



PublicInvest Research Daily

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Thursday, September 22, 2022

INDICES

	LAST CLOSE	CHG	% CHG
KLCI	1,447.18	-13.92	-1.0
DOW	30,183.78	-522.45	-1.7
S&P 500	3,789.93	-66.00	-1.7
NASDAQ	11,220.19	-204.86	-1.8
FTSE-100	7,237.64	44.98	0.6
SHANGHAI	3,117.18	-5.23	-0.2
HANG SENG	18,444.62	-336.80	-1.8
STI	3,261.79	-5.15	-0.2
NIKKEI 225	27,313.13	-375.29	-1.4
JCI	7,188.31	-8.64	-0.1

MARKET ACTIVITY

	VOL(m)	VAL(RMm)
	2,116.20	1,648.05

BURSA'S MARKET SHARE (%)

Retail	44.8%
Institutional	25.6%
Foreign	30.6%

KEY COMMODITIES

	LAST CLOSE	CHG	% CHG
KLCI FUTURES (Sep)	1,439.50	-17.00	-1.2
OIL - BRENT (USD/b)	89.83	-0.79	-0.9
CPO FUTURE (RM/ton)	3,887.00	150.00	4.0
RUBBER (RM/kg)	478.50	-2.50	-0.5
GOLD (USD/Ounce)	1,665.31	1.29	0.1

FOREX

	LAST CLOSE	% CHG
MYR/USD	4.55	-0.1
MYR/SGD	3.22	-0.4
YUAN/MYR	1.55	0.6
YEN/MYR	31.56	0.1
MYR/EURO	4.52	-0.9
MYR/GBP	5.16	-1.0

TOP MOVERS IN MALAYSIA MARKET

TOP 5 VOLUME	LAST CLOSE	VOL (m)
TOP GLOVE CORP B	0.65	230.36
BORNEO OIL BHD	0.03	152.75
VELESTO ENERGY B	0.13	121.51
CHINA AUTOMOBILE	0.01	92.19
SNS NETWORK TECH	0.28	56.83

TOP 5 GAINERS	LAST CLOSE	RM (+)
HEXTAR TECHNOLOG	4.07	0.25
AYER HOLDINGS BH	6.50	0.25
SFP TECH HOLDING	1.71	0.21
MISC BHD	7.15	0.17
DAMANSARA HOLDIN	0.66	0.15

TOP 5 LOSERS	LAST CLOSE	RM (-)
PETRONAS DAGANGA	21.20	-0.48
MALAYSIAN PAC IN	29.16	-0.32
PETRONAS GAS BHD	16.40	-0.30
PRESS METAL ALUM	4.14	-0.28
CARLSBERG BREWER	22.42	-0.26

Gainers – 296 Losers – 529 Unchanged – 441

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HIGHLIGHTS

Cosmos Technology International: Water Technology Solutions Provider (CITB MK, FV: RM0.40)

Cosmos Technology International Bhd (CTIB) wholly owns Cosmos Instruments S/B (Cosmos Instruments) and Marc Conleth Industries S/B (MCI). Being a certified partner and solution partner of Siemens Malaysia S/B (Siemens Malaysia) as well as an official partner of LACROIX Sofrel in Malaysia, Cosmos Instruments specialises in the distribution and instrumentation services of fluid control and telemetry products. On the other hand, MCI possesses the technical knowledge, experience and capabilities in metal fabrication to produce quality fabricated metal products for various industries. Moving forward, CTIB intends to consolidate Cosmos Instruments' and MCI's management, operations and production space in a new building at one single location. Besides that, MCI intends to purchase several new machineries for both enhancement of its manufacturing output and expansion of its manufacturing capability. We derive a fair value of **RM0.40** based on a 12x PE multiple to its CY23F EPS of 3.4sen.

Technical: Samchem Holdings – Possible For Sideways Breakout. (5147, Technical Buy)

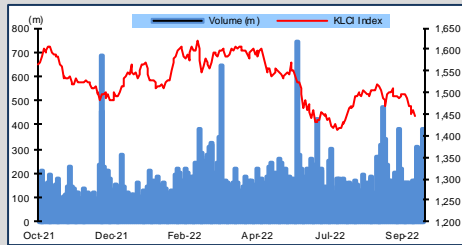
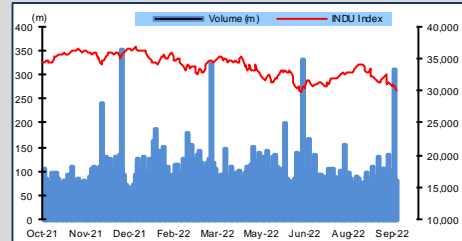
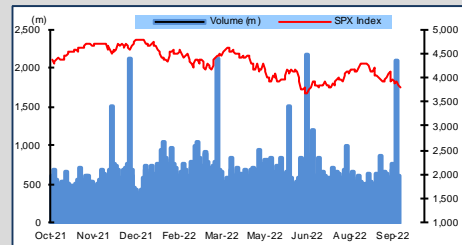
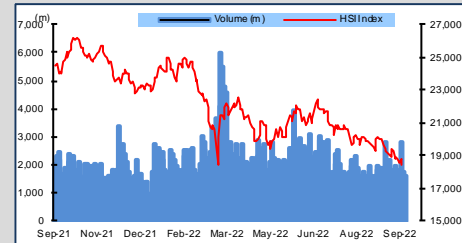
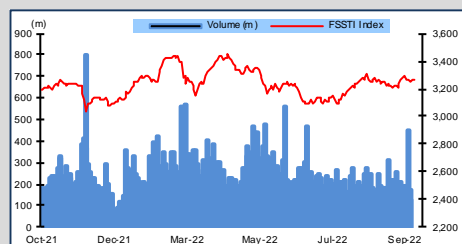
SAMCHEM is potentially staging a breakout from its sideways channel, with anticipation of improvement in both momentum and trend in the near term. Should immediate resistance level of RM0.830 be broken with renewed buying interest, it may continue to lift price higher to subsequent resistance levels of RM0.880. However, failure to hold on to support level of RM0.775 may indicate weakness in the share price and hence, a cut-loss signal.

HEADLINES

Economy

§ **Global: ADB lowers Asia growth forecast amid global downturn.** The Asian Development Bank lowered its growth forecast for developing Asia this year and the next year amid ongoing challenges such as a sharp decline in global growth, rising inflation and monetary tightening, and a Covid-19 lockdown in China. The Manila, Philippines-based lender expects developing Asia to grow 4.3%, which is slower than the 5.2% forecast in April. Likewise, the ADB lowered the growth projection for next year to 4.9% from 5.3%, in the latest update to its Asia Development Outlook report. Multiple headwinds have strengthened since April's Asian Development Outlook. (RTT)

§ **US: Fed delivers another big rate hike; Powell vows to 'keep at it'.** Federal Reserve Chair Jerome Powell vowed that he and his fellow policymakers would "keep at" their battle to beat down inflation, as the US central bank hiked interest rates by three-quarters of a percentage point for a third straight time and signaled that borrowing costs would keep rising this year. In a sobering new set of projections, the Fed foresees its policy rate rising at a faster pace and to a higher level than expected, the economy slowing to a crawl, and unemployment rising to a degree historically associated with recessions. Powell was blunt about the "pain" to come, citing rising joblessness and singling out the housing market, a persistent source of rising consumer inflation, as being likely in need of a "correction." (Reuters)

FBM KLCI

DOW JONES

S&P 500

HANG SENG

STRAITS TIMES


Source: Bloomberg, PublicInvest Research

§ **US: Existing home sales edge down much less than expected in Aug.** After reporting sharp decreases in US existing home sales over the past several months, the National Association of Realtors released a report showing existing home sales edged down by much less than expected in the month of Aug. NAR said existing home sales declined for the seventh consecutive month but dipped by a relatively modest 0.4% to an annual rate of 4.80m in Aug after plummeting by 5.7% to a revised rate of 4.82m in July. Economists had expected existing home sales to tumble by 2.3% to an annual rate of 4.70m from the 4.81m originally reported for the previous month. Despite falling by much less than expected, existing home sales still dropped to their lowest level since spring of 2020. (RTT)

§ **UK: Manufacturers expect sharp fall in output in months ahead: CBI.** UK manufacturers reported a marginal fall in production in the three months to Sept but they expect a much sharper decline over the coming three months, monthly Industrial Trends Survey from the Confederation of British Industry and Accenture showed. A net 4% of manufacturers said their output decreased in the three months to Sept compared to -7% in Aug. However, output is forecast to decrease at a faster pace in the next three months with the balance falling to -17%. Output declined in 8 out of 17 sub-sectors, with the overall decline being largely driven by food, drink and tobacco. This was largely offset by strong growth for motor vehicles and transport equipment firms. (RTT)

§ **UK: Budget deficit exceeds estimate in Aug.** The UK budget deficit exceeded the official estimate in Aug, despite a notable increase in tax revenue, as high inflation raised the debt servicing costs, data published by the Office for National Statistics revealed. Public sector net borrowing excluding public sector banks declined to GBP11.8bn from GBP14.4bn last year. However, this was GBP5.8bn more than the GBP6.0bn forecast by the Office for Budget Responsibility and also GBP6.5bn more than in pre-coronavirus period. The level expected by economists was GBP8.45bn. Data showed that central government debt interest payable grew GBP1.5bn to GBP8.2bn in Aug, the highest August figure since monthly records began in April 1997. (RTT)

§ **India: Palm oil imports to jump on rising demand, lower prices.** India's palm oil imports in 2022/23 could jump 9% from a year earlier on a rise in domestic consumption and as competitive prices allow the tropical oil to regain its share in the world's biggest market, a Reuters survey showed. The higher buying could help top producer Indonesia in bringing down ballooning inventories and support benchmark Malaysian palm oil prices, which have nearly halved from record highs earlier this year. Palm oil imports in the new marketing year starting from Nov. 1 could rise to 8.4m tonnes from 7.7m tonnes this year, according to the average estimate of nine dealers and one industry official polled on the sidelines of the Globoil conference in Agra. (Reuters)

§ **Hong Kong: Lifts benchmark rate for fifth time after Fed action.** The Hong Kong Monetary Authority raised its benchmark interest rate for a fifth time, moving in lockstep with the US Federal Reserve. The base rate was increased by 75 bps to 3.5%, hours after the Fed's action of the same magnitude. Hong Kong's monetary policy moves in tandem with the US in order to preserve the local dollar's peg with the US dollar. (Bloomberg)

Markets

- § **TNB (Outperform, TP: RM12.42): Invests RM21bn in grid of the future programme.** Tenaga Nasional Bhd (TNB) is investing RM21bn in its Grid of the Future programme from 2022 to 2024 to enhance its transmission and distribution network readiness and reliability. President and CEO, Datuk Baharin Din said on a regional level, TNB is proactively identifying transmission grid locations that will improve market integration and will work closely with local authorities. (StarBiz)
- § **VS Industry (Outperform, TP: RM1.21): Issues RM500m Sukuk Wakalah.** VS Industry's (VSI) wholly-owned subsidiary, VS Capital Management SB (VCSM), has raised RM500m via a Sukuk Wakalah Programme with the proceeds meant for working capital, capital expenditure, and general corporate purposes. (StarBiz)
- § **Apex Healthcare (Neutral, TP: RM3.03): To jointly market healthcare products in Asean markets with Shanghai Pharmaceuticals.** Apex Healthcare has proposed to team up with Shanghai Pharmaceuticals Holdings Co Ltd to market their branded pharmaceuticals, consumer healthcare products and medical devices in selected Asean and other international markets. (The Edge)
- § **Capital A (Neutral, TP: RM0.69): AirAsia sells a record-breaking 500,000 seats in 48 hours.** AirAsia's recent five million free seat promotion has seen 500,000 seats sold in just 48 hours, marking its record-breaking sale with the highest number of seats sold daily since the onset of COVID-19. (StarBiz)
- § **Ornapaper: Gets takeover offer at RM1.06/share.** Ornapaper on Sept 21 received a conditional mandatory takeover offer from Intisari Delima SB to acquire the remaining shares in the company not owned by the latter at RM1.06 per share cash. (The Edge)
- § **RGB International: Unit secures new bulk orders worth RM270m.** RGB International's wholly-owned subsidiary, RGB (Macau) Ltd, has secured new bulk orders worth approximately RM270m from its existing customer in the sales and marketing segment. The products are expected to be delivered to the customer in 2023. (The Edge)
- § **Eden: Receives RM76.86m compensation for ECRL project land acquisition.** Eden Inc has received compensation from the government for the acquisition of its lands in Pahang for the purpose of the East Coast Rail Link (ECRL) project, totalling RM76.86m. (StarBiz)
- § **MGRC: Rinani Genotec signs LOI with Universiti Malaysia Sabah.** Malaysian Genomics Resource Centre (MGRC) has signed a letter of intent (LOI) with the Faculty of Science and Natural Resources, Universiti Malaysia Sabah (UMS) and Rinani Genotec SB (Genotec) to collaborate on research and development (R&D) in genetics, and regenerative and alternative medicines. (StarBiz)

MARKET UPDATE

§ The FBM KLCI might track US stocks to open lower as US stocks and short-term government debt tumbled after the Federal Reserve announced a third consecutive 0.75 percentage point increase in interest rates and signalled borrowing costs would remain high for an extended period. The US central bank on Wednesday lifted its main interest rate to a range of 3% to 3.25%. The increase was in line with expectations, but the closely watched “dot plot” of individual officials’ predictions pointed to further large increases and no cuts before the end of next year. Wall Street’s benchmark S&P 500 index suffered a second day of losses, declining 1.7% and taking its losses for the year to 20.5%. The drawdown pushed hundreds of stocks trading in the US to new 52-week lows, with more than 90% of the companies in the S&P 500 sliding in value. The Nasdaq Composite, which is dominated by tech companies that are considered particularly sensitive to interest rates, tumbled 1.8%. In Europe, the CAC 40 added 0.87% while Germany’s DAX tacked on 0.76% and London’s FTSE 100 rose 0.63%.

Back home, Bursa Malaysia ended at an intraday low of 1,447.18, with selling pressure seen across the board. At market close, the benchmark FBM KLCI declined by 13.92 points compared to Tuesday’s close of 1,461.1. In the region, Hong Kong’s Hang Seng index slid 1.8% and China’s mainland CSI 300 fell 0.7%. Japan’s Topix lost 1.4%.

TECHNICAL OUTLOOK

FBM KLCI: 1447.18 (-13.92; -0.95%)

Resistance: 1455, 1485, 1515

Support: 1430, 1400, 1360

FBM KLCI Daily Chart



The local benchmark retraced 13.92 points to end at 1447.18 yesterday amid persistent selling pressure. Market breadth turned negative again as decliners outnumbered gainers 529 and 296. At this juncture, the FBM KLCI is anticipated to trend sideways between the 1455 and 1430 horizons in the near term, with bearish bias amid accelerated downward momentum. Support levels for the index are at 1430, 1400 and 1360, while the resistance levels are at 1455, 1485 and 1515.

ECONOMIC MONITOR (Announcements over next 7 days)

<u>Date</u>	<u>Economic Release</u>	<u>Period</u>	<u>Consensus</u>	<u>Previous</u>
22-Sep-22	US Initial Jobless Claims	17-Sep	217K	213K
22-Sep-22	Euro-Zone Consumer Confidence	Sep P	-25.5	-24.9
23-Sep-22	Malaysia CPI YoY	Aug	4.7%	4.4%
23-Sep-22	Malaysia Foreign Reserves	15-Sep	--	USD108.2bn
23-Sep-22	Euro-Zone PPI YoY	Aug	--	2.4%
27-Sep-22	Euro-Zone M3 Money Supply YoY	Aug	--	5.5%
27-Sep-22	US New Home Sales	Aug	500K	511K

CORPORATE MONITOR

RESULTS

<u>Company</u>	<u>Financial Quarter</u>	<u>Date</u>
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COMPANY VISITS / BRIEFING

<u>Company</u>	<u>Date</u>	<u>Time</u>
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IPO LISTING

<u>Company</u>	<u>Listing Sought</u>	<u>Issue Price (RM/Share)</u>	<u>No. Of Shares</u>		<u>Closing Application Date</u>		<u>Listing Date</u>
			<u>Public Issue</u>	<u>Offer For Sale</u>	<u>Retail</u>	<u>Institutional</u>	
PT Resources Holdings	ACE Market	0.36	135,000,000	-	12 Sept 2022	12 Sept 2022	27 Sept 2022
Cosmos Technology International	ACE Market	0.35	64,125,300	-	22 Sept 2022	22 Sept 2022	6 Oct 2022

OFF-MARKET TRANSACTIONS (>1,000,000)

21-Sep-2022

<u>Company</u>	<u>Volume</u>	<u>Value (RM)</u>	<u>Average Price (RM)</u>
Public Bank	55,100,000	240,780,000	4.37
Hong Leong Bank	18,770,000	379,150,000	20.20
Sycal Ventures	13,000,000	1,430,000	0.11
Widad Group	3,920,000	1,370,000	0.35
Sern Kou Resource	5,750,000	4,480,000	0.78
GDEX	30,000,000	3,600,000	0.12
My EG Services	4,583,100	3,850,000	0.84
Fiamma Holdings	5,500,000	5,630,000	1.02
Sapura Energy	50,000,000	2,250,000	0.05
Berjaya Food	6,663,000	5,930,000	0.89

CORPORATE MONITOR

ENTITLEMENTS

<u>Company</u>	<u>Particulars</u>	<u>Gross DPS</u> <u>(RM)</u>	<u>Announcement</u> <u>Date</u>	<u>Ex-</u> <u>Date</u>	<u>Lodgement</u> <u>Date</u>	<u>Payment</u> <u>Date</u>
BP Plastics Holding	2nd Interim dividend of sen per share	0.015	15-Aug	19-Sep	20-Sep	7-Oct
Malayan Banking	1st Interim dividend of sen per share	0.280	25-Aug	19-Sep	20-Sep	19-Oct
Hup Seng Industries	Interim dividend of sen per share	0.010	29-Aug	19-Sep	20-Sep	7-Oct
AYS Ventures	Final dividend of sen per share	0.010	19-Jul	20-Sep	21-Sep	17-Oct
UWC	Interim dividend of sen per share	0.029	6-Sep	20-Sep	21-Sep	5-Oct
YB Ventures	Bonus Issue of up to 749,319,778 free warrants in YB Ventures	--	24-Jan	20-Sep	21-Sep	--
Matrix Concepts Holdings	Bonus issue of up to 417,116,178 new ordinary shares in Matrix Concepts Holdings	--	25-May	20-Sep	21-Sep	22-Sep
BLD Plantation	Final dividend of sen per share	0.050	25-Jul	21-Sep	22-Sep	13-Oct
CI Holdings	Final dividend of sen per share	0.120	23-Aug	23-Sep	26-Sep	11-Oct
Telekom Malaysia	Interim dividend of sen per share	0.090	24-Aug	23-Sep	26-Sep	21-Oct
Samchem Holdings	2nd Interim dividend of sen per share	0.010	8-Sep	23-Sep	26-Sep	12-Oct

TE- Tax Exempt

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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