

Below the 1,500 again

Market Review

Malaysia: The FBM KLCI (-1.3%) halted a four-day winning streak as volatility took centre stage with more than two thirds of the key index components ended in the red yesterday. The lower liners also turned lower, while the broader market ended mostly negative with the plantation sector (-2.7%) taking the biggest fall.

Global markets: Wall Street rebounded as the Dow (+0.5%) on strong economic data as jobless claims falls for the fourth straight week, while ISM Manufacturing PMI was held steady at 52.8 in August 2022. The European stock markets, however, remained downbeat, while Asia stock markets ended mostly negative.

The Day Ahead

The FBM KLCI violated the 1,500 psychological level as profit-taking emerged amid a persistent downtrend on Wall Street. We believe the uncertainties on the global front, coupled with the falling commodity prices will continue to weigh on investors' sentiment over the near term. Despite the Dow Jones has turned mildly higher, we expect bargain hunting activities may only emerge on counters with defensive nature and solid earnings that were released recently. The crude oil price hovered around USD92 per barrel mark, while the CPO was traded below RM4,000. Meanwhile, gold price fell below USD1,700 level.

Sector focus: Investors should remain cautious in technology sector as Nasdaq remained in a downtrend move. Meanwhile, the energy and plantation sectors may face some selling pressure amid declining commodity prices. We keep our positive stance on sectors such as export-oriented, consumer, banking, and telecommunications amid the global uncertainties.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI snapped a four-session winning streak to close below its daily EMA60 level. Technical indicators, however, turned positive as the MACD Histogram moved above zero, while the RSI hovered above the 50 level. Support is located at 1,450-1,465, while the resistance is pegged at 1,530-1,550.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	31656.42	0.46
S&P 500	3,966.85	0.30
NASDAQ	11,785.13	-0.26
FBM KLCI	1,491.95	-1.33
FBM Small Cap	14,227.16	-1.06
FBM ACE	4,825.04	-1.74
Construction	156.02	-0.05
Consumer	575.50	-1.23
Energy	711.33	-2.36
Financial Services	16,743.37	-0.35
Healthcare	1538.17	-0.08
Ind Products	180.58	-0.89
Plantation	6,996.39	-2.74
Property	652.84	-0.17
REITs	794.79	0.11
Technology	62.46	-2.19
Telco & Media	586.23	-1.75
Transport	803.89	0.16
Utilities	871.19	-1.29
Trading Vol (m)	2,443.65	-14.67
Trading Val (RM m)	2,023.12	-25.51
Advance/ Decline	42%	
FKLI	1,470.00	-0.20
FCPO (RM)	3,931.00	-1.58
Brent oil (USD)	92.36	-3.43
Gold (USD)	1,697.52	-0.79
USD	4.483	-0.17
GBP	5.1975	0.45
EURO	4.4958	-0.65
SGD	3.2038	-0.13

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
- 417.5	- 37.6	455.1

Source: Bloomberg, Bursa Market Place

Company Brief

MBSB Bank Bhd has approved RM784.0m worth of cumulative green financing as of 30th August 2022 and simultaneously developing in-house capability for financed emissions calculations and internalising climate risk stress testing. The full-fledged Islamic Bank is also working to align its sustainability goals with Employees Provident Fund's climate change policy to have a climate-neutral portfolio by 2050. (The Star)

Hartalega Holdings Bhd has announced in the recent AGM that the group slowed down its Next Generation Integrated Glove Manufacturing Complex (NGC) 1.5 plant expansion as the company still sees an oversupply of gloves in the market. NGC 1.5 comprises four plants with 48 lines in total that will produce approximately 396,000 pieces of gloves per annum per line. (The Edge)

Careplus Group Bhd's unit Rubbercare Protection Products Sdn Bhd (RPP) has received a writ of summons and statement of claim filed by Petrolife Aero Sdn Bhd due to an alleged breach of agreement relating to the supply of liquefied natural gas (LNG). Petrolife is alleging that RPP has breached its obligation and responsibility under the agreement for the supply of LNG entered by both groups, besides stating that the termination of contract by RPP is unlawful. Amid the losses suffered, Petrolife is seeking a claim amounting to RM27.1m from RPP. (The Edge)

Farm Fresh Bhd has reported that the milk producer is still very profitable with a gross profit margin at above 26.0%, despite contending with profit compression of about 3.0% due to costlier grain, which is used to make animal feed, at a time when fuel and transportation have become more expensive. The company will not solely rely on continuous price hikes as a mitigation strategy while it is still profit-making, as its market share stays strong. (The Edge)

Enra Group Bhd has secured a contract worth US\$4.4m for the provision of condensate storage, offloading facilities and services for Yetagun offshore operations in Myanmar, from Gulf Petroleum Myanmar. The contract is effective 30th August 2022, and the charter period will be effective upon commissioning of the system and shall continue for a period of 6 months. (The Edge)

Inta Bina Group Bhd's unit Inta Bina Sdn Bhd has accepted a RM137.8m construction contract from SDB Properties Sdn Bhd, a unit of **Selangor Dredging Bhd**. The contract entails the main building works for 26 units of three-storey superlink homes and six blocks of three and four-storey condo villa, which will house a total of 196 villa units in Gombak, Selangor. (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	WELLCAL	24-Aug	1.250	1.290	1.380	1.500	1.180	1.170	1.230	-1.6%	On-going
2	TGUAN	29-Aug	2.580	2.840	2.900	2.980	2.520	2.510	2.560	-0.8%	On-going
3	SLVEST	1-Sep	0.735	0.815	0.855	0.970	0.675	0.670	0.730	-0.7%	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	3.860	18.4%	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	1.050	8.8%	On-going
4	GASMSIA	1-Jul	3.010	3.220	3.300	-	2.970	2.850	3.370	12.0%	On-going
5	PTRANS	1-Jul	0.770	0.860	0.905	-	0.725	0.680	0.855	11.0%	On-going
6	SYSCORP	1-Jul	0.410	0.445	0.470	-	0.375	0.340	0.595	45.1%	On-going
7	PWROOT	1-Jul	1.700	1.830	1.920	-	1.630	1.550	1.960	15.3%	On-going
8	GCB	1-Jul	2.510	2.710	2.800	-	2.460	2.380	2.400	-4.4%	On-going
9	QL	1-Jul	5.210	5.710	5.920	-	5.230	5.050	5.080	-2.5%	On-going
10	AMBANK	1-Jul	3.720	3.980	4.110	-	3.620	3.450	3.960	6.5%	On-going
Average Return										10.6%	

Technical Focus Tracker Summary	
Total recommendations	255
Total winners	153
Total losers	102
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	70.2%
Accuracy (2022)	57.1%
FBM KLCI (Since 31/12/2021)	-4.8%
FBM Small Cap (Since 31/12/2021)	-9.7%
Malaysia GDP Growth (1H22)	6.9%

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