



PublicInvest Research Daily

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Friday, February 03, 2023

INDICES

	LAST CLOSE	CHG	% CHG
KLCI	1,489.80	4.30	0.3
DOW	34,053.94	-39.02	-0.1
S&P 500	4,179.76	60.55	1.5
NASDAQ	12,200.82	384.50	3.3
FTSE-100	7,820.16	59.05	0.8
SHANGHAI	3,285.67	0.75	0.0
HANG SENG	21,958.36	-113.82	-0.5
STI	3,363.68	-13.97	-0.4
NIKKEI 225	27,402.05	55.17	0.2
JCI	6,890.57	28.31	0.4

MARKET ACTIVITY

	VOL(m)	VAL(RMm)
	5,144.10	2,945.97

BURSA'S MARKET SHARE (%)

Retail	26.7%
Institutional	46.9%
Foreign	26.4%

KEY COMMODITIES

	LAST CLOSE	CHG	% CHG
KLCI FUTURES (Feb)	1,501.00	10.50	0.7
OIL - BRENT (USD/b)	82.17	-0.67	-0.8
CPO FUTURE (RM/ton)	3,751.00	-64.00	-1.7
RUBBER (RM/kg)	549.50	0.50	0.1
GOLD (USD/Ounce)	1,912.24	-13.44	-0.7

FOREX

	LAST CLOSE	% CHG
MYR/USD	4.25	-0.5
MYR/SGD	3.25	0.0
YUAN/MYR	1.58	0.3
YEN/MYR	30.35	-0.3
MYR/EURO	4.67	0.6
MYR/GBP	5.24	-0.3

TOP MOVERS IN MALAYSIA MARKET

TOP 5 VOLUME	LAST CLOSE	VOL (m)
VELESTO ENERGY B	0.26	218.96
BORNEO OIL BHD	0.02	202.01
HONG SENG CONSOL	0.22	195.65
SAPURA ENERGY BH	0.05	155.06
PERDANA PETROLEU	0.21	143.24

TOP 5 GAINERS	LAST CLOSE	RM (+)
HEINEKEN MALAYSI	29.00	1.00
CARLSBERG BREWER	24.20	0.66
FRASER & NEAVE	25.40	0.60
PETRONAS DAGANGA	22.30	0.50
HEXTAR TECHNOLOG	29.12	0.46

TOP 5 LOSERS	LAST CLOSE	RM (-)
HAP SENG CONS	7.14	-0.26
CAN-ONE BHD	3.31	-0.14
PCHEM	8.22	-0.13
HONG LEONG FINAN	18.38	-0.12
LOTTE CHEMICAL T	1.46	-0.11

Gainers – 681 Losers – 340 Unchanged – 372

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HIGHLIGHTS

Economics: January 2023 Malaysia Manufacturing PMI - Weakening Momentum in 1H23

The downturn in the global manufacturing PMI moderated at the start of 2023, though remaining below the 50pt expansion level at 49.1 in January (48.7 in December), as the rate of decline in global production and new orders continued to slow. Meanwhile, manufacturing activities in ASEAN countries showed a mixed performance, as many regions are still hovering above the 50pt expansion level. However, Malaysia's manufacturing PMI continued to decline further to 46.5 in January from 47.8 in December 2022, falling below the 50pt expansion level since September 2022. We are cautious on the near-term outlook given the risks remaining heavily skewed on the downside, amid elevated inflationary pressures and interest rate environments, as well as escalation of geopolitical conflicts. Therefore, we expect that the direction of Malaysia's manufacturing PMI will follow the global manufacturing PMI trend closely, which is likely to continue softening below the 50pt expansion level in 1H 2023. The International Monetary Fund's (IMF) in its January WEO also guided that despite an improvement in supply constraints, world trade growth is forecast to fall to 2.4% in 2023 from 5.4% in 2022 before increasing to 3.4% in 2024.

Kerjaya Prospek: Secured New Building Job (KPG MK, Outperform, TP: RM1.69)

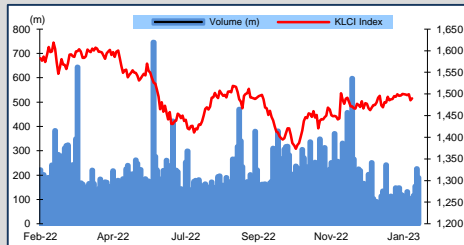
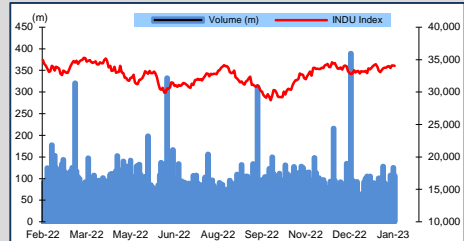
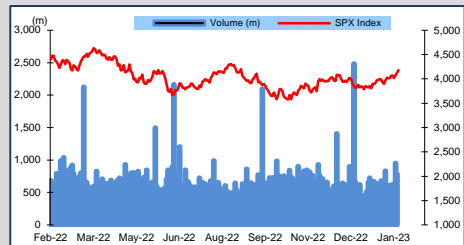
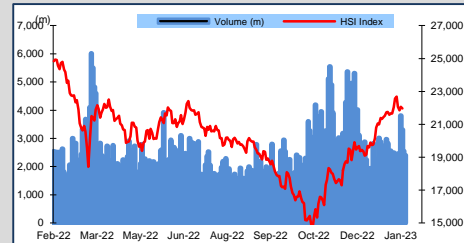
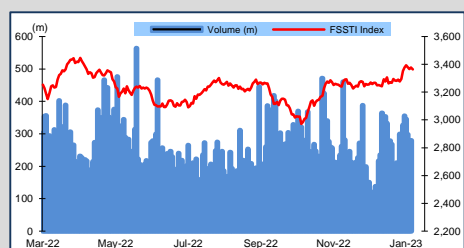
Kerjaya Prospek Group (KPG) was awarded a building job worth RM135.4m, ahead of the release of 4QFY22 results, (which is scheduled to be released on Feb 24), from BBCC Development SB, a joint venture company set up by Employees Provident Fund, UDA Holdings and Eco World Development Group. The job scope involves construction of a main building for a proposed development project located at Jalan Hang Tuah / Jalan Pudu, Kuala Lumpur. With this job win, the Group's outstanding orderbook rose by 3.2% to RM4.3bn. Nonetheless, we are leaving our forecasts unchanged as this makes up part of our FY23 orderbook replenishment assumption of RM1bn. This job represents the first win in FY23. Assuming a low teen profit margin, the job is expected to contribute 2.7% to the Group during the contracted period of 36 months. Our **Outperform** rating and TP of RM1.69 is affirmed.

Technical: Global Oriental - Possible for Further Recovery (1147, Technical Buy)

GOB is potentially staging a stronger recovery from its prior downtrend, with anticipation of continuous improvement in both momentum and trend in the near term. Should immediate resistance level of RM0.285 be broken with renewed buying interest, it may continue to lift price higher to subsequent resistance level of RM0.310. However, failure to hold on to support level of RM0.260 may indicate weakness in the share price and hence, a cut-loss signal.

Technical: PCCS Group - Possible for Sideways Breakout (6068, Technical Buy)

PCCS is potentially staging a breakout from its sideways channel, with anticipation of continuous improvement in both momentum and trend in the near term. Should immediate resistance level of RM0.515 be broken

FBM KLCI

DOW JONES

S&P 500

HANG SENG

STRAITS TIMES


Source: Bloomberg, PublicInvest Research

with renewed buying interest, it may continue to lift price higher to subsequent resistance level of RM0.535. However, failure to hold on to support level of RM0.475 may indicate weakness in the share price and hence, a cut-loss signal.

HEADLINES

Economy

§ **US: Factory orders show notable rebound in Dec.** After reporting a steep drop in new orders for US manufactured goods in the previous month, the Commerce Department released a report showing a notable rebound in factory orders in the month of Dec. The Commerce Department said factory orders jumped by 1.8% in Dec after plunging by a revised 1.9% in Nov. Economists had expected factory orders to surge by 2.2% compared to the 1.8% slump originally reported for the previous month. (RTT)

§ **US: Labour productivity surges 3.0% in Q4, more than expected.** A report released by the Labour Department showed US labour productivity surged by more than expected in the 4Q2022. The labour productivity spiked by 3.0% in the fourth quarter after jumping by an upwardly revised 1.4% in the third quarter. Economists had expected labour productivity to shoot up by 2.4% compared to the 0.8% increase that had been reported for the previous quarter. The stronger than expected productivity growth came as output surged by 3.0%, while hours worked rose by 0.5%. Productivity is a measure of output per hour. (RTT)

§ **US: Jobless claims unexpectedly show another modest decrease.** The Labour Department released a report on Thursday unexpectedly showing another modest decrease by first-time claims for U.S. unemployment benefits in the week ended Jan 28th. The report said initial jobless claims edged down to 183,000, a decrease of 3,000 from the previous week's unrevised level of 186,000. The dip surprised economists, who had expected jobless claims to climb to 200,000. (RTT)

§ **EU: ECB delivers 50bps hike, signals repeat in March.** The ECB raised its key interest rates by 50bps, in line with expectations, and signalled that policymakers plan to repeat the move in March, when they will evaluate the future path of policy rates. The Governing Council, led by ECB President Christine Lagarde, had slowed the pace of interest rate hikes to 50bps from 75bps in Dec. Following the latest hike, the main refinancing rate, or refi, is at 3.00%, the deposit facility rate is at 2.50% and the lending rate is now 3.25%. (RTT)

§ **UK: BoE hikes rate by 50 bps; softens guidance.** The BoE raised its benchmark rate by a half%age point citing stronger-than-expected wage growth but softened its stance on future tightening as inflation is set to return to the target in medium term. The Monetary Policy Committee voted 7-2 to raise the bank rate by 50bps to 4.00%, the highest since 2008. (RTT)

§ **Hong Kong: Central bank raises base rate by 25bps.** The Hong Kong Monetary Authority tightened its monetary policy, in tandem with the decision of the US Federal Reserve. The HKMA adjusted the Base Rate upwards to 5.00% from 4.75% with immediate effect. The Federal Reserve had raised the target range for the federal funds rate by 25bps to 4.50 to 4.75% on Wednesday. (RTT)

Markets

§ **IHH Healthcare (Outperform, TP: RM7.60): IHH Healthcare subsidiary Acibadem expands into third largest city in Turkey with acquisition of Kent Health Group.** IHH Healthcare subsidiary Acibadem Healthcare Group has announced that it has entered definitive agreements to acquire 100% of Kent Health Group. Izmir Kent Hospital will be Acibadem's 19th hospital in Turkey and its 25th globally. (The Edge)

***Comments:** Acibadem Healthcare Group (Acibadem), IHH's 90%-owned subsidiary, announced that it has entered into definitive agreements to acquire 100% of Kent Health, a leading private healthcare service provider in Izmir, Turkey for EUR55m (approx. RM253.5m). We are positive on this potential acquisition as it allows Acibadem to expand into the third largest city in Turkey. Given IHH's net gearing ratio of only 0.22x, we believe funding should not be an issue. Kent Health currently has 340 beds with an attached cancer centre. Based on our preliminary estimates, Kent Health is not likely to contribute positively to the group in the immediate term. However, the acquisition may lead to potential synergies (i.e revenue expansion and streamlining of cost) that should be earnings accretive to IHH in the long run. We maintain our **Outperform** rating on IHH with an unchanged SOTP-based TP of RM7.60.*

§ **DNeX: Secures maintenance job for IRB tax system.** Dagang Nexchange's (DNeX) has secured a maintenance contract from the Inland Revenue Board. IAC will undertake the application and maintenance of Malaysia Hasil Integrated Taxation Systems for the one-year duration of the contract. (StarBiz)

§ **KNM: In talks with creditors to 'accelerate' monetisation of assets to resolve settlement.** KNM Group which recently defaulted on debts amounting to over RM420m, is in talks with all its creditors to resolve the settlement of the monies due to them from the monetisation of non-core assets and sale of Borsig GmbH (The Edge)

§ **Velesto: Bags jack-up drilling rig services worth RM59m from ROC Sarawak.** Velesto Energy announced that its wholly-owned subsidiary Velesto Malaysian Ventures SB had received a Letter of Award from ROC Oil (Sarawak) SB for the provision of jack-up drilling rig services estimated at USD14m (RM59.3m). (The Edge)

§ **Asdion: Independent auditors flag going concern over FY2022 financial statements.** Asdion's independent auditors Messrs CAS Malaysia PLT have issued an unmodified audit opinion with a material uncertainty related to going concern for Asdion's statements for the financial year ended Sept 30, 2022. (The Edge)

§ **Serba Dinamik: Three subsidiaries apply for temporary stay pending hearing of permanent stay of winding-up order.** Serba Dinamik Holdings and three related companies, applied for a temporary stay of the winding up order granted by the High Court last month against them. (The Edge)

§ **Pestech: Aborts second tranche of private placement.** Pestech International has aborted its plan to raise RM6.5m via the second tranche of a private placement, as the identified investors had failed to complete the acceptance within the stipulated timeframe. (The Edge)

MARKET UPDATE

§ The FBM KLCI might open higher today after investors piled into stocks and bonds on Thursday as they seized on signs that interest rates are close to peaking on both sides of the Atlantic. Stocks on Wall Street shot to their highest level since August, while government bonds in Europe staged their biggest one-day rally in years. In the US, the broad S&P 500 equities index closed 1.5% higher and the Nasdaq Composite rose 3.3%, led by tech stocks including Facebook owner Meta. The closing level for the Nasdaq was 19.5% higher than its recent low in late December. US Treasury bonds extended a rally that began on Wednesday after the Federal Reserve raised interest rates more modestly than in recent months and hinted that an aggressive series of rate rises was nearing an end. Europe's Stoxx 600 closed more than 1.3% higher and Germany's Dax climbed 2.2%. The FTSE 100 gained 0.8%.

Back home, shares on Bursa Malaysia finished the first trading day of February in positive territory, as bargain-hunting emerged following the sell-down on Tuesday. At the closing bell, the benchmark FBM KLCI had risen 4.30 points to 1,489.80, from Tuesday's close at 1,485.50. In Asia, Hong Kong's Hang Seng index dipped 0.5%, China's CSI 300 slipped 0.3% and Japan's Nikkei rose 0.2%.

TECHNICAL OUTLOOK

FBM KLCI: 1489.80 (+4.30; +0.29%)

Resistance: 1515, 1551, 1580

Support: 1485, 1455, 1430

FBM KLCI Daily Chart



The local benchmark rebounded 4.30 points off its immediate support of 1485 to end at 1489.80 yesterday. Market breadth turned positive again as gainers outpaced decliners 681 and 340. At this juncture, the FBM KLCI is anticipated to trend sideways between the 1485 and 1515 marks in the near term, swaying with market sentiment. Support levels for the index are at 1485, 1455 and 1430, while the resistance levels are at 1515, 1551 and 1580.

ECONOMIC MONITOR (Announcements over next 7 days)

<u>Date</u>	<u>Economic Release</u>	<u>Period</u>	<u>Consensus</u>	<u>Previous</u>
03-Feb-23	US Unemployment Rate	Jan	3.6%	3.5%
03-Feb-23	Euro-Zone PPI YoY	Dec	22.4%	27.1%
07-Feb-23	China Foreign Reserves	Jan	USD3154.00bn	USD3127.6bn
07-Feb-23	Malaysia Industrial Production YoY	Dec	--	4.8%
09-Feb-23	US Initial Jobless Claims	4-Feb	--	183k
09 - 15 Feb 2023	China Money Supply - M2 YoY	Dec	11.6%	11.8%
09-Feb-23	Malaysia Foreign Reserves	31-Jan	--	USD114.9bn
10-Feb-23	China CPI YoY	Jan	-0.4%	-0.7%
10-Feb-23	Malaysia GDP YoY	4Q	--	14.2%

CORPORATE MONITOR

RESULTS

<u>Company</u>	<u>Financial Quarter</u>	<u>Date</u>
Hartalega	3QFY22	7 Feb
KPJ Healthcare	4QFY22	17 Feb
Kossan Rubber	4QFY22	17 Feb
Sime Darby Plantation	4QFY22	17 Feb
Sarawak Plantation	4QFY22	21 Feb
DRB-Hicom	4QFY22	21 Feb
D&O	4QFY22	22 Feb
KLK	1QFY23	22 Feb
Apex Healthcare	4QFY22	22 Feb
Sime Darby	2QFY23	23 Feb
SLP Resources	4QFY22	24 Feb
FGV Holdings	4QFY22	27 Feb
Mega First	4QFY22	27 Feb
Ta Ann	4QFY22	27 Feb
BP Plastic	4QFY22	27 Feb
Chin Well	2QFY23	28 Feb
IOI Corp	2QFY23	28 Feb
IHH Healthcare	4QFY22	28 Feb
Bermaz Auto	3QFY23	13 Mar

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>	

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

<u>Company</u>	<u>Volume</u>	<u>Value (RM)</u>	<u>Average Price (RM)</u>
2-Feb-2023 CTOS Digital	257,006,000	372,640,000	1.45
My EG Services	8,555,800	7,870,000	0.92
Berjaya Corp	7,000,000	2,100,000	0.30
Press Metal Aluminium Holdings	44,000,000	223,520,000	5.08

CORPORATE MONITOR

ENTITLEMENTS

<u>Company</u>	<u>Particulars</u>	<u>Gross DPS (RM)</u>	<u>Announcement Date</u>	<u>Ex- Date</u>	<u>Lodgement Date</u>	<u>Payment Date</u>
CB Industrial Product Holding	Interim dividend of 2 sen per share	0.020	30-Nov	30-Jan	31-Jan	15-Feb
Atlan Holdings	Interim dividend of 4 sen per share	0.040	12-Jan	30-Jan	31-Jan	17-Feb
Gamuda	Interim dividend of 6 sen per share	0.060	16-Dec	31-Jan	2-Feb	2-Mar
Perak Transit	4th Interim dividend of 0.75 sen per share	0.008	23-Nov	2-Feb	3-Feb	22-Feb
KIP REIT	Distribution dividend of 1.45 sen per share	0.015	17-Jan	3-Feb	7-Feb	21-Feb

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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