

Submission of PM candidate in focus

Market Review

Malaysia: The FBM KLCI (-0.1%) registered marginal losses after recovering from its intraday low on signs of bargain hunting activities towards the end of the trading session. The lower liners, however, rebounded, with the technology sector (+0.8%) outperformed the mostly positive sectorial peers.

Global markets: The US stockmarkets edged lower as the Dow (-0.1%) fell after several Federal Reserve officials re-iterated their hawkish stance on the pace of interest rate hike to tackle the epevated inflation. Both the European and Asia stockmarkets closed mostly downbeat.

The Day Ahead

The FBM KLCI reversed lower as investors await the formation of the new government; foreign investors remained as net seller for the fourth session. The local bourse may stay in the consolidation mode with the focus on the political scene while eyeing the nomination of the next PM candidate. Meanwhile, the global sentiment was dampened by worries over global growth slowdown after China imposed a stricter Covid-19 curbs. Commodities wise, the Brent crude oil price stayed above USD87 after rebounding from the low around USD82, while the CPO price hovered near RM3,850.

Sector focus: Given the fluid political developments, investors should focus on apolitical sectors such as the telecommunications, consumer staples, and utilities sectors as well as stocks with high net cash with stable dividend payout. Meanwhile, traders should deploy a “buy ahead of event and sell on news” strategy once the government is formed.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended marginally lower and the key index closed below its daily EMA20 level. Technical indicators were mixed as the MACD Histogram formed a negative bar, while the RSI hovered above 50. Resistance is envisaged along 1,480-1,500, while the support is set at 1,420-1,430.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,700.28	-0.13
S&P 500	3,949.94	-0.39
NASDAQ	11,024.51	-1.09
FBM KLCI	1,447.96	-0.09
FBM Small Cap	14,390.95	0.15
FBM ACE	4,952.50	0.76
Construction	146.17	0.01
Consumer	56,129	-1.18
Energy	726.37	0.42
Financial Services	16,207.78	0.20
Healthcare	16,746.65	0.38
Ind Products	178.92	0.18
Plantation	6,839.17	-0.60
Property	623.31	0.19
REITs	76,138	-0.03
Technology	59.00	0.84
Telco & Media	575.38	0.11
Transport	792.00	-0.66
Utilities	82,167	0.23
Trading Vol (m)	4,292.18	62.89
Trading Val (RM m)	2,50152	35.14
Advance/ Decline	76%	
FKLI	1,446.00	0.17
FCPO (RM)	3,850.00	-0.13
Brent oil (USD)	87.45	-0.19
Gold (USD)	1,738.05	-0.72
USD	4.581	-0.61
GBP	5.4088	0.43
EURO	4.6848	0.89
SGD	3.3135	0.11

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
131.1	308.4	-439.5

Source: Bloomberg, Bursa Market Place

Company Brief

Westports Holdings Bhd's wholly-owned subsidiary, Westports Malaysia Sdn Bhd (WMSB), has acknowledged the approval received from the Ministry of Finance (MoF) with respect to the granting of a 10-year Investment Tax Allowance (ITA). The ITA granted is from 1st January 2022 to 31st December 2031 to facilitate 50.0% of the qualifying minimum RM4.00bn capital expenditure (capex) to be incurred by WMSB for its existing and future expansion programmes. (The Star)

Uzma Bhd's subsidiary Uzma Engineering Sdn Bhd has secured a contract from PETRONAS Carigali Sdn Bhd for the provision of leasing, operation and maintenance of a D18 water injection facility. The duration of the contract is for a period of five years commencing from the date of the letter until 28th October 2027. (The Star)

Putrajaya has agreed to carve out the KLIA Aeropolis lands from its existing operating agreement (OA) with **Malaysia Airports Holdings Bhd** (MAHB), providing a major boost for the airport operator to develop the land surrounding Kuala Lumpur International Airport (KLIA) in Sepang. At the same time, Putrajaya has agreed to extend the expiring land leases in KLIA Aeropolis to 99 years. (The Edge)

Sand Nisko Capital Bhd has inked an agreement with property developer Avongold Valley Sdn Bhd (AVSB) to negotiate a proposed RM34.5m contract to build light industrial buildings in Bandar Sungai Petani, Kuala Muda, Kedah. Sand Nisko's wholly owned subsidiary Len Cheong Industries Sdn Bhd had entered into a memorandum of agreement with AVSB for the proposed award. (The Edge)

MyEG Services Bhd has inked a 4-year collaboration agreement with the Institute of Industrial Internet and Internet of Things of the China Academy of Information and Communications Technology (CAICT). Under the deal, MyEG will own and operate the Xinghuo International Supernode that will provide connectivity from China to the rest of the world. (The Edge)

MSM Malaysia Holdings Bhd's 3QFY22 net loss stood at RM72.8m vs. a net profit of RM96.9m recorded in the previous corresponding quarter, due to high input costs mainly raw sugar, freight, natural gas, weakening of the Ringgit and certain accounting provisions on operational matters of RM46.0m that can potentially be reversed with improved parameters recorded. Revenue for the quarter, however, climbed 21.8% YoY to RM668.1m. (The Edge)

Legenda Properties Bhd's 3QFY22 net profit declined 21.5% YoY to RM35.7m, mainly due to upfront costs incurred in preparation for future project launches and the provision for prosperity tax. Revenue for the quarter eased 2.4% YoY to RM180.7m. (The Edge)

LBS Bina Group Bhd's 3QFY22 net profit jumped 94.9% YoY RM35.4m, driven by solid revenue growth from its property development segment. Revenue for the quarter expanded 108.3% YoY to RM528.9m. (The Edge)

Pos Malaysia Bhd's 3QFY22 net loss narrowed to RM33.6m, compared to a net loss of RM43.9m registered in the previous corresponding quarter, on improved cost of sales, lower operating expenses and lower loss from operations and finance costs. Revenue for the quarter, however, dropped 8.3% YoY to RM492.0m. (The Edge)

RCE Capital Bhd's 2QFY23 net profit rose 15.8% YoY to RM36.5m, due to higher allowances for impairment loss on receivables. Revenue for the quarter rose 17.1% YoY to RM81.8m. A total dividend of 23 sen per share comprising 5.0 sen first interim dividend and 18.0 sen special interim dividend, payable on 30th December 2022 was declared. (The Edge)

Malaysia Smelting Corp Bhd's (MSC) 3QFY22 net loss stood at RM31.3m, compared to a net profit of RM28.9m recorded in the previous corresponding quarter, due to a sharp decline in tin prices. Revenue for the quarter, however, rose 57.5% YoY to RM344.1m. (The Edge)

CI Holdings Bhd's 1QFY23 net profit rose 65.2% YoY to RM20.8m, on the back of higher exports and favourable foreign exchange gains. Revenue for the quarter increased 43.7% YoY to RM1.53bn. (The Edge)

Taliworks Corp Bhd's 3QFY22 net profit fell 69.7% YoY to RM12.5m, on lower revenue from the toll segment and higher operating expenses. Revenue for the quarter declined 10.7% YoY to RM91.3m. (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	1.370	-0.7%	On-going
2	SKPRES	14-Nov	1.670	1.720	1.780	1.830	1.580	1.570	1.640	-1.8%	On-going
3	DPHARMA	16-Nov	1.410	1.520	1.580	1.780	1.310	1.300	1.340	-5.0%	On-going
4	UNISEM	21-Nov	2.580	2.770	2.880	3.100	2.480	2.470	2.600	0.8%	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	1.650	-11.7%	On-going
2	PECCA	3-Oct	0.880	1.000	1.080	-	0.795	0.740	0.825	-6.3%	On-going
3	KGB	3-Oct	1.290	1.520	1.630	-	1.260	1.150	1.320	2.3%	On-going
4	SCOMNET	3-Oct	1.670	1.890	2.050	-	1.390	1.240	1.760	5.4%	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	2.480	-3.1%	On-going
10	GAMUDA	3-Oct	3.930	4.470	4.680	-	3.760	3.600	3.650	-7.1%	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	0.615	-5.4%	On-going
13	SIGN	3-Oct	1.730	2.000	2.150	-	1.610	1.440	2.960	71.1%	On-going
Average Return										5.0%	

Technical Focus Tracker Summary	
Total recommendations	278
Total winners	165
Total losers	113
Portfolio performance (2020)	22.7%
Accuracy (2020)	53.3%
Portfolio performance (2021)	30.4%
Accuracy (2021)	66.4%
Portfolio performance (2022)	5.3%
Accuracy (2022)	55.9%
FBM KLCI (Since 31/12/2021)	-7.6%
FBM Small Cap (Since 31/12/2021)	-8.7%
Malaysia GDP Growth (1H22)	6.9%