

Downside largely cushioned

Market Review

Malaysia: The FBM KLCI (-0.1%) finished marginally lower after recovering most of its intraday losses, driven by the eleventh-hour bargain hunting in selected index heavyweights. The lower liners also closed mildly weaker, while the healthcare sector (+1.8%) outperformed the mostly negative sectorial peers.

Global markets: US stockmarkets marched higher with the Dow (+1.0%) ended positively awaiting the midterm elections result, while the US Dollar retreated alongside with the treasury yields. The European stockmarkets extended their gains, but Asia stock markets closed mixed.

The Day Ahead

The FBM KLCI ended marginally lower as investors traded cautiously prior to the US midterm elections, but inflow of foreign funds continued for the 3rd consecutive day. With the Wall Street continuing its recent gains ahead of the inflation data, we believe the market is expecting the CPI data to decline and the US Fed could pivot. However, our view is that the CPI data will remain elevated at least for the rest of 2022. Given the concerns over China's ongoing zero-Covid policy to weigh on the economy, we believe investors will position themselves using the earnings season, as well as GE15 as the near-term catalysts. Commodities wise, the Brent oil price is hovering around USD95, while the CPO price is trading around RM4,400.

Sector focus: The technology stocks may climb with the US Nasdaq climbing for the third session. Meanwhile, investors may favour breweries stocks in view of the solid results from HEIM as part of their strategy to position ahead of 2022 FIFA World Cup. Gloves momentum may sustain despite weaker results from HARTA.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI edged lower but managed to sustain above its daily EMA9 level. Technical indicators remained mixed as the MACD Histogram extended a negative bar, while the RSI hovered above 50. The resistance is pegged at 1,465-1,480, while support is located at 1,410-1,420.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,160.83	1.02
S&P 500	3,828.11	0.56
NASDAQ	10,616.20	0.49
FBM KLCI	1,441.35	-0.05
FBM Small Cap	14,261.40	-0.20
FBM ACE	4,941.43	-0.17
Construction	148.13	-0.93
Consumer	559.82	-0.69
Energy	724.46	-0.50
Financial Services	1,616.136	0.37
Healthcare	1,678.09	1.79
Ind Products	173.62	-0.40
Plantation	6,835.06	0.15
Property	618.41	-0.59
REITs	761.88	-0.54
Technology	58.18	-0.65
Telco & Media	571.92	0.04
Transport	861.76	0.99
Utilities	824.76	-0.30
Trading Vol (m)	3,048.58	9.02
Trading Val (RM m)	1,575.97	-4.47
Advance/Decline	78%	
FKLI	1,447.00	0.45
FCPO (RM)	4,399.00	0.87
Brent oil (USD)	95.36	-2.61
Gold (USD)	1,712.42	2.19
USD	4.7362	0.09
GBP	5.4417	-0.32
EURO	4.7374	-0.09
SGD	3.3764	-0.07

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
34.2	20.6	-54.6

Source: Bloomberg, Bursa Market Place

Company Brief

Hartalega Holdings Bhd's 2QFY23 net profit sank 96.9% YoY to RM28.3m, dragged by the oversupply situation. Revenue for the quarter decreased 70.9% YoY to RM584.6m. (The Star)

Heineken Malaysia Bhd's 3QFY22 net profit jumped 113.1% YoY to RM108.7m, mainly due to strong post-Covid recovery following the reopening of international borders, increased on-trade consumption as well as positive mix impact from premium portfolio growth. Revenue for the quarter grew 84.8% YoY to RM720.5m. (The Star)

MR DIY Group (M) Bhd's 3QFY22 net profit rose 12.0% YoY to RM101.2m, as group continues to undertake pricing reviews to address continued input cost pressure. Revenue for the quarter increased 25.8% YoY to RM768.0m. (The Edge)

Fraser & Neave Holdings Bhd's (F&N) 4QFY22 net profit grew 68.5% YoY to RM98.9m, driven by the positive momentum for the recovery of economic activities, out-of-home consumption and trade restocking, reflecting business returning to pre-pandemic levels. Revenue for the quarter added 26.9% YoY to RM1.14bn. A final single-tier dividend of 33.0 sen per share was announced. (The Edge)

Sime Darby Bhd (SDB) has completed the sale of the Weifang Port companies in China for about RM1.27bn, marking its full exit from the non-core ports business on 7th November 2022. Proceeds from the sale of the Weifang Port companies will be utilised for future investments in the group's core industrial and motors businesses, for capital expenditure, and/or to repay short-term borrowings. (The Edge)

Sime Darby Plantation Bhd's downstream arm Sime Darby Oils (SDO) is investing over US\$150.0m (RM711.2m) for the construction of a new specialty oils and fats refinery in Sumatera. The refinery will be located at the Sei Mangkei Special Economic Zone in North Sumatera's Simalungun region with a built-up area of 16.0-ha. The refinery is expected to begin production in 2024. (The Edge)

Eco World Development Group Bhd wholly owned subsidiary Hasrat Budi Sdn Bhd (HBSB) will no longer hold any shares in MySJ Sdn Bhd. The cheque for the option price between Entomo Malaysia Sdn Bhd, whom is the operator of the MySejahtera app and its founder and group chief executive officer and MySJ director Raveenderen Ramamoothie has been cleared. (The Edge)

Sarawak Consolidated Industries Bhd (SCIB) has reported that its external auditor has expressed a qualified opinion on the group's financial statement for the year ended 30th June 2022, pertaining to a settlement agreement relating to 6 construction projects carried out in Qatar and Oman. The qualified opinion is linked to the settlement agreement signed between SCIB and the project's clients on 10th November 2021. (The Edge)

The 9.4-ac land near Kulim Hi-Tech Park (KHTP) in Kedah that **S&F Capital Bhd** has proposed to acquire for RM7.4m is to be utilised for industrial or residential development. This is in response to queries from Bursa Malaysia on the proposed purchase, that is 3km away from Phase 4 of the KHTP and will therefore be converted into industrial or residential status from its current agricultural status.

(The Edge)

Caely Holdings Bhd's largest shareholder Datuk Seri Tee Yam @ Koo Tee Yam and former executive vice chairman Datin Seri Jessie Wong Siaw Puie have filed a lawsuit to recover a sum of RM4.0m allegedly advanced by them to the company for day-to-day operations and management costs. The suit has been fixed for case management on 18th November 2022. (The Edge)

KNM Group Bhd has announced the resignation of its executive director and group chief executive officer Terence Tan Koon Ping, effective 8th November 2022. In Tan's stead, non-independent director Ravindrasingham Balasingham has been redesignated as its executive director and group CEO. (The Edge)

Cypark Resources Bhd aims to raise up to RM73.4m via a share placement, mainly for the environmental solutions and renewable energy group's working capital. The placement comprises up to 178.9m new shares, representing up to 30.0% of the group's issued shares. (The Edge)

LYC Healthcare Bhd has proposed to acquire a 70.0% stake in Clinical Nutrition Intl (M) Sdn Bhd, which is mainly involved in the supply of nutraceutical ingredients, for RM2.2m cash. The group will streamline the interests in all its nutraceutical companies under LYC Nutrihealth Sdn Bhd (LYCN). LYCN will also enter into a put option agreement with the vendors of Clinical Nutrition for the remaining 30.0% shareholding which shall be exercised from 28th September 2024 and shall expire by 27th September 2027. (The Edge)

Media Chinese International Ltd (MCIL) expects to return to profitability for the 6 months ended 30th September 2022, mainly driven by higher revenue from the group's publishing business, especially in Malaysia. The group expects to record a profit attributable to owners of the group in the range of USD900,000 (RM4.3m) to USD1.1m for the six-month period. The growth in revenue from the publishing business was due to the gradual recovery of economic conditions from the impact of Covid-19. (The Edge)

Southern Score Builders Bhd (SSB) will have its Guidance Note 3 (GN3) status lifted from 9th November 2022, following the completion of its regularisation plan. This came after SSB had regularised its financial condition and level of operations, and no longer triggers any of the criteria under Rule 2.1 of GN3 of the ACE Market Listing Requirements since in late 2017. (The Edge)

After acquiring a collective stake of over 50.0% in **Citaglobal Bhd**, the new major shareholders made a takeover offer to the minority shareholders on 8th November 2022 for the remaining shares in the group. TIZA Global Sdn Bhd, Tan Sri Mohamad Norza Zakaria and persons acting in concert are making the offer for the remaining shares at 19.0 sen per share. They had acquired the majority stake in the group via the issuance of 736.8m new shares at the same price of 19.0 sen per share. (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	SFPTECH	7-Nov	1.610	1.690	1.780	1.910	1.480	1.470	1.690	5.0%	Take profit at R1 on 8-Nov
2	POHUAT	9-Nov	1.370	1.440	1.470	1.570	1.320	1.310	1.370	0.0%	Initiate position

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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	1.550	-17.1%	On-going
2	PECCA	3-Oct	0.880	1.000	1.080	-	0.795	0.740	0.840	-4.5%	On-going
3	KGB	3-Oct	1.290	1.520	1.630	-	1.260	1.150	1.310	1.6%	On-going
4	SCOMNET	3-Oct	1.670	1.890	2.050	-	1.390	1.240	1.720	3.0%	On-going
5	OPTIMAX	3-Oct	0.745	0.910	1.000	-	0.695	0.625	0.770	3.4%	On-going
6	SAMAIDEN	3-Oct	0.755	0.835	0.915	-	0.670	0.605	0.720	-4.6%	On-going
7	TIMECOM	3-Oct	4.620	5.000	5.250	-	4.400	4.210	4.610	-0.2%	On-going
8	HEXTAR	3-Oct	1.760	2.000	2.150	-	1.620	1.510	2.390	35.8%	On-going
9	TGUAN	3-Oct	2.560	2.870	3.030	-	2.470	2.320	2.450	-4.3%	On-going
10	GAMUDA	3-Oct	3.930	4.470	4.680	-	3.760	3.600	3.660	-6.9%	On-going
11	MYEG	3-Oct	0.837	1.000	1.080	-	0.785	0.715	0.855	2.2%	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	2.500	44.5%	On-going
Average Return										3.5%	

Technical Focus Tracker Summary	
Total recommendations	275
Total winners	164
Total losers	110
Portfolio performance (2020)	22.7%
Accuracy (2020)	53.3%
Portfolio performance (2021)	30.4%
Accuracy (2021)	66.4%
Portfolio performance (2022)	6.0%
Accuracy (2022)	56.7%
FBM KLCI (Since 31/12/2021)	-8.0%
FBM Small Cap (Since 31/12/2021)	-9.5%
Malaysia GDP Growth (1H22)	6.9%

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