

HLIB Research

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Ng Jun Shengjsng@hlib.hongleong.com.my

05-2539 615

Bursa key stats

FBM KLCI (pts)	1598.3 (+5.8)
Volume (shares bn)	5.0 (+0.8)
Value (RM bn)	3.0 (+0.2)

Daily participation (value) 15 Oct

Institution	RM1.4bn (46.3%)
Retail	RM1.0bn (34.4%)
Foreign	RM0.6bn (19.5%)

5-Day and YTD net trade flows (RM m)

	Insti	Retail	Foreign
11 Oct	-154	23	131
12 Oct	-177	29	148
13 Oct	-246	-16	262
14 Oct	-47	-33	80
15 Oct	-221	-82	303
5-day	-846	-79	925
Wk ending 1 Oct	-225	-68	293
2021 YTD (RM'bn)	-7.2	10.0	-2.8
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10-Day market breadth

	G	L	G/L (x)	Val (RM bn)
4 Oct	482	517	0.93	2.8
5 Oct	469	515	0.91	2.7
6 Oct	612	443	1.38	3.4
7 Oct	601	432	1.39	3.0
8 Oct	610	452	1.35	3.3
11 Oct	737	401	1.84	3.9
12 Oct	548	517	1.06	3.6
13 Oct	577	460	1.25	3.3
14 Oct	453	531	0.85	2.8
15 Oct	627	419	1.50	3.0

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G= gainers; L=losers

Traders Brief**Strong buying needed to sustain further upside towards 1605-1623 levels****MARKET REVIEW**

Global. Tracking overnight rally in Wall St, Asia Pacific markets were mostly higher with investors balancing recent strong corporate earnings against a wider debate about an imminent stagflation-like backdrop (amid surging energy prices and supply-chain bottlenecks) as well as awaiting China's 3Q21 GDP today. The Dow jumped 382 pts to 35295 (+549 pts WoW) on another wave of encouraging 3Q21 earnings and a surprise rise in US Sep retail sales. Meanwhile, the backdrop of economic recovery pushed Treasury yields 0.06% higher to 1.57%, underpinning bank stocks due to upbeat quarterly results from major Wall Street banks.

Malaysia. In line with rising ASEAN markets as economic reopening activities gained traction as well as elevated commodities prices, KLCI rose 5.8 pts to 1598.3 last Friday (recouping some of the 7.9-pt loss on 14 Oct). Market breadth was positive as G/L ratio rebounded to 1.5 from 0.85 previously. Trade flows wise, both the local institutions and retailers logged net selling flows of RM221m (5D: -RM846m) and RM82m (5D: -RM79m), respectively. On the other hand, foreigners retained their net buying momentum (+RM303m; 5D: +RM925m) for the 8th consecutive session.

TECHNICAL OUTLOOK: KLCI

In the wake of the grossly overbought stochastic readings after a steep 83-pt rally from a low of 1515 (5 Oct) to 1598 last Friday (+25 pts WoW), the benchmark may start to consolidate its recent gains this week. Although it is too early to call for a top here but we think further upside may be capped at 1605-1623 zones. Key pullback supports are pegged at 1558-1576 territory.

Daily KLCI chart: Facing stiff resistances at 1605-1623 levels**MARKET OUTLOOK**

In the wake of resumption in foreign inflows (~70% correlation between KLCI and foreign shareholding) and economic reopening gaining traction with more states are migrating to phase 3 & 4 of NRP, promising vaccination progress (adult population hits 92% vaccination rate on 16 Oct), as well as riding on elevated commodity prices, KLCI is expected to progress further as market risk appetite returns. However, stiff hurdles are situated at 1605 (1 Sep high), while 1623 (26 Apr high) levels should prove to be a tougher upside hurdle ahead of the Budget 2022 (29 Oct) and overbought stochastic reading.

VIRTUAL PORTFOLIO POSITION-FIG1

As the market is hovering at the overbought position, we decided to square off **UCHITEC (1.3% loss)**, **MASTER (2.3% gain)**, **GDB (7.5% gain)**, **SCGBHD (12.8% gain)** and **TUNEPRO (8.5% gain)** on 15 Oct.

Figure #1 Virtual portfolio (Maximum Holding Period is 4-5 Weeks)

No	Stocks	Published Price (RM)	Report date	Entry Price (RM)	Entry Date/ Basis	S1	S2	R1	R2	LT Target Price	Stop loss	Highest price since report	Lowest price since report	Last price ⁶ RM	Gains/Loss since report ⁷	Remarks
1	UCHITEC	3.19	13 Sep	3.18	Within 3.10-3.19 collection range	3.150	3.100	3.270	3.400	3.550	3.050	3.210	3.050	3.140	-1.3%	Closed amid expiry on 15 Oct
2	OCK	0.485	14 Sep	0.48	Within 0.45-0.48 collection range	0.470	0.450	0.520	0.540	0.575	0.440	0.525	0.465	0.520	8.3%	Took profit at R1 on 23 Sep
3	MASTER	1.78	20 Sep	1.74	Within 1.72-1.77 collection range	1.750	1.720	1.870	1.940	0.575	2.080	1.800	1.720	1.780	2.3%	Closed amid expiry on 15 Oct
4	GDB	0.465	23 Sep	0.465	Within 0.42-0.465 collection range	0.440	0.420	0.500	0.550	0.600	0.415	0.525	0.445	0.500	7.5%	Took profit at R1 on 15 Oct
5	DNEX	0.785	30 Sep	0.78	Within 0.74-0.785 collection range	0.765	0.740	0.845	0.865	0.935	0.720	0.790	0.725	0.760	-2.6%	
6	SCGBHD	0.48	1 Oct	0.47	Within 0.44-0.48 collection range	0.460	0.450	0.530	0.550	0.570	0.440	0.540	0.465	0.530	12.8%	Took profit at R1 on 15 Oct
7	GENM	2.99	4 Oct	3.01	Intraday low, 4 Oct	2.950	2.900	3.190	3.310	3.420	2.860	3.23	3.01	3.210	6.6%	
8	TUNEPRO	0.47	8 Oct	0.47	Within 0.43-0.475 collection range	0.450	0.430	0.480	0.515	0.575	0.420	0.515	0.47	0.510	8.5%	Took profit at R1 on 15 Oct
9	HSSEB	0.575	14 Oct	0.585	VWAP	0.550	0.530	0.600	0.650	0.700	0.520	0.62	0.585	0.610	4.3%	
10	KRONO	0.635	15 Oct	0.635	Within 0.61-0.64 collection range	0.630	0.610	0.680	0.700	0.750	0.590	0.65	0.635	0.640	0.8%	

Figure #2 Virtual portfolio performance

	2019 Cumulative return	2020 Cumulative return	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	June 2021	July 2021	Aug 2021	Sep 2021	Oct 2021	2021 Cumulative Return
Total calls made	127	122	6	6	8	5	3	8	12	8	12	5	73
Total winners	87	80	5	5	7	3	1	3	8	4	9	5	51
Total losers	38	42	1	1	1	2	2	5	4	4	3	-	22
Successful hit rates	69%	66%	83%	83%	88%	60%	33%	38%	67%	50%	75%	100%	70%
Average return	55.3%	60%	5.5%	5.0%	8.4%	1.0%	1.9%	-2.2%	1.9%	1.9%	3.6%	11.0%	38.3%
Relative against CI	56.7%	63%	6.4%	6.1%	7.8%	0.8%	1.0%	0.7%	3.7%	-0.5%	3.3%	7.4%	37.1%

Note:

- HLIB Retail Research runs a "virtual portfolio" and this should not be construed that HLIB has taken a position.
- Maximum holding period for stocks recommended are ranging from one week to four weeks. We will take profit (depending on strength of technical chart reading) should share price reach our R1/R2/LT upside targets.
- We will close the positions upon expiry of the maximum holding period even if the stocks fail to achieve our R1/R2/LT upside targets and/or remained above the cut loss level;
- For Sell ratings, we consider the return as equivalent to the losses made if investors did not sell;
- Prices shall be adjusted accordingly in the event of relevant exercises (i.e dividend, bonus, rights issues etc)
- S=support; R=resistance;
- For those that we took profit, this column shows the price level which we exited from the trade.
- Excluding brokerage, stamp duty as well as clearing fees.
- Included quarterly stock picks.

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Hong Leong Investment Bank Berhad (10209-W)

Level 28, Menara Hong Leong,

No. 6, Jalan Damanela,

Bukit Damansara,

50490 Kuala Lumpur

Tel: (603) 2083 1800

Fax: (603) 2083 1766

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BUY	Expected absolute return of +10% or more over the next 12 months.
HOLD	Expected absolute return of -10% to +10% over the next 12 months.
SELL	Expected absolute return of -10% or less over the next 12 months.
UNDER REVIEW	Rating on the stock is temporarily under review which may or may not result in a change from the previous rating.
NOT RATED	Stock is not or no longer within regular coverage.

Sector rating guide

OVERWEIGHT	Sector expected to outperform the market over the next 12 months.
NEUTRAL	Sector expected to perform in-line with the market over the next 12 months.
UNDERWEIGHT	Sector expected to underperform the market over the next 12 months.

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