

Political situation still in limbo

Market Review

Malaysia: The FBM KLCI (-0.5%) extended its decline with more than half of the key index components retreated as the political uncertainty remains at large. The lower liners ended mixed, while the energy sector (+0.4%) outperformed the mostly negative sectorial peers, taking cue from the higher crude oil prices.

Global markets: The US stockmarkets turned upbeat as the Dow (+1.2%) rallied on signs of moderation over the pace of future interest rate hikes by Federal Reserve officials ahead of the release of FOMC minutes meeting. The European stockmarkets also marched higher, but Asia stockmarkets ended mixed.

The Day Ahead

The FBM KLCI slipped for another session with persisted foreign outflow as investors remained focused on the pending selection of Malaysia's 10th Prime Minister. Meanwhile, Wall Street advanced overnight on the back of solid company earnings the positive momentum, this positive momentum could spill over to the regional markets. However, we believe the upside on the local front could be capped due to the fluid developments in the political scene, and greater clarity on that is required to boost investors' confidence. Commodities wise, the crude oil price rose above USD88, while the CPO price climbed above RM4,000.

Sector focus: Apolitical stocks with solid fundamental may trend amid the ongoing uncertainties; banking, telecommunication, and utilities stocks may shine. Besides, export-oriented companies might be in favour following a strong US Dollar. Investors may focus on the going reporting season to uncover gems with growing earnings.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI extended losses, closing below its daily EMA20 level after hovering mostly in the negative territory. Technical indicators turned negative as the MACD Histogram extended a negative bar, while the RSI hovered below 50. Resistance is set along 1,480-1,500, while the support is located at 1,420-1,430.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,098.10	1.18
S&P 500	4,003.58	1.36
NASDAQ	11,174.41	1.36
FBM KLCI	1,441.29	-0.46
FBM Small Cap	14,378.81	-0.08
FBM ACE	4,972.43	0.40
Construction	146.02	-0.10
Consumer	557.36	-0.70
Energy	729.28	0.40
Financial Services	1,171.91	-0.22
Healthcare	1,656.05	-1.11
Ind Products	178.85	-0.04
Plantation	6,842.22	0.04
Property	620.89	-0.39
REITs	761.22	-0.02
Technology	58.99	-0.02
Telco & Media	571.86	-0.61
Transport	792.55	0.07
Utilities	820.93	-0.09
Trading Vol (m)	4,573.82	6.56
Trading Val (RM m)	2,115.79	-6.42
Advance/ Decline	86%	
FKLI	1,441.00	-0.28
FCPO (RM)	4,033.00	0.72
Brent oil (USD)	88.36	1.04
Gold (USD)	1,740.25	0.13
USD	4,579.2	0.04
GBP	5,431.3	-0.41
EURO	4,703.1	-0.39
SGD	3,320.6	-0.21

Trading participation 5-day trend and value (m)

Institution	Retail	Foreign
230.4	420.7	-651.1

Source: Bloomberg, Bursa Market Place

Company Brief

Supermax Corporation Bhd's 1QFY23 net profit plummeted 99.1% YoY to RM5.7m, as average selling prices (ASP) remained low in the face of intense competition. Revenue for the quarter shrank 82.7% YoY to RM248.0m. (The Star)

AirAsia X Bhd's (AAX) 5QFY22 recorded a net profit of RM25.1m on the back of a revenue of RM100.1m, boosted by post-pandemic economic recovery. Due to a change in its financial reporting period, there were no comparable figures for the preceding year's corresponding period. (The Star)

Pavilion Real Estate Investment Trust (Pavilion REIT) has proposed to acquire Pavilion Bukit Jalil Mall (PBJ) from Regal Path Sdn Bhd, a joint-venture company of **Malton Bhd's** wholly-owned subsidiary, Khuan Choo Realty Sdn Bhd, Qatar Investment Authority's wholly-owned subsidiary, Q PBJ Sdn Bhd, and Tan Sri Desmond Lim's private vehicle Jelang Tegas Sdn Bhd for an aggregate purchase consideration of RM2.20bn. In conjunction with the acquisition, Pavilion REIT has also proposed to undertake the proposed placements of new units to raise up to RM1.27bn at an issue price to be determined later by way of book building exercise. (The Star)

TIME dotCom Bhd (TDC) has inked a deal with US digital infrastructure firm DigitalBridge Group Inc to accelerate the expansion of its AIMS Group data centre business across Asia. The partnership is premised on bringing together two entities with distinctly different backgrounds as a telecommunications and data centre operator with assets across Asean, and a digital infrastructure investor that has enabled the growth of some of the most successful data centre and digital infrastructure companies around the world. (The Edge)

Gamuda Bhd has announced a special interim dividend of 38.0 sen per share, just over a month after the completion of its divestment of four highways to Amanat Lebuhraya Rakyat Bhd (ALR). The special dividend ex-date is 13th December 2022 and is payable on 23rd December 2022. (The Edge)

Sime Darby Plantation Bhd's 3QFY22 net profit fell 35.0% YoY to RM396.0m, due to lower earnings from its upstream segment, but partially mitigated by improved downstream operations. Revenue for the quarter, however, rose 6.5% YoY to RM5.39bn. (The Edge)

Telekom Malaysia Bhd's (TM) 3QFY22 net profit 2.2% YoY to RM265.2m, due to foreign exchange loss on borrowings and higher effective tax rate from the Cukai Makmur. Revenue for the quarter, however, grew 12.9% YoY to RM3.16bn. (The Edge)

Boustead Plantations Bhd's (BPB) 3QFY22 net loss stood at RM352,000 vs. a net profit of RM95.6m registered in the previous corresponding quarter, due to the decline in palm product prices and higher manuring costs. Revenue for the quarter fell 18.2% YoY to RM240.3m. A third interim dividend of 1.1 sen per share, payable on 22nd December 2022 was declared. (The Edge)

Guan Chong Bhd's (GCB) 3QFY22 net profit fell 10.7% YoY to RM30.8m, due to an unrealised foreign exchange loss of RM17.1m after the group's borrowings in US Dollars were marked to the market. Revenue for the quarter, however, increased

10.2% YoY to RM1.10bn. (The Edge)

Hibiscus Petroleum Bhd's 1QFY23 net profit surged 225.8% YoY to RM135.3m, on the back of elevated O&G prices. Revenue for the quarter jumped 145.2% YoY to RM604.8m. (The Edge)

Sunway Construction Group Bhd (SunCon)'s 3QFY22 net profit rose 17.7% YoY to RM22.7m, thanks to stronger revenue contributions from both its construction and precast segments. Revenue for the quarter climbed 72.5% YoY to RM469.3m. (The Edge)

Power Root Bhd's 2QFY23 net profit jumped 178.9% YoY to RM15.6m, mainly due to higher revenue and foreign exchange (forex) gain. Revenue for the quarter increased 59.3% YoY to RM128.8m. (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	1.630	-2.4%	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	2.610	1.2%	On-going
5	COASTAL	23-Nov	2.190	2.240	2.290	2.400	2.030	2.020	2.190	0.0%	Initiate position

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	1.690	-9.6%	On-going
2	PECCA	3-Oct	0.880	1.000	1.080	-	0.795	0.740	0.835	-5.1%	On-going
3	KGB	3-Oct	1.290	1.520	1.630	-	1.260	1.150	1.370	6.2%	On-going
4	SCOMNET	3-Oct	1.670	1.890	2.050	-	1.390	1.240	1.790	7.2%	On-going
5	OPTIMAX	3-Oct	0.745	0.910	1.000	-	0.695	0.625	0.740	-0.7%	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	4.950	7.1%	On-going
8	HEXTAR	3-Oct	1.760	2.000	2.150	-	1.620	1.510	2.240	27.3%	On-going
9	TGUAN	3-Oct	2.560	2.870	3.030	-	2.470	2.320	2.430	-5.1%	On-going
10	GAMUDA	3-Oct	3.930	4.470	4.680	-	3.760	3.600	3.680	-6.4%	On-going
11	MYEG	3-Oct	0.837	1.000	1.080	-	0.785	0.715	0.800	-4.4%	On-going
12	CCK	3-Oct	0.650	0.720	0.760	-	0.580	0.550	0.600	-7.7%	On-going
13	SIGN	3-Oct	1.730	2.000	2.150	-	1.610	1.440	2.910	68.2%	On-going
Average Return										5.6%	

Technical Focus Tracker Summary	
Total recommendations	279
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)	5.2%
Accuracy (2022)	55.3%
FBM KLCI (Since 31/12/2021)	-8.1%
FBM Small Cap (Since 31/12/2021)	-8.8%
Malaysia GDP Growth (1H22)	6.9%