

## Defending 1,600

### Market Review

**Malaysia:** The FBM KLCI (+0.7%) marched higher for the fourth straight session, supported by buying interest in banking heavyweights as well as glove stocks, coupled with the firmer ringgit against the Greenback. The lower liners, however, ended on a mixed note while the broader market finished mostly higher yesterday.

**Global markets:** Wall Street pullback from their all-time high levels as the Dow (-0.6%) and S&P 500 (-0.5%) retreated after the retail sales for October 2020 rose 0.3% YoY; the slowest pace in six months. Both European and Asia stockmarkets ended mixed.

### The Day Ahead

Following the breakthrough above the 1,600 psychological level, we now expect the higher possibility of profit taking over the near term. Still, further upsides remains on the table over signs over resurgence of bargain hunting in gloves-related stocks amid their attractive valuations, coupled with the strong near term fundamentals. Elsewhere, the rotational play amongst the lower liners remains in place, spurred by the higher-than-average trading activities as investors continue to search for higher yields.

**Sector focus:** The plantation sector is expected to perform well, as the barrage of corporate earnings releases may see majority of the stocks under the aforementioned sector to deliver positive results. Meanwhile, the healthcare sector is looking attractive following the recent pullback.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI endured a choppy trading session before extending its gains as the key index remained above the daily EMA9 level. With the unabated buying support still looming, further upsides are expected towards the next resistances at 1,615-1,645. Immediate support is pegged at 1,570, followed by 1,540. Indicators remained positive as the MACD Histogram has extended another green bar, but the RSI is overbought.

**Research Team**  
[research@msec.com.my](mailto:research@msec.com.my)  
(603) 2201 2100

### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	29,783.35	-0.56
S&P 500	3,609.53	-0.48
NASDAQ	11,899.34	-0.21
FBM KLCI	1,610.15	0.66
FBM Small Cap	14,334.36	0.18
FBM ACE	11,319.25	-2.17
Construction	170.56	1.07
Consumer	590.40	0.21
Energy	756.55	0.90
Financial Services	14,455.69	2.20
Healthcare	3,899.57	0.25
Ind Products	157.74	0.34
Plantation	7,311.60	0.47
Property	645.02	2.01
REITs	844.50	1.45
Technology	63.93	-0.59
Telco & Media	595.52	-0.57
Transport	760.78	3.36
Utilities	984.69	0.08
Trading Vol (m)	16,397.86	1.87
Trading Val (RM m)	7,957.81	18.54
Advance/Decline	100	
FKLI	1,608.00	0.56
FCPO (RM)	3,279.00	-0.12
Brent oil (USD)	43.75	-0.16
Gold (USD)	1,880.38	-0.45
USD	4,104.5	0.26
GBP	5,425.8	0.17
EURO	4,872.8	0.14
SGD	3,054.8	0.15

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
184.2	2.8	-187.0

Source: Bloomberg, Bursa Market Place

## Company Brief

**MISC Bhd**'s 3QFY20 net profit fell 2.9% YoY to RM258.3m, due to lower revenue from the liquified natural gas (LNG), petroleum and offshore segments. Revenue for the quarter declined 4.1% YoY to RM2.06bn. An interim dividend of 7.0 sen per share, payable on 15th December 2020 was declared. (The Star)

**FGV Holdings Bhd**'s 3QFY20 net profit stood at RM136.9m vs. a net loss of RM262.4m recorded in the previous corresponding quarter, lifted by higher crude palm oil price and lower losses in the sugar sector. Revenue for the quarter increased 12.4% YoY to RM3.99bn. (The Star)

**Batu Kawan Bhd** is acquiring a 56.3% stake in **Chemical Company of Malaysia Bhd** (CCM) from Pemodal Nasional Bhd (PNB) for RM293.0m or RM3.10 per share. Batu Kawan will make a mandatory general offer of RM3.10 per share for all remaining shares in CCM whose listing status Batu Kawan intends to maintain. The acquisition is subject to the consent of a lender bank in respect of the banking facilities provided to the CCM group for the transfer of the sale shares and are not subject to shareholder approval. The proposals are expected to be completed in 1Q2021. (The Edge)

**AirAsia Group Bhd**'s 33.0%-owned associate AirAsia Japan Co Ltd (AAJ) has filed for bankruptcy. The move was due to insolvency stemming from the demand slump in travel that was induced by lockdown restrictions related to the Covid-19 pandemic. The total cost of investment in AAJ has been fully written down. AAJ ceased operations last month. Separately, AirAsia 3Q2020 operating statistics showed improvements against the immediate preceding quarter. AirAsia Malaysia saw a 36.0% QoQ increase in passengers, AirAsia India a 79.0% QoQ passenger increase and AirAsia Thailand a 65.0% QoQ passenger increase. (The Edge)

**Petronas Dagangan Bhd** (PetDag)'s 3QFY20 net profit fell 11.0% YoY to RM212.7m on weaker sales. Revenue for the quarter declined 38.2% YoY to RM4.83bn. An interim dividend of 11 sen per share, payable on 16th December 2020 was declared. (The Edge)

**Tenaga Nasional Bhd** (TNB) has sued **Iskandar Waterfront City Bhd** (IWCity) for RM76.6m for damage to its undersea cables. TNB is alleging that IWCity encroached and trespassed on a part of TNB's transmission main intake and the right-of way/easement of its undersea cable project in October 2013. In addition, TNB alleges that IWCity had caused damage to undersea cable 230 KV PLTG - WAV No 1 on 5th November 2014. (The Edge)

**AT Systemization Bhd** is raising RM99.3m through another private placement, which will involve it issuing up to 750.0m shares or 20.0% of its total issue price. RM71.2m would be used for its glove business and RM25.1m for working capital, with the balance to be used to defray expenses related to the exercise, which it expects to be completed by 1Q2021. (The Edge)

**Unisem (M) Bhd** has announced a private placement of 72.7m shares to raise up to RM399.9m to fund expansion plans in Malaysia and China. The placement will be 10.0% of its total issued shares and will be allocated to a third-party inventory. RM124.2m of the proceeds will be used for expansion plans in Ipoh, RM204.0m for plans in Chengdu and RM67.3m is earmarked as working capital. (The Edge)

**K-One Technology Bhd** secured a contract to provide Amazon Web Services' (AWS) cloud services to a new customer in Singapore for at least RM30.0m. This is based on the minimum average contract value of RM10.0m per year throughout the contract's three-year duration, starting 1st December 2020. (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	NOTION	14-Oct	1.150	1.320	1.440	1.690	1.050	1.040	1.100	-4.3%	Closed on 13-Nov
2	ACO	19-Oct	0.400	0.430	0.470	0.530	0.375	0.370	0.370	-7.5%	Cut loss on 13-Nov
3	ELSOFT	26-Oct	0.640	0.685	0.720	0.755	0.600	0.595	0.640	0.0%	On-going
4	ADVCON	4-Nov	0.365	0.435	0.455	0.475	0.345	0.340	0.370	1.4%	On-going
5	GDEX	11-Nov	0.450	0.490	0.545	0.600	0.415	0.410	0.455	1.1%	On-going
6	MYEG	16-Nov	1.490	1.530	1.610	1.700	1.410	1.400	1.490	0.0%	On-going
7	TSH	18-Nov	1.100	1.190	1.320	1.460	1.040	1.030	1.100	0.0%	Initiate position
8	JTIASA	18-Nov	0.825	0.910	1.000	1.120	0.790	0.785	0.825	0.0%	Initiate position

4Q20 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	CAREPLS	6-Oct	3.540	4.030	4.540	4.800	2.970	2.900	2.800	-20.9%	Closed on 16-Nov
2	ESKERAM	6-Oct	0.625	0.690	0.780	0.870	0.505	0.445	0.525	-16.0%	Closed on 16-Nov
3	DNONCE	6-Oct	0.680	0.755	0.860	0.900	0.600	0.580	0.585	-14.0%	Closed on 16-Nov
4	PECCA	6-Oct	1.410	1.500	1.600	1.870	1.280	1.250	1.580	12.1%	On-going
5	TOMYPAK	6-Oct	0.805	0.870	1.000	1.060	0.710	0.675	0.825	2.5%	On-going
6	LCTITAN	6-Oct	2.300	2.560	2.800	3.000	2.080	2.000	2.280	-0.9%	On-going
7	AME	6-Oct	1.940	2.120	2.270	2.400	1.750	1.820	2.140	10.3%	On-going
8	WEGMANS	6-Oct	0.335	0.405	0.420	0.500	0.300	0.285	0.355	6.0%	On-going

Technical Focus Tracker Summary	
Total recommendations	67
Total winners	33
Total losers	30
Portfolio performance (Since 10-Jun)	193.6%
Accuracy	49.3%
FBM KLCI (Since 10-Jun)	2.2%
FBM Small Cap (Since 10-Jun)	15.9%