

All eyes on Bank Negara

Market Review

Malaysia: The FBM KLCI (+0.4%) recovered part of its previous session losses, lifted by gains in more than half of the key index components yesterday. The lower liners also marched higher, while the energy sector (+2.1%) outperformed the mostly positive sectorial peers.

Global markets: Wall Street endured a volatile session as the Dow (-1.6%) tumbled in the final trading hour after US Federal Reserve Jerome Powell reiterated that it is still premature to expect the pace of the rate hikes to slowdown. The European stock markets were downbeat, but Asia stock markets ended mostly higher.

The Day Ahead

The FBM KLCI rebounded as investors saw the recent sell-down as a buy-the-dip opportunity, positioning for the GE15 event, but the trading activities was relatively quiet as investors remained cautious prior to the US Fed's FOMC meeting and BNM's meeting. Nevertheless, we expect the selling pressure may emerge in the Asian stock markets after the US Fed Chairman Jerome Powell reiterated the hawkish stance to combat stubbornly-elevated inflation, which may dampen the attractiveness on interest rate sensitive sector such as technology. Commodities wise, the crude oil price traded above USD96 per barrel, while the CPO has crept above RM4,400.

Sector focus: The energy and plantation counters may trade higher in tandem with the firmer commodity prices. Meanwhile, the banking sector may shine in an interest rate upcycle environment. On the other hand, the technology stocks may see a reverse in recent gains following a slump in Nasdaq overnight.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI rebounded from intraday losses to close above its daily EMA60 level. Technical indicators remained positive as the MACD Histogram extended a positive bar, while the RSI hovered above 50. Resistance is envisaged along 1,465-1,480, while the support is set at 1,400-1,440.

Research Team
research@msec.com.my
(603) 2201 2100

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	32,147.76	-1.55
S&P 500	3,759.69	-2.50
NASDAQ	10,524.80	-3.36
FBM KLCI	1,451.61	0.39
FBM Small Cap	14,352.16	0.40
FBM ACE	4,953.84	1.55
Construction	149.33	-0.22
Consumer	562.74	0.07
Energy	710.33	2.13
Financial Services	16,326.10	0.08
Healthcare	1,703.23	1.15
Ind Products	174.82	0.09
Plantation	6,836.69	0.64
Property	616.77	0.56
REITs	759.58	0.11
Technology	58.60	0.05
Telco & Media	572.13	0.45
Transport	870.58	-0.28
Utilities	826.13	0.19
Trading Vol (m)	2,492.83	-16.30
Trading Val (RM m)	1,782.73	13.97
Advance/Decline	145%	
FKLI	1,459.50	-0.17
FCPO (RM)	4,445.00	1.07
Brent oil (USD)	96.16	1.60
Gold (USD)	1,635.24	-0.77
USD	4.738	-0.04
GBP	5.448	0.28
EURO	4.693	0.24
SGD	3.3568	0.04

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
-161.3	-71.4	232.7

Source: Bloomberg, Bursa Market Place

Company Brief

Kelington Group Bhd has secured 2 new contracts totalling RM262.0m, bringing its new orders secured year-to-date to RM1.62bn. The first contract was secured via its wholly-owned subsidiary, Kelington Technologies Sdn Bhd to provide turnkey design and build services of a bulk liquid terminal in Port Klang, Malaysia from a leading provider of bulk liquids storage services. The contract, valued at approximately RM170.0m will commence in November 2022 and is slated for completion by October 2024.

The second contract, worth approximately RM92.0m was clinched by its wholly-owned subsidiary, Kelington Engineering (Shanghai) Co. Ltd to undertake the material supply and installation of bulk gas delivery system for a semiconductor plant in Beijing, China. It carries a duration of 10 months, commencing in November 2022 until September 2023. (The Star)

Inta Bina Group Bhd's wholly owned subsidiary, Inta Bina Sdn Bhd (IBSB) has secured a construction contract worth RM87.9mil from Eco Sanctuary Sdn Bhd. The contract was for the main building works of a 107 units walk-up apartment block and 294 units in a 21-storey tower in Kuala Langat, Selangor. The construction period is 24 months commencing from the date of site possession. (The Star)

Kossan Rubber Industries Bhd's 3QFY22 net profit plummeted 95.6% YoY to RM23.3m, heavily impacted by lower average selling prices (ASPs) and volume of gloves sold. Revenue for the quarter declined 57.0% YoY to RM560.5m. (The Edge)

Maxis Bhd will seek the consent of its shareholders to enter into the 5G access agreement with Digital Nasional Bhd (DNB). This comes after Maxis' board had assessed the governance requirements and in reliance on professional advice believes it is mandatory for Maxis to seek shareholders' approval, given the nature of the access agreement and the substantial undertaking involved. (The Edge)

Axiata Group Bhd is exploring options for its Indonesia businesses including combining its broadband and mobile services in the country. Options under consideration also include bringing in a minority investor for its infrastructure assets as a way to fuel further investments and growth. (The Edge)

AirAsia Aviation Group Ltd (AAAGL), the holding company of **Capital A Bhd** has sold all its remaining shares in AirAsia (India) Private Ltd (AAI) to Air India Ltd, an affiliate of Tata Sons Pte Ltd. The remaining shares represented 16.3% in AAI. AAAGL is expected to receive gross proceeds of 1.56bn rupees (RM89.3m) from the stake sale. (The Edge)

AirAsia X Bhd (AAX) has been granted an extension of time up to 28th April 2023 to submit its regularisation plan to the regulatory authorities. The Practice Note 17 company had slipped back into the red in its fourth quarter ended 30th June 2022 with a net loss of RM652.5m. (The Edge)

Media Prima Bhd has announced it will collaborate with China-based television network Hunan Broadcasting System to co-produce programmes as well as broadcast Hunan-produced content on 8TV. The collaboration marks a momentous occasion as the company embarks on a journey with Hunan to bring special programmes and initiatives to Malaysian viewers. (The Edge)

Aeon Credit Service (M) Bhd has lodged information with the Securities Commission in relation to its Islamic Commercial Papers (ICP) programme of up to RM1.00bn in nominal value. Aeon Credit intends to make the first issuance of sukuk wakalah under the ICP programme within 90 business days. The proceeds raised from the sukuk would be used to finance disbursements to customers in ordinary course of business, providing consumer financing based on the shariah principle. (The Edge)

Carimin Petroleum Bhd's unit has obtained a contract extension from Petronas Carigali Sdn Bhd for the provision of offshore maintenance, construction and modification services. The contract expired on 19th September 2022 and will be extended until end-2023. Terms of the contract remain largely unchanged, except for the expansion in scope of works to cover Peninsular Malaysia's gas areas. (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	CNERGEN	19-Oct	0.910	0.990	1.050	1.150	0.810	0.805	0.815	-10.4%	On-going
2	KEINHIN	26-Oct	1.300	1.340	1.400	1.500	1.200	1.190	1.230	-5.4%	On-going
3	HARBOUR	31-Oct	1.130	1.190	1.260	1.350	1.060	1.050	1.190	5.3%	Take profit at R1 on 2-Nov
4	OPCOM	2-Nov	0.910	0.960	0.990	1.090	0.850	0.845	0.960	5.5%	Take profit at R1 on 2-Nov

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	1.650	-11.7%	On-going
2	PECCA	3-Oct	0.880	1.000	1.080	-	0.795	0.740	0.875	-0.6%	On-going
3	KGB	3-Oct	1.290	1.520	1.630	-	1.260	1.150	1.300	0.8%	On-going
4	SCOMNET	3-Oct	1.670	1.890	2.050	-	1.390	1.240	1.680	0.6%	On-going
5	OPTIMAX	3-Oct	0.745	0.910	1.000	-	0.695	0.625	0.795	6.7%	On-going
6	SAMAIDEN	3-Oct	0.755	0.835	0.915	-	0.670	0.605	0.805	6.6%	On-going
7	TIMECOM	3-Oct	4.620	5.000	5.250	-	4.400	4.210	4.520	-2.2%	On-going
8	HEXTAR	3-Oct	1.760	2.000	2.150	-	1.620	1.510	2.430	38.1%	On-going
9	TGUAN	3-Oct	2.560	2.870	3.030	-	2.470	2.320	2.550	-0.4%	On-going
10	GAMUDA	3-Oct	3.930	4.470	4.680	-	3.760	3.600	3.740	-4.8%	On-going
11	MYEG	3-Oct	0.837	1.000	1.080	-	0.785	0.715	0.885	5.7%	On-going
12	CCK	3-Oct	0.650	0.720	0.760	-	0.580	0.550	0.630	-3.1%	On-going
13	SIGN	3-Oct	1.730	2.000	2.150	-	1.610	1.440	2.300	32.9%	On-going
Average Return										5.3%	

Technical Focus Tracker Summary	
Total recommendations	273
Total winners	163
Total losers	110
Portfolio performance (2020)	22.7%
Accuracy (2020)	53.3%
Portfolio performance (2021)	30.4%
Accuracy (2021)	66.4%
Portfolio performance (2022)	5.9%
Accuracy (2022)	56.8%
FBM KLCI (Since 31/12/2021)	-7.4%
FBM Small Cap (Since 31/12/2021)	-8.9%
Malaysia GDP Growth (1H22)	6.9%