	5-Sep	3.630	3.750	3.820	4.000	3.480	3.470	3.750	3.8%	Take profit at R1 on 13-Sep
5	VIS	7-Sep	0.740	0.780	0.810	0.870	0.695	0.690	0.810	9.5%	Take profit at R2 on 13-Sep
6	DRBHCORP	12-Sep	1.580	1.700	1.750	1.860	1.480	1.470	1.590	0.6%	On-going
7	FRONTKN	14-Sep	2.870	2.970	3.140	3.380	2.630	2.620	2.870	0.0%	Initiate position

3Q22 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	UWC	1-Jul	3.260	3.890	4.180	-	3.230	2.850	4.210	29.1%	On-going
2	DUFU	1-Jul	2.840	3.100	3.280	-	2.750	2.600	2.830	-0.4%	On-going
3	DAYANG	1-Jul	0.965	1.100	1.140	-	0.940	0.880	1.090	13.0%	On-going
4	GASMSIA	1-Jul	3.010	3.220	3.300	-	2.970	2.850	3.500	16.3%	On-going
5	PTRANS	1-Jul	0.770	0.860	0.905	-	0.725	0.680	0.900	16.9%	On-going
6	SYSORP	1-Jul	0.410	0.445	0.470	-	0.375	0.340	0.825	101.2%	On-going
7	PWROOT	1-Jul	1.700	1.830	1.920	-	1.630	1.550	2.050	20.6%	On-going
8	GCB	1-Jul	2.510	2.710	2.800	-	2.460	2.380	2.370	-5.6%	On-going
9	QL	1-Jul	5.210	5.710	5.920	-	5.230	5.050	5.050	-3.1%	On-going
10	AMBANK	1-Jul	3.720	3.980	4.110	-	3.620	3.450	4.110	10.5%	On-going
Average Return										19.9%	

Technical Focus Tracker Summary	
Total recommendations	259
Total winners	159
Total losers	99
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	99.6%
Accuracy (2022)	62.2%
FBM KLCI (Since 31/12/2021)	-5.1%
FBM Small Cap (Since 31/12/2021)	-8.2%
Malaysia GDP Growth (1H22)	6.9%

Disclaimer: This report is prepared exclusively for Malacca Securities Sdn Bhd's (MSSB) clients and is not intended to be distributed to any other party in any form or manner. All information, assumptions, estimates and opinions contained in this report is based on available data and the information is believed to be reliable at the time of writing. MSSB and/or its associated persons does not warrant, represent and/or guarantee the accuracy of any opinions and information herein in any manner whatsoever and no reliance upon the report and/or any parts thereof by anyone shall give rise to any claim whatsoever against MSSB. This report is for information purposes only and shall not be construed as an offer, invitation or solicitation to buy or sell the securities or any related investment or financial instruments mentioned in this report. MSSB and/or its associated persons may from time to time have an interest in the securities mentioned herein.