

## Closing up positively in October

### Market Review

**Malaysia:** The FBM KLCI (+0.9%) recovered all its previous session losses, driven by gains in more than two-thirds of the key index components yesterday. The lower liners, however, closed mixed, while the transportation & logistics sector (+2.0%) anchored the winners list amongst the mostly positive sectorial peers.

**Global markets:** Wall Street retreated from the previous session rally as the Dow (-0.4%) fell after sentiment turned cautious ahead of the US Federal Reserve decision on interest rate direction in mid-week. Both the European and Asia stock markets, however, finished mostly upbeat.

### The Day Ahead

The FBM KLCI ended positively in tandem with the regional markets, thanks to the telecommunication sector as well as the plantation heavyweights. However, the profit taking activities on Wall Street after a significant rally may cap the upside potential on the local front. We expect the investors may take a cautious stance ahead of the important FOMC meeting that will conclude on the 2-Nov (US time). Meanwhile, traders may focus on GE15 theme and position within GLC-linked companies. Commodities wise, the Brent crude oil is gradually declining below USD95 but hovering above USD90, while the CPO price recouped above RM4,100.

**Sector focus:** For the short-term trading, we believe investors may focus on the GE15 theme as well as re-tabling of Budget 2023 trading ideas. Also, with another telco firm executed the assess agreement with DNB, the telco sector may stay in focus at least for the near term. Meanwhile, we expect the plantation stocks to gain traction in tandem with the firmer FCPO price.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI rebounded higher to close above 1,450. We believe it is slightly overstretched as the MACD Histogram is forming a rounding top formation, while the RSI is approaching the overbought zone. Resistance is set around 1,465-1,480. Meanwhile, the support is located around 1,400-1,430.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	32,732.95	-0.39
S&P 500	3,871.98	-0.75
NASDAQ	10,988.15	-1.03
FBM KLCI	1,460.38	0.90
FBM Small Cap	14,296.72	0.53
FBM ACE	4,858.93	-0.46
Construction	150.88	0.10
Consumer	565.97	0.99
Energy	698.50	0.13
Financial Services	16,466.68	0.49
Healthcare	1,701.50	1.41
Ind Products	175.80	0.20
Plantation	6,879.92	0.54
Property	612.86	0.08
REITs	763.51	-0.29
Technology	58.60	1.17
Telco & Media	575.11	0.44
Transport	871.45	2.00
Utilities	827.47	-0.44
Trading Vol (m)	2,887.67	21.12
Trading Val (RM m)	1,939.86	17.51
Advance/ Decline	24%	
FKLI	1,466.50	0.38
FCPO (RM)	4,108.00	1.33
Brent oil (USD)	92.81	-0.45
Gold (USD)	1,633.56	-0.69
USD	4.728	-0.03
GBP	5.4677	0.76
EURO	4.7032	0.59
SGD	3.3424	0.01

Trading participation 5-day trend and value (m)

Institution	Retail	Foreign
-165.0	-119.3	284.3

Source: Bloomberg, Bursa Market Place

## Company Brief

**Bursa Malaysia Bhd**'s 3QFY22 net profit fell 37.3% YoY to RM50.1m, beset by falling securities trading values. Revenue for the quarter slipped 19.3% YoY to RM140.4m. (The Star)

**Pecca Group Bhd**'s wholly-owned subsidiary, Pecca Leather Sdn Bhd, has entered into a memorandum of understanding (MOU) with various parties to buy an 80.0% stake in PT Gemilang Maju Kencana. The parties include PT Multi Berjaya Asindo, CSC Automotive Sdn Bhd, Tan Kim Cheang, Neo Hwee Leong and Hery Pramana. The MOU is intended to enable Pecca and its subsidiaries to enlarge its presence in the automotive industry by entering the Indonesia market. (The Star)

**Digi.Com Bhd**, **Axiata Group Bhd** and U Mobile Sdn Bhd have joined **Telekom Malaysia Bhd** (TM) in announcing that they have each executed an agreement to access Digital Nasional Bhd's (DNB) 5G single wholesale network. The access agreements are for five mobile network operators (MNOs), namely Axiata's unit Celcom Axiata Bhd, Digi's subsidiary Digi Telecommunications Sdn Bhd, U Mobile, TM, and **YTL Power International Bhd**'s unit YTL Communications Sdn Bhd. Meanwhile, **Maxis Bhd** is still assessing the governance requirements for the 5G access agreement and is committed to bringing this to a close as soon as possible. (The Edge)

**AirAsia X Bhd** (AAX), the medium haul, low-cost affiliate of **Capital A Bhd**, announced the resignation of Tan Sri Tony Fernandes as its acting group chief executive officer with immediate effect, almost four months after he was appointed to the post. Fernandes' resignation came just days after AAX announced it was in the midst of formulating a comprehensive proposed plan to regularise its Practice Note 17 (PN17) condition. (The Edge)

**Serba Dinamik Holdings Bhd** has defaulted in its payment due on 6th October 2022 with regards to a USD43.0m invoice financing and commodity murabaha facility. The amount in default was USD5.9m. (The Edge)

**Hextar Technologies Solutions Bhd** received an unusual market activity (UMA) query over the sharp rise in its share price for the second time in less than two weeks. (The Edge)

**Alam Maritim Resources Bhd** is deemed a PN17 issuer after its external auditor expressed a disclaimer of opinion in the group's audited accounts announced on 31st October 2022. Baker Tilly Monteiro Heng PLT expressed the disclaimer of opinion in the audited financial statements for the financial period from 1st January 2021 to 30th June 2022. (The Edge)

**Petronas Chemicals Group Bhd** (PetChem) has reported that the interconnecting pipes at the Pengerang Integrated Complex (PIC) in Johor, where a fire broke out last week, are not within the petrochemical facilities in which the group has a 50.0% direct equity. The plant would resume its start-up activities once all safety measures and other considerations have been undertaken. (The Edge)

**Pharmaniaga Bhd** has inked an MOU with JDMas Commerce Sdn Bhd to commercialise Pharmaniaga's over-the-counter (OTC) and subsequently pharmaceutical products in China through JD.com, with the support of JDMas. JDMas will also support the group in terms of regulatory advisory services, commercial trade and supply chain operations in the Chinese market. (The Edge)

**Eco World Development Group Bhd** (EcoWorld) has issued its maiden RM550.0m sukuk under its sukuk wakalah programme of RM1.20bn. The funds will partly be used for working capital, capital expenditure and shariah-compliant investments of EcoWorld and its subsidiaries. The sukuk, which has a tenure of 5 years, will also be used for general corporate purposes of the group and/or of any joint ventures, as well as to refinance any existing borrowings. (The Edge)

**Caely Holdings Bhd** will hold its next annual general meeting (AGM), presided by its 7 new directors, led by its executive chairman Ng Keok Chai on 28th November 2022. At the AGM, shareholders are set to deliberate on 10 resolutions, including the re-election of 4 existing directors: Francis Leong Seng Wui, Kenny Khoo Chuan Wah, Datuk Pahlawan Mior Faridalathrash Wahid and Chong Seng Ming. Shareholders will also vote on whether to pay directors' fees of up to RM435,000 and benefits of up to RM100,000 and to authorise the directors to allot and issue new shares, as well as to re-appoint Messrs PKF PLT as auditor of the company. (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	CNERGEN	19-Oct	0.910	0.990	1.050	1.150	0.810	0.805	0.875	-3.8%	On-going
2	TEXCHEM	25-Oct	3.200	3.300	3.470	3.920	2.700	2.690	2.690	-15.9%	Cut loss on 31-Oct
3	KEINHIN	26-Oct	1.300	1.340	1.400	1.500	1.200	1.190	1.230	-5.4%	On-going
4	HARBOUR	31-Oct	1.130	1.190	1.260	1.350	1.060	1.050	1.170	3.5%	On-going

4Q22 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	ATECH	3-Oct	1.869	2.180	2.280	-	1.740	1.660	1.660	-11.2%	On-going
2	PECCA	3-Oct	0.880	1.000	1.080	-	0.795	0.740	0.885	0.6%	On-going
3	KGB	3-Oct	1.290	1.520	1.630	-	1.260	1.150	1.290	0.0%	On-going
4	SCOMNET	3-Oct	1.670	1.890	2.050	-	1.390	1.240	1.620	-3.0%	On-going
5	OPTIMAX	3-Oct	0.745	0.910	1.000	-	0.695	0.625	0.745	0.0%	On-going
6	SAMAIDEN	3-Oct	0.755	0.835	0.915	-	0.670	0.605	0.785	4.0%	On-going
7	TIMECOM	3-Oct	4.620	5.000	5.250	-	4.400	4.210	4.550	-1.5%	On-going
8	HEXTAR	3-Oct	1.760	2.000	2.150	-	1.620	1.510	2.370	34.7%	On-going
9	TGUAN	3-Oct	2.560	2.870	3.030	-	2.470	2.320	2.710	5.9%	On-going
10	GAMUDA	3-Oct	3.930	4.470	4.680	-	3.760	3.600	3.850	-2.0%	On-going
11	MYEG	3-Oct	0.837	1.000	1.080	-	0.785	0.715	0.885	5.7%	On-going
12	CCK	3-Oct	0.650	0.720	0.760	-	0.580	0.550	0.630	-3.1%	On-going
13	SIGN	3-Oct	1.730	2.000	2.150	-	1.610	1.440	2.360	36.4%	On-going
Average Return										5.1%	

Technical Focus Tracker Summary	
Total recommendations	272
Total winners	162
Total losers	110
Portfolio performance (2020)	22.7%
Accuracy (2020)	53.3%
Portfolio performance (2021)	30.4%
Accuracy (2021)	66.4%
Portfolio performance (2022)	5.5%
Accuracy (2022)	56.3%
FBM KLCI (Since 31/12/2021)	-6.8%
FBM Small Cap (Since 31/12/2021)	-9.3%
Malaysia GDP Growth (1H22)	6.9%

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