

Thursday, 23 Nov, 2023

US charging higher ahead of holiday break

Market Review

Malaysia: The FBM KLCI (-0.51%) closed lower as selling pressure were noticed in Industrial products heavyweights, tracking the pullback on Wall Street overnight. On the broader market, the Healthcare sector (+1.18%) rose, while the Industrial Products & Services sector (-1.12%) declined.

Global markets: Wall Street ended higher as investors were optimistic that the Fed will not raise future interest rates, coupled with the 10-Year Treasury Yield easing further. Furthermore, traders were in favour of the new lower unemployment benefits claim data. The European stock market ended higher, while the Asia ended mixed.

The Day Ahead

The FBM KLCI turned lower for the session, tracking the Wall Street overnight sentiment coupled with the regional benchmark performance. Meanwhile, the US stock markets traded higher ahead of the Thanksgiving Holiday. Given the 10-Year Treasury yield headed lower, coupled with favourable jobs data, we expect the overall trading tone will perform better today, but the upside could be limited as the Japan stock exchange will be closed for holiday. Nonetheless, the trading activities will be focusing on the ongoing reporting season. On the commodity markets, the Brent oil prices fell below USD82/bbl as the OPEC+ meeting was rescheduled to 30th November.

Sector focus: Despite Nvidia ending softer after the strong quarterly results, Nasdaq charged higher, and this should provide upside potential towards the Technology sector on the local front. Meanwhile, it was ripe for the Poultry sector to head higher following the pick-up in momentum yesterday in the second session. For the ongoing reporting season, we favour the Utilities, Property, Building Material, Construction, and Transportation & Logistics sectors. Also, we noticed the Glove sector may continue its rally following a good set of results from KOSSAN and HARTA.

FBMKLCI Technical Outlook



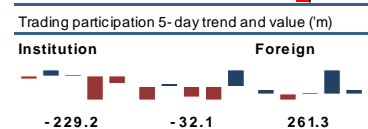
Bloomberg

The FBM KLCI ended lower, forming another flag formation. The technical readings on the key index are mixed, with the MACD Histogram forming a rounding top formation, while the RSI has maintained above 50. The resistance is pegged around 1,470-1,480 and the support is at 1,440-1,455.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	35,273.03	0.53
S&P 500	4,556.62	0.41
NASDAQ	14,265.86	0.46
FBM KLCI	1,455.89	-0.51
FBM Small Cap	16,430.27	-0.19
FBM ACE	5,202.33	-0.12
Construction	185.86	-0.82
Consumer	558.77	0.00
Energy	859.45	-0.50
Financial Services	16,396.48	-0.17
Healthcare	1,832.71	1.18
Ind Products	174.05	-1.12
Plantation	6,960.68	-0.79
Property	860.79	-0.04
REITs	784.95	-0.01
Technology	63.81	0.33
Telco & Media	566.38	-0.98
Transport & Logist	943.99	0.12
Utilities	1,263.75	-0.80
Trading Vol (m)	2,968.70	-18.80
Trading Val (RM m)	2,039.33	-3.23
Gainers/ Losers rat	72%	
FKLI	1,460.00	0.14
FCPO (RM)	3,980.00	-0.20
Brent oil (USD)	82.45	-0.95
Gold (USD)	1,990.17	0.00
USD	4.677	-0.51
GBP	5.8596	-0.41
EURO	5.0991	-0.13
SGD	3.4868	-0.11



Source: Bloomberg, Bursa Market Place



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Company Brief

Kawan Food Bhd's net profit in the third quarter ended Sept 30, 2023 (3QFY2023) fell by 26.07% to RM7.67m compared with RM10.4m in the same period last year, largely due to higher selling and distribution costs. The group's quarterly revenue, however, rose by 10.28% to RM79.22m from RM71.83m, mainly contributed from the local market and rising demand in the North America/Asia market. For the nine-month period ended Sept 30 (9MFY2023), Kawan Food's net profit dropped by 28.73% to RM21.27m from RM29.85m a year ago. (The Edge)

SkyWorld Development Bhd has declared its first interim dividend of RM12.5m or 1.25 sen per share for the second quarter ended Sept 30 (2QFY2024), after posting a net profit of RM19.1m or 2.53 sen per share. The property outfit said it had unbilled sales of RM713.6m as at end-September, and reiterated plans to launch new projects in Kuala Lumpur in the current financial year with total estimated gross development value exceeding RM1bn. (The Edge)

Dutch Lady Milk Industries Bhd's net profit for the third quarter ended Sept 30, 2023 (3QFY2023) dropped 31.18% to RM16.79m from RM24.4m in the previous year's corresponding quarter as depreciation costs and one-off operating costs more than offset higher revenue. The dairy producer attributed the decline in quarterly profit to the ongoing accelerated depreciation of assets in its Petaling Jaya factory. Additionally, the group incurred one-off operating costs associated with the construction and transition to its new facility in Bandar Enstek, Negeri Sembilan. Dutch Lady declared a second interim dividend of 25 sen per share – bringing the year-to-date dividend to 50 sen per share – to be paid on Dec 14. (The Edge)

Taliworks Corp Bhd's net profit rose to RM13.54m or 0.68 sen per share for the third quarter ended Sept 30, 2023 (3QFY2023) from RM12.51m or 0.62 sen per share a year earlier, helped by a higher share of results from jointly-controlled entity Grand Sepadu (NK) Sdn Bhd on the back of toll compensation. Revenue fell slightly to RM90.74m from RM91.28m in 3QFY2022, due to lower revenue from the construction and water treatment and supply segments. The group declared a third interim dividend of 1.65 sen per share to be paid on Dec 22, raising its year-to-date dividend to 4.95 sen per share. (The Edge)

Supercomnet Technologies Bhd registered a net profit of RM7.4m for the third quarter ended Sept 30, 2023 (3QFY2023), a 26.74% decline from RM10.1m a year prior due to lower revenue. Earnings per share dropped to 0.95 sen from 1.33 sen. Quarterly revenue fell 27.93% to RM32.53m from RM45.14m in 3QFY2022 due to lower orders from the industrial segment and a temporary dip in demand for the automotive segment. Supercomnet declared an interim dividend of 0.5 sen per share payable on Dec 28. (The Edge)

MST Golf Group Bhd posted a net profit of RM1.63m for the third quarter ended Sept 30, 2023 (3QFY2023), a 59.41% decline from RM4.01m in the previous quarter as one-off costs of RM4.4m related to its Main Market listing on July 20 were fully expensed during the period under review. On a normalised basis, the net profit would have risen to RM6m, representing a 50% increase from 2QFY2023. Revenue increased 8.44% quarter-on-quarter to RM82.34m from RM75.94m in 2QFY2023, thanks to the retail segment which contributed RM70.07m, followed by the wholesale segment (RM6.64m), golf services segment (RM4m) and indoor golf segment (RM1.63m). (The Edge)

Malayan Flour Mills Bhd (MFlour) posted a net profit of RM24.21m in the third quarter ended Sept 30, 2023 (3QFY2023) that was 47.62% lower than the RM46.21m posted a year ago, owing to higher input costs and a stronger US dollar. Quarterly revenue declined by 3.07% to RM774.91m compared with RM799.45m, mainly attributed to lower sales recorded in the period. (The Edge)



Sunway Bhd's net profit in the third quarter ended Sept 30, 2023 (3QFY2023) grew by 8.76% to RM180.3m from RM165.78m a year ago, supported by higher contribution from its core business segments. The group said its quarterly revenue expanded by 21.14% to RM1.54bn from RM1.27bn in 3QFY2022, mainly due to higher contribution from most business segments except for the property development division. (The Edge)

Pos Malaysia Bhd continued to bleed in its third quarter ended Sept 30, 2023 (3QFY2023) with a net loss of RM33.34m – albeit slightly lower than the RM33.63m it lost in the previous year's corresponding quarter despite lower revenue as it managed to trim its cost of sales and operating expenses. The lower cost of sales and operating expenses, which dropped by 7% or RM37.52m to RM493.73m from RM531.25m, cushioned the impact of lower revenue – which fell by RM30.29m to RM461.71m from RM492m – and higher finance costs, which rose to RM11.46m from RM9.34m. (The Edge)

Time Dotcom Bhd's net profit dropped 10.2% to RM106.6m or 5.78 sen per share in the third quarter ended Sept 30, 2023 (3QFY2023) from RM118.74m or 6.49 per share a year ago, on lower gain of foreign exchange, higher depreciation costs and increased operating expenses (opex). Quarterly revenue increased 14% to RM411.07m from RM360.65m. Time's divestment of AIMS data centre to Digital Bridge Group Inc's unit DB Arrow Pte Ltd was completed on April 20, 2023, and as such, the 3QFY2022 results consist of three months of financial results of discontinued operations. (The Edge)

Boustead Plantation Bhd (BPlant) returned to the black in the third quarter ended Sept 30, 2023 (3QFY2023) with a net profit of RM15.22m from a net loss of RM352,000 a year ago, mainly due to yield and oil extraction rate (OER) improvement, as well as a favourable impact of fresh fruit bunches (FFB) valuation. Revenue for 3QFY2023 was 15% lower at RM202.55m against RM240.25m a year ago. Average crude palm oil price in 3QFY2023 stood at RM3,861 per tonne, a decrease of 6% from RM4,089 per tonne in 3QFY2022 while the palm kernel average price declined 16% to RM2,101 per tonne. (The Edge)

Genting Plantations Bhd's (GenP) net profit rose 6.7% in the third quarter ended Sept 30, 2023 (3QFY2023) to RM80.52m from RM75.49m a year prior on improved production from its Indonesian estate which more than offset lower downstream sales volume. Revenue fell 5.66% to RM775.79m from RM822.37m, it added. The group's achieved crude palm oil price was RM3,409 per metric ton (MT) in 3QFY2023 and RM3,517 per MT in the nine-month period ended Sept 30, 2023 (9MFY2023) while palm kernel price was RM1,776 per MT in 3QFY2023 and RM1,888 per MT in 9MFY2023, it said. (The Edge)

Oil and gas exploration and production company **Hibiscus Petroleum Bhd** saw its net profit for its first financial quarter ended Sept 30, 2023 (1QFY2024) rise 14.1% to RM154.3m from RM135.26m a year earlier, on high average realised prices obtained for the sale of both crude oil and gas. It achieved an average realised oil price of US\$96.94 (RM451.06) per barrel in the current quarter. The group also declared a first interim dividend of two sen per share for the financial year ending June 30, 2024 (FY2024) with an aim to declare a minimum total dividend per share of 7.5 sen over the course of FY2024. (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	MI	23-Oct	1.790	1.910	2.000	2.050	1.650	1.630	1.940	8.4%	Take profit at RM1.94 on 21-Nov
2	WASCO	8-Nov	1.000	1.050	1.090	1.150	0.960	0.950	0.975	-2.5%	Initiate on 8/11/2023
3	KSL	9-Nov	1.130	1.170	1.210	1.260	1.070	1.050	1.210	7.1%	Take profit at R2 on 21-Nov
4	SLVEST	21-Nov	1.290	1.350	1.360	1.400	1.230	1.210	1.270	-1.6%	Initiate on 21/11/2023

Market Chat Tracker

4Q23 Stock Picks											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Support 1 (RM)	Support 2 (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	GTRONIC	2-Oct	1.555	1.700	1.820	1.450	1.360	1.340	1.690	8.7%	Initiate on 2/10/2023
2	HIAPTEK	2-Oct	0.435	0.500	0.535	0.400	0.365	0.355	0.465	6.9%	Initiate on 2/10/2023
3	HSSEB	2-Oct	0.805	0.895	0.940	0.725	0.670	0.660	1.040	29.2%	Initiate on 2/10/2023
4	LHI	2-Oct	0.555	0.610	0.640	0.520	0.500	0.490	0.715	28.8%	Initiate on 2/10/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.745	2.1%	Initiate on 2/10/2023
6	PECCA	2-Oct	1.210	1.400	1.450	1.100	1.050	1.030	1.230	1.7%	Initiate on 2/10/2023
7	PWF	2-Oct	0.653	0.950	1.000	0.825	0.790	0.780	0.760	16.4%	Initiate on 2/10/2023
8	RAMSSOL	2-Oct	0.495	0.545	0.605	0.425	0.395	0.385	0.415	-16.2%	Initiate on 2/10/2023
9	SLVEST	2-Oct	1.320	1.450	1.520	1.250	1.200	1.180	1.260	-4.5%	Initiate on 2/10/2023
10	T7GLOBAL	2-Oct	0.480	0.525	0.555	0.475	0.455	0.445	0.465	-3.1%	Initiate on 2/10/2023
11	TUNEPRO	2-Oct	0.435	0.485	0.515	0.420	0.405	0.395	0.410	-5.7%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.513	1.750	1.900	1.420	1.330	1.310	1.490	-1.5%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.530	2.7%	Initiate on 2/10/2023
Average Return										5.0%	

Technical Focus Tracker Summary

Total recommendations	353
Total winners	216
Total losers	136
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)	3.0%
Accuracy (2023)	58.7%
FBM KLCI (Since 30/12/2022)	-2.6%
FBM Small Cap (Since 30/12/2022)	10.1%
Malaysia GDP Growth (1H23)	4.2%

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