

Friday, 01 Dec, 2023

Wall Street buying interest may spillover

Market Review

Malaysia: The FBM KLCI (+0.46%) closed higher due to last minute buying interest as the growing US GDP suggested resiliency in its economy activities and boosted investor's sentiment. On the broader market, the Energy sector (+0.88%) rose, while the Healthcare sector (-2.94%) plummeted, dragged by glove counters.

Global markets: Wall Street ended mostly higher due to stronger sentiment boosted by the cooling PCE data, coupled with stronger corporate earnings. Meanwhile, the European stock market ended higher, while Asia ended mixed as Chinese manufacturing PMI contracted, indicating an economic slowdown.

The Day Ahead

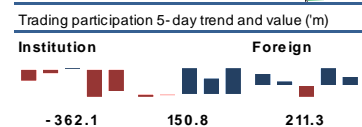
The FBM KLCI finally stalled a 3-day losing streak with a bullish engulfing bar as bargain-hunting activities have emerged. Also, Wall Street ended the month with a solid performance, where 3 of the benchmark indices gained more than 8% with the cooling inflation data; PCE came in within expectations, rising 0.2% MoM and 3.5% YoY. Given the strong boost on Wall Street, we believe the overall market conditions could perform better on the local front. On the commodity markets, the Brent oil prices traded higher towards USD84.5/bbl zone before closing around the USD80/bbl level as the production cuts from OPEC+ with another 1.2m barrel per day were below market's expectations.

Sector focus: We expect the technology sector to trade higher for the session, tracking the strong Wall Street performance. Meanwhile, from the final day of corporate earnings, we believe investors will re-assess the quarterly results and could position for window dressing activities. Sectorial wise, we think the O&G sector may head lower with the weaker Brent oil movements. Still, we like the Poultry sector with the solid performance this quarter.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	35,950.89	+1.47
S&P 500	4,567.80	+0.38
NASDAQ	14,226.22	-0.23
FBM KLCI	1,452.74	+0.46
FBM Small Cap	16,118.90	-0.30
FBM ACE	5,065.45	+0.43
Construction	185.77	+0.86
Consumer	56108	+0.62
Energy	829.10	+0.88
Financial Services	16,221.95	-0.31
Healthcare	1,780.63	-2.94
Ind Products	172.27	+0.32
Plantation	7,041.41	+0.40
Property	844.00	-0.36
REITs	784.95	+0.02
Technology	62.50	+0.00
Telco & Media	553.92	-0.20
Transport & Logist	918.38	-1.21
Utilities	1,230.15	-0.78
Trading Vol (m)	4,248.71	+29.72
Trading Val (RM m)	4,969.72	+118.58
Gainers/ Losers rat	62%	
FKLI	1,452.00	+0.07
FCPO (RM)	3,910.00	+0.39
Brent oil (USD)	83.10	-0.32
Gold (USD)	2,036.41	+0.01
USD	4.6613	-0.19
GBP	5.8976	+0.02
EURO	5.0927	+0.25
SGD	3.4906	+0.07



Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI rebounded breaking out of the bullish flag formation. The technical readings on the key index are positive, with the MACD Histogram forming a rounding bottom formation, while the RSI hooked above the 50 level. The resistance is pegged around 1,460-1,465 and the support is at 1,430-1,440.



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Company Brief

Capital A Bhd said it is in the "last stretch" of finalising its Practice Note 17 regularisation plan and aims to make a full submission to Bursa Malaysia in "the near future". The group said that the careful planning is to ensure that the group's restructuring reviews and discussions are thorough, and reflect its dedication to long-term stability and strategic adaptability. Looking ahead to 2024, Capital A chief executive officer Tan Sri Tony Fernandes said the group is projecting a significant upswing. Capital A, which experienced three consecutive profitable quarters, slid back into the red in its third quarter ended Sept 30, 2023 (3QFY2023), with a net loss of RM178.82m, largely because the immediate preceding quarter had recorded a gain from the consolidation of Asia Aviation Public Company Ltd Group of RM1.37bn. But year-on-year, the group narrowed its net loss from the RM901.31m it incurred in 3QFY2022 on continued improvement in its aviation business, as revenue more than doubled to RM4.23bn from RM1.96bn. The 3QFY2023 revenue is also a continued improvement from the RM3.15bn topline it recorded for 2QFY2023 when it made a net profit of RM1.12bn. (The Edge)

Maxim Global Bhd was queried by Bursa Malaysia on the scant details regarding its "privatisation agreement" to decommission and upgrade several sewerage treatment plants in Cheras. One of Bursa's six queries revolved around the value of the land that would be transferred to the developer upon completion of the decommissioning and upgrading works, including provision of amenities and utilities done by Maxim's subsidiary. However, Maxim said in its reply to Bursa that details of the land swap and capital for the project are confidential under the privatisation agreement, pending government approval. (The Edge)

Serba Dinamik Holdings Bhd said it was unable to release its financial report for its first quarter ended Sept 30, 2023 (1QFY2024) by Nov 30 as required under listing requirements. The troubled oil and gas company did not clarify why it was unable to meet the deadline, but said in a filing with Bursa Malaysia on Thursday that it expects to submit the quarterly report by Dec 7. This is the fourth consecutive quarter that Serba Dinamik has delayed issuing its financial report within the prescribed time. The company has been in the red for the last eight quarters. The group also failed to issue its annual report for FY2023 by the Oct 31 deadline, and has yet to issue the annual report to date. Its request to extend the deadline for this till Jan 15, 2024 was rejected by Bursa Malaysia. (The Edge)

CIMB Group Holdings Bhd's net profit rose 31.3% to RM1.85bn for the third quarter ended Sept 30, 2023 (3QFY2023) from RM1.41bn a year earlier. The growth was attributed to strong non-interest income improvement, partially offset by weaker net interest income due to net interest margin compression from higher cost of deposits. Quarterly revenue rose marginally by 6.2% to RM5.31bn from RM4.99bn last year. (The Edge)

IHH Healthcare Bhd saw its net profit in the third quarter ended Sept 30, 2023 (3QFY2023) more than double to RM532.07m from RM251.76m in the same period last year, boosted by growth from higher patient volumes and revenue from higher acuity treatment. The healthcare's quarterly revenue rose by 26.74% to RM5.83bn compared with RM4.6bn, underpinned by higher revenue contribution from its hospital and healthcare segment. (The Edge)

IJM Corp Bhd's net profit for the second quarter ended Sept 30, 2023 (2QFY2024) surged over threefold to RM93.69m from RM27.03m a year earlier, carried by strong showings from its property development and infrastructure segments. Touching on the group's topline, quarterly revenue jumped 36.05% to RM1.46bn versus RM1.07bn previously on the back of improvements across all its segments – comprising construction, property development, manufacturing and quarrying, infrastructure, as well as investment and others. (The Edge)



Hong Leong Bank Bhd's (HLB) net profit rose 4.93% to RM1.03bn for the first quarter ended Sept 30, 2023 (1QFY2024) against RM981.41m a year ago, on higher contributions from the bank's associates and reversal of impairment losses. Quarterly revenue, meanwhile, slipped 7.05% to RM1.39bn from RM1.5bn. HLB recorded a net written back of allowance for impairment losses on loans, advances and financing of RM88.7m, and a higher share of profit from the associated company of RM89.5m during the quarter. However, this was mitigated by lower net income of RM105.8m, higher operating expenses of RM15.7m, and allowance for impairment losses on financial investments and other assets of RM700,000. (The Edge)

Hong Leong Financial Group Bhd recorded a net profit of RM741.64m for the first quarter ended Sept 30, 2023 (1QFY2024), up 10.78% from RM669.47m in the same period a year ago, as it saw an improvement across all operating companies and reversal of impairment losses. Revenue for the quarter slipped 2.38% to RM1.56bn from RM1.6bn in the prior year. (The Edge)

Alliance Bank Malaysia Bhd saw its net profit rise 16.98% to RM185.33m for the second quarter ended Sept 30, 2023 (2QFY2024), from RM158.42m a year before, due to higher revenue and lower expected credit losses. Quarterly revenue was up 9.89% to RM528.1m, from RM480.57m a year before. The bank declared a first interim single-tier dividend of 10.85 sen per share, representing a total dividend payout ratio of 50%, payable on Dec 28. (The Edge)

Datasonic Group Bhd recorded a net profit of RM18.15m for its second quarter ended Sept 30, 2023 (2QFY2024), down 27.13% from the RM24.91m it made in the corresponding quarter last year – when earnings leaped over 20 times amid a surge in applications for passports and MyKad, including first-time applications and renewals following the reopening of international borders on April 1, 2022. The security-based ICT solutions provider declared a second interim dividend of 0.6 sen per share for FY2024 payable on Dec 29, bringing total dividends declared year to date to 1.2 sen, compared with 0.75 sen in the corresponding period in FY2023. (The Edge)

Senheng New Retail Bhd's net profit tumbled 64.56% to RM5.16m in the third quarter ended Sept 30, 2023 (3QFY2023) from RM14.55m in the corresponding quarter a year ago, as revenue dropped while it recorded higher operating and administrative expenses amid its expansion plan. This is the group's lowest quarterly profit since its listing in January 2022. The consumer electrical and electronics retailer said revenue for the quarter fell 11.65% to RM312.83m from RM354.1m in 3QFY2022 due to lower sales on weaker consumer sentiment. (The Edge)

Ekovest Bhd's net profit soared to RM3.08m in its first financial quarter ended Sept 30, 2023 (1QFY2024) from RM182,000 a year ago, thanks to improved results from its construction operations. The group's quarterly revenue, however, dropped by 15.8% to RM271.9m from RM322.9m previously, according to its filing with Bursa Malaysia. Its construction segment reported marginally higher revenue at RM165.26m for 1QFY2024 against RM156.93m in 1QFY2023. (The Edge)

Padini Holdings Bhd, which reported a 45.4% decline in its net profit in the first quarter ended Sept 30, 2023 (1QFY2024), announced a slew of changes in its boardroom. In a local bourse filing, the group announced the redesignation of its non-executive director, Datuk Lee Say Tshin as its new chairman effective Jan 1, 2024. Meanwhile, the group also announced the departure of two non-independent directors, Lee Peng Khoon and Chia Swee Yuen, from its boardroom effective Dec 31, 2023. (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	0.980	-2.0%	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	1.610	3.5%	Initiate on 2/10/2023
2	HIAPTEK	2-Oct	0.435	0.500	0.535	0.400	0.365	0.355	0.440	1.1%	Initiate on 2/10/2023
3	HSSEB	2-Oct	0.805	0.895	0.940	0.725	0.670	0.660	0.970	20.5%	Initiate on 2/10/2023
4	LHI	2-Oct	0.555	0.610	0.640	0.520	0.500	0.490	0.655	18.0%	Initiate on 2/10/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.720	-1.4%	Initiate on 2/10/2023
6	PECCA	2-Oct	1.210	1.400	1.450	1.100	1.050	1.030	1.340	10.7%	Initiate on 2/10/2023
7	PWF	2-Oct	0.653	0.950	1.000	0.825	0.790	0.780	0.800	22.5%	Initiate on 2/10/2023
8	RAMSSOL	2-Oct	0.495	0.545	0.605	0.425	0.395	0.385	0.390	-21.2%	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	0.455	-5.2%	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	1.450	-4.2%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.640	10.1%	Initiate on 2/10/2023
Average Return										3.4%	

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)	-2.9%
FBM Small Cap (Since 30/12/2022)	8.0%
Malaysia GDP Growth (1H23)	4.2%

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