

Friday, 24 Nov, 2023

Expecting softer trading activities

Market Review

Malaysia: The FBM KLCI (-0.18%) closed lower despite the positive regional markets, as the index was dragged by laggards such as PCHEM (-9.0 sen), CIMB (-3.0 sen) and MAXIS (-4.0 sen). On the broader market, the Healthcare sector (+1.87%) rose, while the Energy sector (-1.60%) declined amid the fall in crude oil prices.

Global markets: Wall Street is closed on Thursday in conjunction with the Thanksgiving holidays in the US and will resume a half-day trading on Friday. Meanwhile, the European stock market ended higher after the PMI index showed lower employment & business activity data, while Asia ended mixed.

The Day Ahead

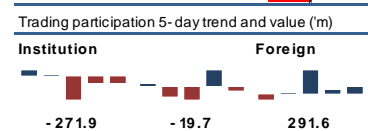
The FBM KLCI headed lower for the session, bucking the overall positive momentum shown on the global stock markets. Meanwhile, the US stock markets were closed for Thanksgiving holiday. Although we may anticipate that the trading activities to be slower throughout the Asia trading hours, upside could emerge with the expectation that Beijing would boost policy support to aid the failing sector, where China may allow banks to offer unsecured short-term loans to qualified developers for the first time. This may spur the upside move on the local equities and traders will focus on the ongoing reporting season. On the commodity markets, the Brent oil prices declined near the USD81/bbl as concerns over demand persisted amid rising US inventories and the next OPEC+ meeting will be on 30th Nov.

Sector focus: Based on the momentum that has built up over the past few days, we expect the Healthcare sector to stay in the active list with further continuation of buying interest ahead of the release of Supermax's results. Meanwhile, we believe the results from Genting-related and YTL-related are solid and could provide trading opportunities within the Tourism and Utilities sectors. Besides, we still favour the Property, Building Material, Construction, and Transportation & Logistics sectors.

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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	1,453.29	-0.18
FBM Small Cap	16,358.06	-0.44
FBM ACE	5,202.16	0.00
Construction	186.53	0.36
Consumer	558.41	-0.06
Energy	845.67	-1.60
Financial Services	16,383.24	-0.08
Healthcare	1,867.02	1.87
Ind Products	173.34	-0.41
Plantation	6,947.47	-0.19
Property	859.64	-0.13
REITs	785.40	0.06
Technology	62.89	-1.44
Telco & Media	563.37	-0.53
Transport & Logisti	935.90	-0.86
Utilities	1,260.74	-0.24
Trading Vol (m)	3,707.17	24.88
Trading Val (RM m)	2,084.94	2.24
Gainers/ Losers rat	72%	
FKLI	1,452.50	-0.07
FCPO (RM)	3,944.00	-0.18
Brent oil (USD)	81.96	-0.66
Gold (USD)	1,992.25	0.10
USD	4.6803	-0.07
GBP	5.8777	-0.31
EURO	5.1125	-0.26
SGD	3.4946	-0.22



Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended lower and is currently retesting the EMA20 level. The technical readings on the key index are mixed, with the MACD Histogram extending a negative bar, 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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Company Brief

Genting Bhd saw its net profit jump by over four-fold to RM520.52m for the third quarter ended Sept 30, 2023 (3QFY2023) from RM128.02m a year ago, as the recovery at its leisure and hospitality businesses gained further momentum. The higher quarterly earnings were also driven by lower impairment losses, lower net finance cost, higher share of profit in joint ventures and associates. For the cumulative nine-month period, Genting recorded a net profit of RM779.1m versus a net loss of RM131.19m in the previous corresponding period, as revenue grew 24% to RM19.85bn from RM16.02bn. (The Edge)

Meanwhile, **Genting Malaysia Bhd** (GenM) recorded a net profit of RM177.41m or 3.13 sen per share for 3QFY2023, the group's highest quarterly profit since the Covid-19 outbreak in 1QFY2020, thanks to continued recovery in its leisure and hospitality businesses. The group's impairment losses of RM12.8m on certain casino licences in 3QFY2023 was also significantly lower than the RM47.6m write-off incurred in 3QFY2022, which were related to receivables in the US and certain vacant leased properties in the UK. Net profit for 3QFY2023 shot up by over 15 times from a meagre RM11.38m or 0.2 sen per share a year ago. Revenue grew 19% to RM2.71bn in 3QFY2023 from RM2.27bn in 3QFY2022 as business volume was higher in Malaysia, UK and Egypt, while the group's US and Bahamas operations enjoyed higher contributions from Resorts World New York City. (The Edge)

Syarikat Takaful Malaysia Keluarga Bhd (Takaful Malaysia) posted a 24.9% increase in net profit 3QFY2023 to RM91.1m or 10.88 sen per share from RM72.95m or 8.72 sen per share a year ago. This was mainly driven by a RM140.6m increase in investment income that is mostly attributable to higher profit from fixed income investment assets and lower fair value losses. Quarterly revenue expanded by 25.2% to RM767.65m in 3QFY2023 from RM613.28m in the previous year corresponding quarter. (The Edge)

Jentayu Sustainables Bhd is disposing of a 12,884 sq ft piece of residential land in Jalan Mayang here to Armani Development Sdn Bhd for RM25m, which will be satisfied via a combination of RM19m cash and the remaining RM6m in contra of units. The original cost of investment by Jentayu Sustainables was RM15.5m on Sept 30, 2010, while the audited net book value of the property amounted to RM25m as at June 30, 2023. As such, Jentayu Sustainables said the proposed disposal is expected to result in a pro forma loss of RM1.35m to the group after taking into account the estimated expenses for the transaction. (The Edge)

Plastic packaging manufacturer **Thong Guan Industries Bhd** saw its net profit for 3QFY2023 drop 19.3% to RM21.9m from RM27.12m a year earlier, on lower revenue. Quarterly revenue fell 11% to RM317.38m in 3QFY2023 from RM356.5m in 3QFY2022, due to lower sales volume of its garbage bag, and food wrap and courier bags divisions, coupled with lower average selling price (ASP) for the current quarter. Interest expenses and selling and distribution expenses also increased. Lower ASP is in line with the drop of raw material price, said Thong Guan. (The Edge)

Bamboo products manufacturer **Kanger International Bhd** said it is acquiring the remaining 49% stake in building materials supplier Sung Master Holdings Sdn Bhd for RM72m cash. Sung Master is primarily involved in the sales and trading of building materials, including timber flooring, tiles, bulk cement, concrete, locksets and sanitary ware. Its clients consist of property and construction players as well as engineering consultants who are either a main contractor or sub-contractor of a development project. According to Kanger, which expanded into the construction business in 2021, Sung Master has contributed to the group's revenue for the financial year ended March 31, 2022 (FY2022). (The Edge)



SP Setia Bhd has reported that its net profit for the third quarter ended Sept 30, 2023 fell to RM51.8m from RM70.19m in the same quarter of 2022. The company in a statement accompanying the release of its results said for the first nine months of this year sales hit RM3.89bn – surpassing the RM2.7bn it achieved in the same period last year, thanks to land sales and stronger demand for its property offerings. (The Edge)

AME Elite Consortium Bhd posted a 52.34% drop in its second quarter net profit 2QFY2024 to RM21.83m or 3.42 sen per share due to the absence of fair value gain on investment properties. Meanwhile, revenue climbed 58.23% to RM233.34m from RM147.47m a year earlier, boosted by property development, engineering services rental, surface and income as well as sale of goods. It declared a two sen dividend for the quarter, payable on Jan 5, 2024. In addition, AME Elite generated a share of profit of RM158,000 for the quarter compared to a share of loss of RM30,000 from the equity accounted joint ventures in the previous year due to the revision of costs for the completed projects. (The Edge)

Allianz Malaysia Bhd's net profit grew 42% year-on-year for the third quarter ended Sept 30, 2023 (3QFY2023) as revenue from both general and life insurance improved, coupled with lower expenses. Net profit rose to RM197.86m or RM1.11 per share from RM139.59m or 78.47 sen per share in 3QFY2022. Revenue grew 17% to RM1.31bn from RM1.12bn previously, thanks to increased gross earned premiums from the motor business while the life insurance segment saw higher revenue from investment-linked protection business. (The Edge)

DRB-Hicom Bhd registered a 50.8% drop in net profit to RM70.8m in the third quarter ended Sept 30, 2023 (3QFY2023), compared with RM143.95m a year ago, as revenue and share of profit from associate companies declined. Quarterly revenue declined by 12% to RM4bn from RM4.54bn a year prior, mainly due to decreased contribution from its automotive, aerospace and defence, and postal business sectors. In respect of the nine-month period ended Sept 30, 2023 (9MFY2023), the group's revenue increased by 8.2% to RM12.08bn compared with RM11.16bn in the corresponding period last year. (The Edge)

Petronas Dagangan Bhd (PetDag) said its net profit for 3QFY2023 declined 33.06% to RM184.72m from RM275.97m in the same period last year amid an increase in operating expenditure. Revenue slipped 2.12% to RM9.92bn from RM10.13bn in 3QFY2022 on the back of higher sales volume offset by a decline in average selling prices. The group declared an interim dividend of 20 sen per share to be paid on Dec 22. (The Edge)

Dayang Enterprise Holdings Bhd posted its best quarterly net profit in about three years after the integrated oil and gas service provider logged a net profit of RM76.38m for 3QFY2023, compared with RM52.9m in the same quarter last year. Quarterly revenue rose 1.6% to RM343.76m against RM338.34m, underpinned by improved daily charter rates of vessels and more work order or contracts being awarded by oil majors received under topside maintenance contracts. The improved financial performance was achieved on the back of better margins from vessel chartering and much lower other expenses attributed by net realised/unrealised foreign exchange loss exposure. (The Edge)

Kelington Group Bhd's third quarter net profit jumped 101.63% to RM31.67m from RM15.71m a year earlier, driven by the industrial gases division which received high demand for liquid carbon dioxide from both the domestic and export markets. For the first nine months of FY2023, the group recorded a net profit of RM66.92m, up 78% from RM37.57m in the previous year, attributed to the ultra-high purity (UHP) and process engineering division supported by the increase in the demand for the industrial gases division. Earnings per share increased to 10.39 sen from 5.84 sen. (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	1.640	5.5%	Initiate on 2/10/2023
2	HIAPTEK	2-Oct	0.435	0.500	0.535	0.400	0.365	0.355	0.485	11.5%	Initiate on 2/10/2023
3	HSSEB	2-Oct	0.805	0.895	0.940	0.725	0.670	0.660	1.020	26.7%	Initiate on 2/10/2023
4	LHI	2-Oct	0.555	0.610	0.640	0.520	0.500	0.490	0.705	27.0%	Initiate on 2/10/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.750	2.7%	Initiate on 2/10/2023
6	PECCA	2-Oct	1.210	1.400	1.450	1.100	1.050	1.030	1.220	0.8%	Initiate on 2/10/2023
7	PWF	2-Oct	0.653	0.950	1.000	0.825	0.790	0.780	0.765	17.2%	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	1.280	-3.0%	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	1.530	1.1%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.550	4.0%	Initiate on 2/10/2023
Average Return										5.3%	

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)	-2.8%
FBM Small Cap (Since 30/12/2022)	9.6%
Malaysia GDP Growth (1H23)	4.2%

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