

Turning risk off mode

Market Review

Malaysia: The FBM KLCI (-1.0%) turned volatile again as selling pressure took charge again after more than two-thirds of the key index components faltered. The lower liners also turned downbeat, while the energy (+0.8%) and transportation & logistics (+0.2%) sectors outperformed the negative broader market.

Global markets: Wall Street endured another volatile spell as the Dow (-1.7%) sank after the US Federal Reserve delivered another 75 basis points rate hike and suggested that the further aggressive tightening remains in the picture. The European stock markets turned upbeat, but Asia stock markets ended lower.

The Day Ahead

The FBM KLCI slumped, taking cues from the global stock markets prior to the US FOMC meeting. As investors digested the 75-basis point interest rate hikes and the US Fed's signals more hawkish tone into end-2022, global sentiment should remain tepid at least over the near term. Nevertheless, bargain hunting activities may emerge in selected sectors as traders may shift their focus to the Budget 2023 beneficiaries. Commodities wise, the Brent crude oil price breached below the USD90 per barrel mark, while CPO price hovered above RM3,800.

Sector focus: While overall sentiment could remain negative, investors may buy on dips in the banking sector under the interest rate upcycle environment. Meanwhile, the market may favour the renewable energy, construction and building material segments prior to the tabling of Budget 2023. Meanwhile, we still like export-oriented segment such as the packaging industry.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI reversed its intraday gains and closed in the negative territory. Technical indicators remained negative as the MACD Histogram extended a negative bar, while the RSI hovered below the 50 level. Resistance is envisaged along 1,465-1,485, while the support is monitored at 1,430, followed by 1,410.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	30,183.78	-1.70
S&P 500	3,789.93	-1.71
NASDAQ	11,220.19	-1.79
FBM KLCI	1,447.18	-0.95
FBM Small Cap	4,251.09	-0.30
FBM ACE	4,778.12	-0.61
Construction	155.18	-0.93
Consumer	561.95	-0.73
Energy	725.58	0.75
Financial Services	16,399.85	-0.33
Healthcare	1,506.17	-0.69
Ind Products	175.68	-1.85
Plantation	6,845.82	-0.89
Property	637.83	-0.52
REITs	776.11	-0.21
Technology	62.41	-0.79
Telco & Media	577.63	-0.77
Transport	811.65	0.20
Utilities	857.51	-0.85
Trading Vol (m)	2,343.00	10.72
Trading Val (RM m)	1,658.23	0.62
Advance/Decline	58%	
FKLI	1,436.50	-0.21
FCPO (RM)	3,837.00	-1.29
Brent oil (USD)	89.83	-0.87
Gold (USD)	1,673.89	0.54
USD	4.5535	0.12
GBP	5.1606	0.97
EURO	4.5221	0.88
SGD	3.222	0.37
Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
196.6	235.8	-432.5

Source: Bloomberg, Bursa Market Place

Company Brief

Ornapaper Bhd has received a conditional mandatory takeover from Intisari Delima Sdn Bhd to acquire the remaining shares in the company not owned by it at RM1.06 per share. The takeover offer was triggered after Intisari acquired 15,000 shares, or 0.02% in Ornapaper from the open market, increasing the shareholding of Intisari Delima and persons acting in concert (PACs) with it to 33.01%. The offer will remain open for acceptances until 2nd November 2022. (The Star)

Eden Inc Bhd has received compensation from the government for the acquisition of its lands in Pahang for the purpose of the East Coast Rail Link (ECRL) project, totalling RM76.9m. The decision for the consideration amount was made during the land hearing held on 4th August 2022 based on the facts presented by representatives from Eden and Malaysia Rail Link Sdn Bhd, a wholly-owned subsidiary of Minister of Finance Incorporated. (The Star)

Tenaga Nasional Bhd (TNB) is investing RM21.00bn in its Grid of the Future programme from 2022-2024 to enhance its transmission and distribution network's readiness and reliability. The company is proactively identifying transmission grid locations that will improve market integration, and will work closely with local authorities. (The Edge)

Supermax Corp Bhd has resumed its share buyback, with the company buying 3.2m shares for RM2.4m on 2nd September 2022 at between 73-75 sen per share. Following the share buyback, Supermax's cumulative number of outstanding treasury shares stood at 59.0m shares. (The Edge)

Malayan Banking Bhd (Maybank) plans to run a pilot climate stress test in 2022 to better understand how its business strategy and performance will be affected by climate change. The group has been engaging with stakeholders, including regulators as well as those involved in business and support functions, in an effort to develop a prototype climate-scenario analysis. (The Edge)

The Centre to Combat Corruption and Cronyism (C4) has questioned why Tan Sri Lodin Wok Kamaruddin, the former chairman of **Boustead Heavy Industries Corporation Bhd** (BHIC) and one of the key figures in the Littoral Combat Ship (LCS) scandal has not come under the scrutiny of the authorities, given his involvement in the supply chain companies for the scandal-tainted project. During his leadership of BHIC, Lodin had facilitated the setup of shell companies such as Contraves Advanced Devices Sdn Bhd and Contraves Electrodynamics Sdn Bhd, the main contractor responsible for the procurement of various components for the LCS with the intention of using the companies as vehicles to avoid detection of fund misappropriation. (The Edge)

Apex Healthcare Bhd has proposed to team up with Shanghai Pharmaceuticals Holdings Co Ltd to market their branded pharmaceuticals, consumer healthcare products and medical devices in selected Asean and other international markets. Apex will take up a 40.0% stake in the JV company via an investment of S\$1.2m (RM3.9m), with the remaining equity interest held by Shanghai Pharmaceuticals. (The Edge)

Kronologi Asia Bhd's 2QFY23 net profit fell 39.2% YoY to RM3.1m, due to higher finance cost and depreciation of property, plant and equipment arising from the investment in infrastructure equipment for EDM As-A-Service. Revenue for the quarter declined 15.0% YoY to RM63.1m. (The Edge)

VS Industry Bhd's wholly owned subsidiary VS Capital Management Sdn Bhd (VSCM) has issued Islamic Medium-Term Notes (Sukuk Wakalah) of RM500.0m in nominal value. The Sukuk Wakalah is based on the Shariah principle of Wakalah Bi Al-Istithmar. Proceeds from the sukuk issuance will be utilised for working capital requirements, capital expenditure, general corporate purposes, as well as refinancing of existing borrowings or financings of the group. It will also be used for the provision of Islamic intercompany financing to VS Industry and the subsidiaries within the group. (The Edge)

United Malacca Bhd's 1QFY23 net profit rose 16.6% YoY to RM24.3m, on higher earnings contribution from its Malaysia operations on the back of higher palm oil prices. Revenue for the quarter climbed 45.8% YoY to RM167.4m. (The Edge)

Glomac Bhd's 1QFY23 net profit surged 199.4% YoY to RM5.2m, on higher revenue contribution from increased sales and construction activities. Revenue for the quarter jumped 127.1% YoY to RM65.5m. (The Edge)

KESM Industries Bhd's 4QFY22 net loss ballooned to RM2.5m vs. a net loss of RM0.7m recorded in the previous corresponding quarter, on lower revenue as the group scales down its electronic manufacturing services (EMS) business, coupled with higher expenses for repairs, maintenance and utility. Revenue for the quarter fell 4.1% YoY to RM55.7m. (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	TGUAN	29-Aug	2.580	2.840	2.900	2.980	2.520	2.510	2.720	5.4%	Closed at cut-off on 21-Sep
2	SLVEST	1-Sep	0.735	0.815	0.855	0.970	0.675	0.670	0.750	2.0%	On-going
3	DRBHCOC	12-Sep	1.580	1.700	1.750	1.860	1.480	1.470	1.470	-7.0%	Cut loss on 21-Sep
4	FRONTKN	15-Sep	2.850	2.970	3.140	3.380	2.630	2.620	2.750	-3.5%	On-going
5	POHUAT	19-Sep	1.450	1.510	1.570	1.640	1.380	1.370	1.430	-1.4%	On-going
6	BPPLAS	21-Sep	1.470	1.600	1.700	1.880	1.400	1.390	1.490	1.4%	On-going

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	4.060	24.5%	On-going
2	DUFU	1-Jul	2.840	3.100	3.280	-	2.750	2.600	2.720	-4.2%	On-going
3	DAYANG	1-Jul	0.965	1.100	1.140	-	0.940	0.880	1.170	21.2%	On-going
4	GASMSIA	1-Jul	3.010	3.220	3.300	-	2.970	2.850	3.430	14.0%	On-going
5	PTRANS	1-Jul	0.770	0.860	0.905	-	0.725	0.680	0.905	17.5%	On-going
6	SYSCORP	1-Jul	0.410	0.445	0.470	-	0.375	0.340	0.750	82.9%	On-going
7	PWROOT	1-Jul	1.700	1.830	1.920	-	1.630	1.550	1.940	14.1%	On-going
8	GCB	1-Jul	2.510	2.710	2.800	-	2.460	2.380	2.300	-8.4%	On-going
9	QL	1-Jul	5.210	5.710	5.920	-	5.230	5.050	4.990	-4.2%	On-going
10	AMBANK	1-Jul	3.720	3.980	4.110	-	3.620	3.450	4.020	8.1%	On-going
Average Return										16.6%	

Technical Focus Tracker Summary	
Total recommendations	261
Total winners	159
Total losers	102
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	88.3%
Accuracy (2022)	60.5%
FBM KLCI (Since 31/12/2021)	-7.7%
FBM Small Cap (Since 31/12/2021)	-9.6%
Malaysia GDP Growth (1H22)	6.9%