

Finding a footing

Market Review

Malaysia: The FBM KLCI (-1.0%) recorded its sixth straight session of decline as foreign funds turned net sell position for the first time in 10 days. The lower liners, however, ended mixed, while the broader market remained mostly negative with the plantation sector (-2.8%) underperformed.

Global markets: Wall Street rebounded as the Dow (+0.2%) snapped a 3-day slide as on mild bargain hunting activities investors await further clarity from the 3-day Jackson Hole meeting over the interest rate direction going forward. The European stock markets ended mostly higher, while Asia stock markets closed mixed.

The Day Ahead

The FBM KLCI continues to decline further below the 1,500 psychological level as foreign buying interest faded. Given the flattish performance on Wall Street we expect trading interest may stay muted on the local front, especially ahead of the Jackson Hole meeting, where traders are speculating a more hawkish tone from the Fed. However, we think some bargain hunting activities may emerge within the technology sector after the selldown, at least for today. Meanwhile, the OPEC is calling a production cut should bode well for Brent oil price; currently it is trading above USD100 and its SMA200.

Sector focus: Given the setup, we expect the technology sector to trade higher for the session, while expect the O&G sector will stay positive on the back of firmer crude oil price. As we are nearing the end of the reporting season, the earnings catalyst may wane throughout this week and traders may look out for construction and building material stocks ahead of the Budget 2023.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI fell for the sixth consecutive session and breached below its immediate support at 1,480. Technical indicators remained negative as the MACD Histogram extended a negative bar, while the RSI hovered below the 50 level. Next support is located around 1,460, while the resistance is pegged along 1,500-1,530.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	32,969.23	0.18
S&P 500	4,140.77	0.29
NASDAQ	12,431.53	0.41
FBM KLCI	1,467.26	-1.03
FBM Small Cap	14,371.53	0.06
FBM ACE	4,874.97	-0.34
Construction	156.87	0.04
Consumer	570.25	-0.67
Energy	707.19	-0.80
Financial Services	16,550.95	0.07
Healthcare	1,562.37	-0.24
Ind Products	179.89	-0.29
Plantation	6,860.83	-2.82
Property	648.42	0.14
REITs	799.58	-0.22
Technology	63.85	-0.84
Telco & Media	584.88	-0.05
Transport	804.21	-0.23
Utilities	867.93	0.18
Trading Vol (m)	2,892.32	42.73
Trading Val (RM m)	1,738.23	12.04
Advance/Decline	74%	
FKLI	1,474.00	0.24
FCPO (RM)	4,262.00	-1.07
Brent oil (USD)	101.22	0.48
Gold (USD)	1,751.19	0.17
USD	4.4855	-0.04
GBP	5.3028	0.13
EURO	4.4624	-0.34
SGD	3.2188	-0.02

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
-232.2	74.6	157.6

Source: Bloomberg, Bursa Market Place

Company Brief

Petronas Dagangan Bhd's (PetDag) net profit jumped 189.4% YoY to RM237.7m, mainly contributed by higher gross profit from its retail and convenience segments due to higher demand. Revenue for the quarter gained 83.4% YoY to RM9.50bn. (The Star)

Sunway Bhd's 2QFY22 net profit jumped 139.5% YoY to RM168.9m, supported by stronger operating contributions from most business segments. Revenue for the quarter added 66.9% YoY to RM1.29bn. A first interim single-tier cash dividend of 2.0 sen per share, payable on 6th October 2022 was declared. (The Star)

IJM Corporation Bhd's 1QFY23 net profit fell 49.1% YoY to RM33.4m, due to unfavourable foreign currency movements. Revenue for the quarter, however, rose 3.7% YoY to RM1.07bn. (The Star)

Hap Seng Plantations Holdings Bhd's 2QFY22 net profit rose 40.2% YoY to RM66.9m, mainly attributable to higher average selling prices realisation in spite of lower sales volume of all palm products. Revenue for the quarter increased 36.3% YoY to RM246.9m. (The Star)

Matrix Concepts Holdings Bhd (MCHB) wholly-owned subsidiary, N9 Matrix Development Sdn Bhd, has entered into a sale and purchase agreement with NS Corporation to acquire a 1,382-ac freehold land in Negeri Sembilan for RM460.0m. The land purchase represented the biggest land deal in Malaysia in terms of size for more than 5 years. The acquisition will be financed via internally-generated funds and borrowings, subject to shareholders' approval. Under the JVA, N9 Matrix (85.0% held by MCHB and 15.0% held by NS Corporation) will undertake the development activities of the joint venture. (The Star)

Kenanga Investment Bank Bhd has entered into an agreement with AntChain Technology Pte Ltd, which is a part of Ant Group to explore a possible collaboration for AntChain to provide a mobile digital solution to Kenanga for the development of its SuperApp platform. The MoU will be in force for 12 months from the signing unless terminated upon mutual agreement by the parties. (The Star)

Affin Bank Bhd's 2QFY22 net profit increased 24.6% YoY to RM146.9m, due to higher net interest income and contribution from its Islamic banking segment and lower allowance for impairment losses that offset by lower non-interest income and higher operating expenses. Revenue for the quarter improved marginally by 0.03% YoY to RM579.1m. (The Edge)

Telekom Malaysia Bhd's (TM) 2QFY22 net profit climbed 73.0% YoY to RM378.1m, as revenue from all lines of services came in higher, particularly data and internet services. Revenue for the quarter rose 11.8% YoY to RM3.09bn. An interim dividend of 9.0 sen per share with dividend reinvestment scheme applicable, was announced. (The Edge)

Amway (Malaysia) Holdings Bhd's 2QFY22 net profit jumped 90.6% YoY to RM15.0m, boosted by a price hike and normalisation of Amway Business Owners' (ABO) sales incentives. Revenue for the quarter, however, declined marginally by 0.4% YoY to RM354.6m. A second single-tier interim dividend of 5.0 sen per share, payable on 23rd September 2022 was declared. (The Edge)

UEM Sunrise Bhd's 2QFY22 net profit stood at RM20.7m vs. a net loss of RM7.4m recorded in the previous corresponding quarter, mainly due to the sale of non-strategic plots of land in Mersing and Iskandar Puteri. Revenue for the quarter grew 46.5% YoY to RM365.0m. (The Edge)

Media Prima Bhd's 2QFY22 net profit increased 17.9% YoY to RM15.8m, supported by lower operating expenses and higher advertising income. Revenue for the quarter, however, fell 10.9% YoY to RM260.6m. (The Edge)

Allianz Malaysia Bhd's 2QFY22 net profit dropped 33.6% YoY to RM96.6m, mainly due to lower profit from its life insurance segment. Revenue for the quarter, however, increased 5.5% YoY to RM1.65bn. (The Edge)

Genting Plantations Bhd's 2QFY22 net profit jumped 113.5% YoY to RM223.4m, boosted by higher palm oil prices. Revenue for the quarter added 32.4% YoY to RM1.05bn. An interim single-tier dividend of 15.0 sen per share, payable on 26th September 2022 was declared. (The Edge)

Innoprise Plantations Bhd's 2QFY22 net profit rose 50.1% YoY to RM30.9m, as it enjoyed higher selling prices of its CPO and PK. Revenue for the quarter climbed 44.1% YoY to RM78.7m. A second interim dividend of 7.0 sen per share, payable on 29th September 2022 was declared. (The Edge)

Hibiscus Petroleum Bhd's 4QFY22 net profit surged 334.5% YoY to RM215.5m, underpinned by contributions from its newly acquired assets as well as a strong oil price environment. Revenue for the quarter soared 243.2% YoY to RM868.4m. (The Edge)

ATA IMS Bhd's 1QFY22 net loss stood at RM15.3m vs. a net profit of RM23.4m recorded in the previous corresponding quarter, as the group continued to operate below its production capacity, following the termination of the manufacturing contract by Dyson. Revenue for the quarter declined 56.6% YoY to RM387.4m. (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	KERJAYA	10-Aug	1.150	1.240	1.290	1.370	1.080	1.070	1.160	0.9%	On-going
2	CFM	15-Aug	1.070	1.160	1.200	1.400	0.970	0.965	1.060	-0.9%	On-going
3	DELEUM	22-Aug	0.620	0.635	0.675	0.760	0.560	0.555	0.695	12.1%	On-going
4	WELLCAL	24-Aug	1.250	1.290	1.380	1.500	1.180	1.170	1.260	0.8%	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	3.910	19.9%	On-going
2	DUFU	1-Jul	2.840	3.100	3.280	-	2.750	2.600	2.910	2.5%	On-going
3	DAYANG	1-Jul	0.965	1.100	1.140	-	0.940	0.880	1.070	10.9%	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	0.850	10.4%	On-going
6	SYSORP	1-Jul	0.410	0.445	0.470	-	0.375	0.340	0.460	12.2%	On-going
7	PWROOT	1-Jul	1.700	1.830	1.920	-	1.630	1.550	1.790	5.3%	On-going
8	GCB	1-Jul	2.510	2.710	2.800	-	2.460	2.380	2.410	-4.0%	On-going
9	QL	1-Jul	5.210	5.710	5.920	-	5.230	5.050	5.000	-4.0%	On-going
10	AMBANK	1-Jul	3.720	3.980	4.110	-	3.620	3.450	4.000	7.5%	On-going
Average Return										7.5%	

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Technical Focus Tracker Summary	
Total recommendations	253
Total winners	153
Total losers	100
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	67.8%
Accuracy (2022)	58.8%
FBM KLCI (Since 31/12/2021)	-6.4%
FBM Small Cap (Since 31/12/2021)	-8.8%
Malaysia GDP Growth (1H22)	6.9%