

Tuesday, 28 Nov, 2023

Mild breather after a significant rally

Market Review

Malaysia: The FBM KLCI (-0.40%) closed lower in line with the negative regional markets following Japan's higher-than-expected PPI data and the plunge in Chinese property stocks may have weighed on the regional sentiments. On the broader market, the Plantation sector (+0.17%) rose, while the Energy sector (-1.33%) fell.

Global markets: Wall Street fell as investors were taking a breather and traders may be looking forward to the upcoming remarks from the Feds and key economic data on housing prices and consumption. Meanwhile, Europe and Asia closed lower, the latter after Japan's PPI data came in higher-than-expectations.

The Day Ahead

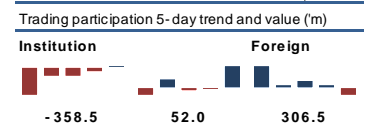
The FBM KLCI further consolidated with more profit taking off the tables as 60% of the index heavyweights closed lower in line with the regional sentiment. Meanwhile, Wall Street inched lower for the session as the holiday shopping season kicked in and retailers could be focusing on Cyber Monday deals. In the US, investors will be focusing on the core PCE and ISM Manufacturing PMI data that will be later this week. Meanwhile, we expect mild profit taking activities to emerge on our local front, while focusing on the overall earnings season. On the commodity markets, the Brent oil prices traded near USD80/bbl with the anticipation that further production cuts may be seen in the OPEC+ meeting on 30th Nov.

Sector focus: We believe there might be further profit taking activities across the board for the session. On the sectorial wise, we believe the market could be avoiding the O&G sector amid consolidating oil prices. Meanwhile, we expect some rebound in the Plantation sector amid stronger earnings from INNO, WTK. Also, the Packaging and Cyber Security-related sectors may see some potential trading interest picking up following the release of results from L&P Berhad and SMETRIC.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	35,333.47	-0.16
S&P 500	4,550.43	-0.20
NASDAQ	14,241.02	-0.07
FBM KLCI	1,448.15	-0.40
FBM Small Cap	16,218.24	-0.66
FBM ACE	5,107.37	-1.88
Construction	184.19	-0.76
Consumer	557.72	-0.31
Energy	830.68	-0.50
Financial Services	16,341.90	-0.26
Healthcare	1,835.67	-0.87
Ind Products	172.24	-1.07
Plantation	6,943.45	0.17
Property	851.16	-1.33
REITs	783.08	-0.19
Technology	62.82	-0.44
Telco & Media	560.42	-0.10
Transport & Logist	936.88	-0.18
Utilities	1,252.07	0.01
Trading Vol (m)	3,094.19	-11.57
Trading Val (RM m)	2,055.72	-12.61
Gainers/ Losers rat	44%	
FKLI	1,450.50	0.24
FCPO (RM)	3,913.00	0.57
Brent oil (USD)	80.58	-0.66
Gold (USD)	2,014.13	0.01
USD	4.6807	0.10
GBP	5.9016	-0.32
EURO	5.1247	-0.32
SGD	3.4978	-0.11



Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended lower failing to rebound from the EMA20. The technical readings on the key index are negative, with the MACD Histogram extending another negative bar, while the RSI has dropped below 50. The resistance is pegged around 1,455-1,460 and the support is at 1,430-1,440.



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Company Brief

UMW Holdings Bhd's net profit for the third quarter ended Sept 30, 2023 (3QFY2023) jumped 71.9% to RM173.11m from RM100.70m a year ago, as it recorded higher revenue with improved contributions from all its businesses, driven by sustained demand. The conglomerate's quarterly revenue grew 19% to RM4.83bn from RM4.06bn, with its automotive segment – its largest contributor – showing a 17.4% increase in revenue to RM4.02bn, its bourse filing showed. (The Edge)

Spritzer Bhd's net profit surged 48.5% to a record high of RM16.97m in the third quarter ended Sept 30, 2023 (3QFY2023), from RM11.43m a year ago, as the company sold more bottles of drinking water amid recovery in tourism activities plus the hot weather. The leap in quarterly net profit was bigger than its quarterly revenue, which grew 10.85% to RM132.56m, from RM119.59m a year ago. Quarterly revenue growth was mainly driven by an increase in sales volume of bottled water from the manufacturing segment. (The Edge)

Velesto Energy Bhd said the contract between its unit Velesto Drilling Sdn Bhd and Carigali Hess Operating Company Sdn Bhd has been extended for another one year and six months, with an estimated contract value of US\$74m (RM346.39m). The contract, which entails the provision of a 10K jack up drilling rig, will commence from April 19, 2024 until Oct 18, 2025. Velesto added that the extension of the contract is expected to contribute positively towards its earnings and net assets. (The Edge)

Panda Eco System Bhd made its debut on the ACE Market of Bursa Malaysia on Monday with an opening price of 29 sen – a premium of 81% to its initial public offering price (IPO) of 16 sen. Phillip Capital valued Panda Eco at 22 sen and ascribed an 18 times price-earnings multiple (in line with its domestic software peers) on earnings per share estimated for the financial year ending Dec 31, 2024. In a note on Monday, the research house, which does not have a rating for the counter, estimated a three-year profit compound annual growth rate of 10% from FY2021 to FY2024, driven by the company's local business expansion and offering of new innovative products. (The Edge)

GDEX Bhd's net loss widened by 24% to RM8.16m or 0.14 sen per share in the third quarter ended Sept 30, 2023 (3QFY2023), from RM6.57m or 0.12 sen per share reported a year earlier, amid weaker showing by its logistics business. Revenue, however, rose 6.13% to RM101.11m from RM95.28m in 3QFY2022, fuelled by the express delivery and information technology segment. On a quarter-on-quarter basis, the group's net loss narrowed from RM11.35m in 2QFY2023. (The Edge)

Tan Chong Motor Holdings Bhd posted a net loss of RM50.70m for the third quarter ended Sept 30, 2023 (3QFY2023), compared with a net profit of RM6.88m in the same period last year amid persistent soft market sentiments driven by inflationary pressures and stiffer competition in both the local and overseas markets. (The Edge)

Johor-based **Guan Chong Bhd**, the world's fourth-largest cocoa grinder, saw its net profit rise 10% to RM33.88m in the third quarter ended Sept 30, 2023 (3QFY2023) from RM30.76m a year earlier, on higher average selling prices of industrial chocolates and stabilisation of energy prices at lower levels following Russia-Ukraine tensions last year. Quarterly revenue was also up 16.8% to RM1.29bn from RM1.1bn a year earlier, as a result of higher average selling prices of cocoa butter and cocoa solids in tandem with rising cocoa bean prices. Higher revenue also helped offset the rise in finance cost due to higher interest expenses. The group declared a first interim dividend of 2 sen per share for the financial year ending Dec 31, 2023 (FY2023), payable on Jan 19, 2024. The dividend represents a payout of RM23.5m or 27.4% of the group's net profit for the nine-month period ended Sept 30, 2023. (The Edge)



Medical equipment supplier **UMediC Group Bhd** is planning to transfer its listing from the ACE Market to the Main Market of Bursa Malaysia, having listed merely over a year ago in July 2022. UMediC said in a bourse filing that it has met the requirements issued by the Securities Commission Malaysia for the proposed transfer, including in terms of profit and public shareholding spread, with a healthy financial position. For the fourth financial quarter ended July 31, 2023 (4QFY2023), UMediC's net profit surged fivefold to RM3.37m, from RM568,000 a year earlier, on the back of higher demand for medical devices and consumables from both public and private hospitals. (The Edge)

Debt-ridden **Perak Corp Bhd** has appointed **Advancecon Holdings Bhd's** wholly-owned subsidiary Advancecon Development Sdn Bhd as a joint venture (JV) partner to jointly develop the main infrastructure for the Silver Valley Technology Park Industrial Hub, and carry out sale of completed industrial lots with main infrastructure on 39 pieces of leasehold land in Hulu Kinta, Perak, which has an estimated total gross development value of RM1.03bn. Perak Corp said it has issued a letter of award to Advancecon for the proposed joint development measuring 798.24 acres. The project is subject to the execution of a joint development agreement in due course. The proposed joint development will be for five years, subject to the approval of the relevant authorities, shareholders of Perak Corp at an extraordinary general meeting to be convened and Bursa Malaysia Securities on Perak Corp's regularisation plan. (The Edge)

Technology solutions provider **Microlink Solutions Bhd** recorded a 98.3% decline in its net profit for the second financial quarter ended Sept 30, 2023 (2QFY2024) to RM126,000 from RM7.22m a year ago, due to lower margin from order fulfilments and progress billings. Quarterly revenue climbed 38.4% to RM77.53m from RM56.01m in the previous year's corresponding quarter, mainly attributable to higher order fulfilments and progress billings particularly in its financial services and distribution services segment. (The Edge)

Keck Seng (M) Bhd's net profit dropped 42% for the third quarter ended Sept 30, 2023 (3QFY2023) as lower palm oil prices weighed on the group's palm oil refining margin, coupled with a smaller foreign exchange gain. Net profit came in at RM36.05m or 10.03 sen per share, versus RM61.58m or 17.14 sen per share a year ago. Revenue declined 24% to RM334.4m from RM441.61m. (The Edge)

Heineken Malaysia Bhd's net profit for the third quarter ended Sept 30, 2023 (3QFY2023) dropped 19.7% to RM87.33m, from RM108.74m a year before, due to weak consumer sentiment driven by rising cost of living and macro-economic concerns. Quarterly revenue declined 16.8% to RM599.66m, from RM720.47m a year earlier. (The Edge)

Tiong Nam Logistics Holdings Bhd saw its net profit for its second financial quarter ended Sept 30, 2023 (2QFY2024) fall 26.4% to RM1.22m from RM1.65m a year earlier, on increased finance cost and direct operating expenses. Quarterly revenue, however, grew 3.7% to RM183.53m from RM177m in 2QFY2023, supported by stable source of income from the logistics and warehousing services segment and increased property development revenue. (The Edge)

Medical and healthcare bed manufacturer **LKL International Bhd** has ditched plans to open up the digital healthcare market in Malaysia with Singapore-based Serv Medical Pte Ltd. On March 9 this year, LKL and Serv Medical had signed a memorandum of understanding for the purpose of selling, marketing and promoting Serv Medical's medical products or services through LKL's network or channels in Malaysia under a licence or distribution arrangement and to source and identify customers for purchasing Serv Medical's medical products or services in Malaysia. (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	WASCO	8-Nov	1.000	1.050	1.090	1.150	0.960	0.950	0.955	-4.5%	Initiate on 8/11/2023
2	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	1.620	4.2%	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	0.980	21.7%	Initiate on 2/10/2023
4	LHI	2-Oct	0.555	0.610	0.640	0.520	0.500	0.490	0.695	25.2%	Initiate on 2/10/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.740	1.4%	Initiate on 2/10/2023
6	PECCA	2-Oct	1.210	1.400	1.450	1.100	1.050	1.030	1.210	0.0%	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	0.405	-18.2%	Initiate on 2/10/2023
9	SLVEST	2-Oct	1.320	1.450	1.520	1.250	1.200	1.180	1.210	-8.3%	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	0.420	-3.4%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.513	1.750	1.900	1.420	1.330	1.310	1.460	-3.5%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.510	1.3%	Initiate on 2/10/2023
Average Return										3.1%	

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)	-3.2%
FBM Small Cap (Since 30/12/2022)	8.7%
Malaysia GDP Growth (1H23)	4.2%

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