

## Going sidelines ahead of GE15

### Market Review

**Malaysia:** The FBM KLCI (-0.2%) remained downbeat as selling pressure was evident in selected banking, plantation and gloves heavyweights yesterday. The lower liners also nudged marginally lower, but the telecommunication & media sector (+1.2%) outperformed the mostly negative sectorial peers.

**Global markets:** The US stockmarkets extended their decline as the Dow (-0.1%) fell after the strong retail sales data (+8.3% YoY) in Oct-22 dampened the hopes of potential slowdown in the monetary tightening from the US Fed. The European stockmarkets closed negative, while Asia stockmarkets finished mostly lower.

### The Day Ahead

The FBM KLCI ended on a downbeat note amid weakness in selected banking and plantation heavyweights, as the market sentiment remained cautious ahead of the GE15. With the softer market performance on Wall Street, we reckon that the market tone may stay tepid at least for the near term, as the key focus is shifted towards the outcome of the GE15, where it is still uncertain which party is having a lead at this juncture. Commodities wise, the crude oil price hovered above the USD92 per barrel mark, while the CPO price declined below RM4,000.

**Sector focus:** Investors may favour defensive stocks in the consumer, telecommunications and utilities stocks amid increased market volatility environment. Besides, buying momentum in steel players following China's 16-point plan should sustain. As the economy has been improving as shown in our 3Q GDP, we expect broad based recovery may happen after GE15.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI dipped for the third straight session, closing below its daily EMA9 level. Technical indicators, however, remained positive as the MACD Histogram extended a positive bar, while the RSI hovered above 50. The key index may hover between its resistance at 1,480-1,500 and the support at 1,420-1,430 over the near term.

### Research Team

[research@msec.com.my](mailto:research@msec.com.my)  
(603) 2201 2100

### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,553.83	-0.12
S&P 500	3,958.79	-0.83
NASDAQ	11,833.66	-1.54
FBM KLCI	1,448.38	-0.15
FBM Small Cap	14,432.94	-0.08
FBM ACE	4,997.17	-0.32
Construction	146.27	-1.61
Consumer	568.85	0.23
Energy	720.10	-0.73
Financial Services	16,089.31	-0.51
Healthcare	1,717.95	-0.24
Ind Products	178.77	0.06
Plantation	6,902.20	-0.42
Property	623.09	-0.34
REITs	759.45	-0.60
Technology	59.77	-0.08
Telco & Media	578.41	1.15
Transport	807.46	-0.74
Utilities	820.93	0.10
Trading Vol (m)	2,318.68	-16.64
Trading Val (RM m)	1,711.81	2.07
Advance/Decline	7%	
FKLI	1,447.50	0.07
FCPO (RM)	3,970.00	-1.29
Brent oil (USD)	92.86	-1.07
Gold (USD)	1,773.87	-0.29
USD	4.5443	-0.03
GBP	5.4072	-0.65
EURO	4.7359	-0.22
SGD	3.3216	0.00
Trading participation 5-day trend and value (m)		
Institution	86.0	
Retail	-79.6	
Foreign	-6.4	

Source: Bloomberg, Bursa Market Place

## Company Brief

**Gabungan AQRS Bhd** (GBGAQRS) has entered into a joint development agreement (JDA) with PR1MA Corporation Malaysia to develop a residential project in Kuantan, Pahang, with an estimated gross development value (GDV) of RM336.0m. The project involves the development of 1,065 units of single-storey terraced and single-storey semi-detached housing with 320 units in the first phase, 328 units in the second, and 417 units in the third phase. The 40.8-ha project is expected to be completed within 84 months from the project's commencement date. (The Star)

**AWC Bhd** has secured a contract worth RM188.3m from the Health Ministry (MOH) to provide hospital support services for the National Cancer Institute. The contract period is five years commencing from 1st December 2022 to 30th November 2027. (The Star)

Umno-linked company Anchorspace Sdn Bhd has ceased to be a substantial shareholder of **KUB Malaysia Bhd** after it sold 50.0m shares or an 9.0% stake in the company via direct business transactions on 11th November 2022. The block of shares was transacted at 55.0 sen per share, or RM27.5m in total.

Separately, Leasing Corp Sdn Bhd bought 50.0m shares on the same day, raising its stake in KUB to 18.0% and making it the second largest shareholder. JAG Capital Holdings Sdn Bhd, a company controlled by former second Finance Minister Datuk Seri Johari Abdul Ghani holds a 33.0% stake. (The Edge)

**ELK-Desa Resources Bhd**'s 2QFY23 net profit jumped 147.7% YoY to RM11.5m, on higher contributions from both hire purchase and furniture segments. Revenue for the quarter improved 54.3% YoY to RM36.0m. An interim dividend of 4.5 sen per share, payable on 16th December 2022 was declared. Additionally, ELK-Desa also announced a 1-for-2 bonus issue, with the entitlement date for the bonus issue of up to 151.6m shares to be determined later. (The Edge)

**Samaiden Group Bhd**'s 1QFY23 net profit rose 18.0% YoY to RM2.4m, thanks to an increase in the number of projects and their contract sum. Revenue for the quarter climbed 71.8% YoY to RM40.8m. (The Edge)

**China Automobile Parts Holdings Ltd** (CAP), whose external auditors had recently expressed a disclaimer of opinion in relation to its financial statements for the financial year ended 30th June 2022, is working on several measures to mitigate the existence of material uncertainty on going concern within the next 12 months. The automobile parts manufacturer is actively trying to secure a new white knight and the company will submit an appeal on 16th November 2022 for further extension of time until 30th June 2023 for the company to submit a regularisation plan to the regulatory authorities. The management is proposing to dispose of CAP to an external party as part of the proposed regularisation plan. (The Edge)

**Kobay Technology Bhd**'s 3QFY22 net profit rose 8.2% YoY to RM10.5m, backed by better performance from its property development and property letting businesses, besides being supported by the pharmaceutical and healthcare division. Revenue for the quarter climbed 35.2% YoY to RM89.4m. (The Edge)

**Apex Healthcare Bhd**'s 3QFY22 net profit rose 91.9% YoY to RM26.9m, helped by a significantly stronger share of net-of-tax earnings from its associated company. Revenue for the quarter climbed 10.0% YoY to RM232.1m. (The Edge)

**Amway (Malaysia) Holdings Bhd's** 3QFY22 net profit jumped 135.6% YoY to RM18.8m, underpinned by price increases and the normalisation of Amway Business Owners sales incentives as sales growth returned to moderation. Revenue for the quarter, however, dipped 3.2% YoY to RM371.8m. A third interim dividend of 5.0 sen per share, payable on 16th December 2022 was declared. (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	POHUAT	9-Nov	1.380	1.440	1.470	1.570	1.320	1.310	1.360	-1.4%	On-going
2	SKPRES	14-Nov	1.670	1.720	1.780	1.830	1.580	1.570	1.650	-1.2%	On-going
3	DPHARMA	16-Nov	1.410	1.520	1.580	1.780	1.310	1.300	1.400	-0.7%	On-going

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	1.610	-13.9%	On-going
2	PECCA	3-Oct	0.880	1.000	1.080	-	0.795	0.740	0.840	-4.5%	On-going
3	KGB	3-Oct	1.290	1.520	1.630	-	1.260	1.150	1.350	4.7%	On-going
4	SCOMNET	3-Oct	1.670	1.890	2.050	-	1.390	1.240	1.730	3.6%	On-going
5	OPTIMAX	3-Oct	0.745	0.910	1.000	-	0.695	0.625	0.730	-2.0%	On-going
6	SAMAIDEN	3-Oct	0.755	0.835	0.915	-	0.670	0.605	0.725	-4.0%	On-going
7	TIMECOM	3-Oct	4.620	5.000	5.250	-	4.400	4.210	4.650	0.6%	On-going
8	HEXTAR	3-Oct	1.760	2.000	2.150	-	1.620	1.510	2.250	27.8%	On-going
9	TGUAN	3-Oct	2.560	2.870	3.030	-	2.470	2.320	2.440	-4.7%	On-going
10	GAMUDA	3-Oct	3.930	4.470	4.680	-	3.760	3.600	3.580	-8.9%	On-going
11	MYEG	3-Oct	0.837	1.000	1.080	-	0.785	0.715	0.815	-2.6%	On-going
12	CCK	3-Oct	0.650	0.720	0.760	-	0.580	0.550	0.620	-4.6%	On-going
13	SIGN	3-Oct	1.730	2.000	2.150	-	1.610	1.440	3.230	86.7%	On-going
Average Return										6.0%	

Technical Focus Tracker Summary	
Total recommendations	277
Total winners	164
Total losers	113
Portfolio performance (2020)	22.7%
Accuracy (2020)	53.3%
Portfolio performance (2021)	30.4%
Accuracy (2021)	66.4%
Portfolio performance (2022)	5.6%
Accuracy (2022)	55.4%
FBM KLCI (Since 31/12/2021)	-7.6%
FBM Small Cap (Since 31/12/2021)	-8.4%
Malaysia GDP Growth (1H22)	6.9%