

Minor profit taking

Market Review

Malaysia: The FBM KLCI (-0.3%) staged a minor pullback after reversing all its intraday gains, on noticeable selling pressure in gloves heavyweights yesterday. The lower liners managed to hold onto their intraday gains to finish mildly higher, while broader market ended mostly positive, led by the technology sector (+1.2%).

Global markets: US stockmarkets recovered all their intraday losses to close mildly higher as the Dow (+0.1%) rose, driven by optimism over the vaccine booster that may neutralise Omicron variant. European stockmarkets retreated on new Covid-19 related restrictions, while Asia stockmarkets finished mostly upbeat.

The Day Ahead

The FBM KLCI ended marginally lower, bucking the upbeat momentum across regional bourses after Wall Street's rally. However, we believe market may continue with the bargain hunting activities moving into mid-December, with greater focus on heavyweights and technology sectors given their earnings visibility amid Covid-19 woes as well as potential window dressing activities towards year end. Nevertheless, sentiment may remain cautiously optimistic while market monitoring the severity of the Covid-19 Omicron variant as well as FOMC meeting outcome next week. Commodities wise, the crude oil price continues to hover above the USD75 per barrel mark, while the CPO price saw mild decline.

Sector focus: We opined that buying interest should gather in the technology stocks after the addition of INARI as one of the constituents in FBM KLCI, as well as the recent strong momentum in Nasdaq. Besides, plastic related stocks may gain traction following the solid result from SCIENTEX.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI dipped as selling pressure emerged in the final trading hour. Technical indicators remained negative as the MACD Histogram has extended a negative bar, while the RSI is hovering below the 50 level. The support level is located at 1,480, while the resistance is pegged along 1,500-1,520.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	35,754.75	0.10
S&P 500	4,701.21	0.31
NASDAQ	15,786.99	0.64
FBM KLCI	1494.03	-0.26
FBM Small Cap	15,443.55	0.22
FBM ACE	6,289.30	0.38
Construction	156.28	0.70
Consumer	566.90	-0.08
Energy	682.46	0.09
Financial Services	15,166.39	0.02
Healthcare	2,254.19	-0.17
Ind Products	193.42	0.03
Plantation	6,430.09	0.07
Property	693.29	-0.62
REITs	787.62	0.21
Technology	95.88	1.24
Telco & Media	628.42	0.08
Transport	835.93	0.48
Utilities	851.71	0.06
Trading Vol (m)	3,743.71	-12.82
Trading Val (RM m)	2,052.10	-8.71
Advance/ Decline	127%	
FKLI	1494.00	-0.10
FCPO (RM)	4,835.00	-0.12
Brent oil (USD)	75.82	0.50
Gold (USD)	1782.99	-0.06
USD	4.225	0.18
GBP	5.5997	0.20
EURO	4.7685	0.07
SGD	3.0974	-0.05

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
368.6	315.8	-684.4

Source: Bloomberg, Bursa Market Place

Company Brief

Nestle (Malaysia) Bhd will be fully transitioning to renewable electricity across all its operations 1st on January 2022, beating its earlier target to have 100.0% of its electricity coming from renewable energy sources by 2025. This would allow it to reduce CO2 emissions by 75,000 tonnes every year. (The Star)

G3 Global Bhd has proposed to diversify into the healthcare-related business and a private placement of up to 432.9m new ordinary shares, representing 20.0% of total issued shares. The proposed diversification into healthcare includes the distribution of Covid-19 test kits. (The Star)

Tafi Industries Bhd's wholly owned unit TAFI Home & Office Sdn Bhd has secured a RM30.0m contract from Buana Tunggal Sdn Bhd for construction works at a mixed commercial development at Permas City in Johor Bahru. TAFI Home & Office will also be entitled to a 30.0% share of the net gross development value proceeds of certain units of properties under the Permas City project, which is estimated to be about RM6.0m. The construction-related works on the project will commence in December 2021 and is expected to take 12 months to complete. (The Star)

ManagePay Systems Bhd (MPay) has signed a deal with PLUS Malaysia Bhd to provide services relating to software application development, merchant application, systems integration, payment terminals roll-out and Internet Payment Gateway PLUS Group's business partners operating along highways, operated by PLUS Group. (The Edge)

CTOS Digital Bhd has acquired an additional 3.5% stake in bond-rating firm RAM Holdings Bhd for RM7.6m from Standard Chartered Bank Malaysia Bhd, in a move which will allow CTOS and RAM to leverage each other's expertise in areas including credit assessment and data. The acquisition will see CTOS hold an 8.1% stake in RAM. (The Edge)

Top Glove Corp Bhd has won shareholders' approval for its dual listing plan in Hong Kong and expects to complete the exercise by 1Q22. The IPO in Hong Kong plans to raise HK\$3.68bn (US\$473.0m), or less than a quarter of its initial target of US\$1.90bn. (The Edge)

Scientex Bhd's 1QFY22 net profit rose 11.2% YoY to RM102.9m, on the back of higher revenue from the property division. Revenue for the quarter increased 15.7% YoY to RM928.2m. (The Edge)

Gamuda Bhd is aiming to achieve RM10.00bn worth of new orders for FY22, as it expressed cautious optimism amid the steady economic recovery seen following the easing of movement restrictions. Under half of these new orders will come from the Penang South Island reclamation, which had suffered a six-month setback after the project's environmental impact assessment was revoked, with the remainder from Australia. (The Edge)

Petronas Gas Bhd (PetGas) board has approved a final investment decision amounting to an estimated RM460.0m for the construction of a new gas compressor station in Kluang, Johor, as part of its gas transportation business. The project is aimed at increasing the gas capacity of Peninsular Gas Utilisation (PGU) II, particularly in the southern region. (The Edge)

SKP Resources Bhd and migrant worker rights specialist Andy Hall are already in discussions to further enhance the welfare of foreign labour in its employment. The company acknowledged that Hall had received a complaint from workers of SKP's unit SPI Plastic Industries (M) Sdn Bhd concerning excessive overtime and payment of recruitment fees, and had proactively reached out to him immediately. (The Edge)

VS Industry Bhd has reported that the Employees Provident Fund (EPF) has ceased to be a substantial shareholder in the company. The provident fund's stake in the company dropped below 5.0%, after it sold 21.7m shares on 2nd December 2021. (The Edge)

WZ Satu Bhd has signed a joint development agreement with Perbadanan PR1MA Malaysia (PR1MA) to develop 763 units of affordable two-storey terraced houses, as part of Residensi D'Marina Phase 2 in Kuantan. The project has an estimated gross development value of RM219.0m over 4-5 years. (The Edge)

Sapura Energy Bhd has acknowledged it is facing short-term cash flow and liquidity issues, exacerbated by Covid-19. It clarified recent news reports about the group by saying it will continue to take decisive actions to resolve the matters. (The Edge)

Edaran Bhd said it has bagged a one-year contract worth RM41.3m to undertake hardware and server software maintenance work for the Customs Department's Customs information system (SMK), sales and service tax system (MySST) and tourism tax system (My TTX). (The Edge)

Axiata Group Bhd has extended a US\$20.0m loan to edotco Sdn Bhd for the 63.0%-owned subsidiary to inject further capital into its Pakistan operations. The loan agreement will have a tenure of 12 months. (The Edge)

Toyo Ventures Holdings Bhd has proposed to settle RM250.5m in debts owing to four parties, via the issuance of five-year zero coupon irredeemable convertible unsecured loan stocks. The amount is part of total outstanding debts of RM435.5m owing to Ng Lu Siong @ Ng Soon Huat, Eng Lian (L) Inc (ELLI), Biscayne Investment Pte Ltd (BIPL), and Nextgen Corp as at end-June 2020. (The Edge)

Technical Focus Tracker

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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	ELSOFT	2-Dec	0.995	1.060	1.100	1.200	0.935	0.930	1.030	3.5%	On-going
2	ECOWLD	6-Dec	0.860	0.940	1.000	1.100	0.805	0.800	0.850	-1.2%	On-going
3	AEMULUS	8-Dec	1.150	1.190	1.250	1.400	1.040	1.030	1.170	1.7%	On-going

4Q21 Stock Picks											
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	AIRASIA	29-Sep	1.030	1.110	1.120	-	0.890	0.850	0.785	-23.8%	On-going
2	JAKS	29-Sep	0.470	0.565	0.600	-	0.460	0.440	0.380	-19.1%	On-going
3	OKA	29-Sep	0.780	0.870	0.945	-	0.720	0.700	0.785	0.6%	On-going
4	SCGBHD	29-Sep	0.450	0.500	0.545	-	0.410	0.390	0.405	-10.0%	On-going
5	OMH	29-Sep	3.130	4.200	4.690	-	2.550	2.500	2.690	-14.1%	On-going
6	KGB	29-Sep	1.740	2.000	2.200	-	1.530	1.500	1.670	-4.0%	On-going
7	KRONO	29-Sep	0.650	0.745	0.795	-	0.585	0.575	0.590	-9.2%	On-going
8	OCK	29-Sep	0.495	0.575	0.620	-	0.440	0.420	0.460	-7.1%	On-going
9	OPTIMAX	29-Sep	1.380	1.520	1.640	-	1.180	1.150	1.360	-1.4%	On-going

Technical Focus Tracker Summary	
Total recommendations	178
Total winners	106
Total losers	73
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	275.6%
Accuracy (2021)	64.1%
FBM KLCI (Since 4/1/2021)	-8.2%
FBM Small Cap (Since 4/1/2021)	-0.8%
Malaysia GDP Growth (3Q21)	-4.5%