

## Relief from easing inflationary pressure

### Market Review

**Malaysia:** The FBM KLCI (+0.4%) started off the month on a buoyant tone with more than half of the key index constituents marching higher. The lower liners also rebounded, while the construction (-0.5%) and financial services (-0.4%) sectors underperformed the positive sectorial peers.

**Global markets:** The US stockmarkets ended mixed as the Dow fell 0.1%, but the S&P and Nasdaq surged 1.5% and 3.3% respectively on strong earnings from technology giants such as Meta (+23.3%) and Amazon (+7.4%). The European stockmarkets rallied higher, but Asia stockmarkets ended mixed.

### The Day Ahead

The FBM KLCI rebounded as the market sentiment was buoyed by the upbeat performances on Wall Street overnight following the less hawkish tone on the interest rate direction from the Fed as the CPI numbers in the recent months have been declining. Given Wall Street is in a relief rally environment, we believe the global sentiment may turn positive and buying interest may spillover to the stocks on the local front. In the meantime, we believe investors will be positioning themselves for the upcoming reporting season as well as the re-tableting of Budget 2023 on 24<sup>th</sup> of Feb. Commodities wise, the Brent crude oil traded above USD82, while the CPO price hovered below RM3,800. Gold price remained above USD1,900.

**Sector focus:** With the Nasdaq index surging above the key 12,000 level, we believe the technology sector will be under the spotlight and expect to trade higher for another session. Meanwhile, we remained positive on the earnings momentum within the O&G stocks, hence traders may position themselves ahead of the event.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended higher after hovering in the positive territory for the entire session. Technical indicators remained mixed as the MACD Histogram extended a positive bar, while the RSI is hovering above 50. The resistance is set around 1,525-1,540, while support is located along 1,450-1,460.

### Research Team

[research@msec.com.my](mailto:research@msec.com.my)  
(603) 2201 2100

### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,053.94	-0.11
S&P 500	4,179.76	1.47
NASDAQ	12,200.82	3.25
FBM KLCI	1,489.80	0.29
FBM Small Cap	16,398.57	1.47
FBM ACE	5,811.32	1.75
Construction	159.49	-0.53
Consumer	603.87	0.80
Energy	907.57	2.29
Financial Services	16,341.64	-0.44
Healthcare	1681.58	0.27
Ind Products	190.27	0.18
Plantation	6,903.67	1.09
Property	687.66	1.15
REITs	827.65	1.36
Technology	69.40	2.77
Telco & Media	606.09	0.37
Transport	975.29	1.14
Utilities	900.27	1.03
Trading Vol (m)	5,144.10	27.52
Trading Val (RM m)	2,945.97	5.99
Advance/Decline	20%	
FKLI	1501.00	0.00
FCPO (RM)	3,737.00	-0.37
Brent oil (USD)	82.17	-0.81
Gold (USD)	1912.72	-1.94
USD	4.2467	0.49
GBP	5.2408	0.27
EURO	4.6716	-0.56
SGD	3.2516	-0.02

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
90.8	52.4	-143.2

Source: Bloomberg, Bursa Market Place

## Company Brief

**Dagang Nexchange Bhd's** (DNeX) subsidiary Innovation Associates Consulting Sdn Bhd (IAC) has secured a maintenance contract from the Inland Revenue Board. IAC will undertake the application and maintenance of Malaysia Hasil Integrated Taxation Systems (HITS) for the 1-year duration of the contract. The contract, valued at RM4.1m, is expected to commence in February 2023 and be operationalised at IRB's headquarters in Cyberjaya. (The Star)

**Kerjaya Prospek Bhd's** 49.0%-owned subsidiary Kerjaya Bina BMK Sdn Bhd has secured a contract from BBCC Development Sdn Bhd for a design-and-build job on the main building of a proposed development off Jalan Hang Tuah and Jalan Pudu in Kuala Lumpur for RM135.4m. The contract covers the design and build of a 31-storey service apartment, basement and podium with a seven-storey carpark, main lobby and multipurpose hall. The contract will commence on 1st March 2023, and be completed with 36 months. (The Star)

**KNM Group Bhd**, which recently defaulted on debts amounting to over RM420.0m, is in talks with all its creditors to resolve the settlement of the monies due to them from the monetisation of non-core assets and sale of Borsig GmbH. Plans will be accelerated to monetise the assets under a disposal process based on a non-exclusive deal structure, which will also naturally lead to higher cash values on disposal. (The Edge)

**Serba Dinamik Holdings Bhd** and 3 related companies – Serba Dinamik Sdn Bhd, Serba Dinamik International Ltd and Serba Dinamik Group Bhd on 2nd February 2023 applied for a temporary stay of the winding up order granted by the High Court last month against them. The ad-interim stay is a stay of the winding-up order, pending the High Court's hearing of their motion for a permanent stay, which was filed on 27th January 2023. (The Edge)

Former Civil Aviation Authority of Malaysia CEO Datuk Captain Chester Voo Chee Soon has joined the board of **Berjaya Land Bhd** (BLand). Voo's appointment as BLand's CEO for group aviation took effect on 2nd February 2023 and he will oversee the airlines under Berjaya namely Berjaya Air, Asia Jet and Rafflesia Airways. (The Edge)

**IHH Healthcare Bhd's** 90%-owned Acibadem Saglik Yatirimlari Holding AS is buying Kent Health Group, which operates the largest private hospital in Türkiye's third largest city Izmir. The 340-bed hospital has an attached cancer centre and 2 medical centres in the city. The transaction is expected to close during 1Q2023 following the completion of necessary regulatory approvals. (The Edge)

**Gamuda Bhd**, **Lingkar Trans Kota Holdings Bhd** (Litrak) and **Kumpulan Perangsang Selangor Bhd** (KPS) have provided an additional month of warranty claim period until end-February 2023 for Amanat Lebuhraya Rakyat Bhd (ALR), in response to the demise of ALR chairman Tan Sri Azlan Mohd Zainol. The warranty claim period was supposed to expire on 31st January 2023, when payment of net retention sum was also due. (The Edge)

**Velesto Energy Bhd** announced that its wholly-owned subsidiary Velesto Malaysian Ventures Sdn Bhd had received a Letter of Award from ROC Oil (Sarawak) Sdn Bhd for the provision of jack-up drilling rig services estimated at USD14.0m (RM59.3m). (The Edge)

Private equity firm Creador has further pared down its shareholding in **CTOS Digital Bhd** to 14.3% from 26.6% as on 19th December 2022, by disposing of 284.8m shares via Inodes Ltd on 2nd February 2023. Following the latest disposal, Creador is left with 329.1m shares in hand. (The Edge)

**Asdion Bhd**'s independent auditors Messrs CAS Malaysia PLT have issued an unmodified audit opinion with a material uncertainty related to going concern for Asdion's statements for the FY22. Based on the auditors' report, the group's current liabilities have exceeded its current assets by RM22.8m. As of 30th September 2022, the group had suffered an accumulated loss of RM6.1m. (The Edge)

**Lambo Group Bhd** has been classified as a Guidance Note 3 company. Lambo was still in the midst of formulating a regularisation plan to address its financial condition, and it had approximately 7 months to submit its regularisation plan. Previously, its external auditors had expressed a disclaimer of opinion in the company's consolidated audited financial statements for the 16-month period ended 30th September 2022, concerning Lambo's subsidiary Fujian Accsoft Technology Development Co Ltd. (The Edge)

**Tasco Bhd**'s 3QFY23 net profit jumped 132.0% YoY to RM20.4m, helped by a reduction in non-operating and general expenses at the support division. Revenue for the quarter, however, decreased 13.7% YoY to RM392.7m. (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	CARIMIN	25-Jan	0.630	0.650	0.685	0.745	0.590	0.585	0.695	10.3%	On-going
2	TELADAN	30-Jan	1.290	1.380	1.480	1.550	1.140	1.130	1.270	-1.6%	On-going
3	HSSEB	2-Feb	0.470	0.495	0.520	0.575	0.445	0.440	0.495	5.3%	Take profit at R1 on 2-Feb

1Q23 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	BIMB	3-Jan	2.640	2.780	2.940	-	2.580	2.500	2.430	-8.0%	On-going
2	BJFOOD	3-Jan	1.020	1.110	1.200	-	0.975	0.935	1.060	3.9%	On-going
3	CMSB	3-Jan	1.070	1.130	1.250	-	1.000	0.915	1.250	16.8%	On-going
4	D&O	3-Jan	4.290	4.450	4.770	-	4.100	3.940	4.910	14.5%	On-going
5	DIALOG	3-Jan	2.400	2.550	2.720	-	2.320	2.230	2.560	6.7%	On-going
6	GENTING	3-Jan	4.480	4.750	4.850	-	4.290	4.180	5.080	13.4%	On-going
7	HEKTAR	3-Jan	0.690	0.750	0.795	-	0.665	0.645	0.680	-1.4%	On-going
8	JTIASA	3-Jan	0.660	0.710	0.755	-	0.615	0.585	0.615	-6.8%	On-going
9	MAGNI	3-Jan	1.860	1.940	2.000	-	1.800	1.750	1.860	0.0%	On-going
10	MISC	3-Jan	7.270	7.680	8.190	-	7.000	6.800	7.330	0.8%	On-going
11	MYEG	3-Jan	0.855	1.000	1.080	-	0.825	0.770	0.925	8.2%	On-going
12	SLVEST	3-Jan	0.815	0.915	0.995	-	0.795	0.705	1.080	32.5%	On-going
13	UMW	3-Jan	3.450	3.640	3.950	-	3.220	3.100	3.750	8.7%	On-going
Average Return										6.9%	

Technical Focus Tracker Summary	
Total recommendations	298
Total winners	185
Total losers	113
Portfolio performance (2020)	22.7%
Accuracy (2020)	53.3%
Portfolio performance (2021)	30.4%
Accuracy (2021)	66.4%
Portfolio performance (2022)	13.3%
Accuracy (2022)	62.9%
Portfolio performance (2023)	25.9%
Accuracy (2023)	75.0%
FBM KLCI (Since 30/12/2022)	-0.4%
FBM Small Cap (Since 30/12/2022)	9.9%
Malaysia GDP Growth (9M22)	9.3%