

Recovery in sight for FBM KLCI

Market Review

Malaysia: The FBM KLCI (+0.5%) marched higher yesterday, lifted mainly by the gains in glove counters as interest picked up on the glove manufacturers on the back of higher earnings certainty amid rising Covid-19 cases across the globe. Both the lower liners and the broader market finished mixed.

Global markets: US stockmarkets gauged back into positive territory as the Dow (+0.4%) reversed higher following Pfizer's vaccine rollout in the UK and the developments on US stimulus bills. European stockmarkets ended in a mixed tone, while the Asia stockmarkets also closed mostly in the red.

The Day Ahead

Tracking the recovery in healthcare stocks led by Top Glove ahead of its release of result, we believe healthcare segment could rebound further at least for the first session of the day. Meanwhile, for the recovery-theme stocks, generally they may take a breather as market players are focusing on healthcare segment. Selectively, we may anticipate higher trading interest on banking stocks due to Public Bank's bonus issue announcement. Besides, for the relaxation of CMCO, it should translate to higher demand for food consumption.

Sector focus: The healthcare sector may continue to focus due to rising Covid-19 cases. Meanwhile, the banking sector may be boosted by Public Bank's bonus issue announcement. The poultry sector may gain traction owing to the relaxation of SOPs (upliftment of interstate travel as well as no limit to diners per table rule) during CMCO period.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI performed a two-bar flag formation breakout, closing at the highest point on the year-to-date basis. We expect the FBM KLCI to continue its momentum on the back of the recovery of glove stocks, while recovery-theme stocks should follow suit in the upcoming weeks ahead of the window dressing period. The FBM KLCI's resistance will be set around 1,640-1,660. Meanwhile, support will be envisaged around 1,620, followed by 1,600.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	30,173.88	0.35
S&P 500	3,702.25	0.28
NASDAQ	12,582.77	0.50
FBM KLCI	1631.70	0.54
FBM Small Cap	15,426.20	0.26
FBM ACE	10,857.59	1.98
Construction	179.68	-1.21
Consumer	602.12	0.84
Energy	926.53	-3.02
Financial Services	14,564.36	-0.44
Healthcare	3,946.80	2.18
Ind Products	175.52	0.00
Plantation	7,369.71	0.18
Property	726.39	-1.69
REITs	857.38	0.13
Technology	68.01	0.50
Telco & Media	652.74	-0.13
Transport	801.25	1.96
Utilities	968.81	0.07
Trading Vol (m)	11,255.10	-31.77
Trading Val (RM m)	6,391.80	-11.58
Advance/Decline	0.92	
FKLI	1629.00	0.43
FCPO (RM)	3,366.00	-0.77
Brent oil (USD)	48.84	0.10
Gold (USD)	1,870.56	0.42
USD	4.0718	-0.01
GBP	5.4332	-0.14
EURO	4.9372	0.14
SGD	3.0475	0.12

Trading participation 5-day trend and value (m)

Institution	Retail	Foreign
-146.2	475.9	-329.5

Source: Bloomberg, Bursa Market Place

Company Brief

Public Bank Bhd announced a bonus issue of up to 15.53bn shares on the basis of four new shares for every one existing unit held to reward shareholders. Upon completion of the corporate exercise, the share capital would be RM9.41bn comprising 19.41bn shares. (The Star)

Felda Land Development Authority (Felda) has launched a takeover of **FGV Holdings Bhd** at RM1.30 a share, or 2.3% above Monday closing price of RM1.27. Felda had signed conditional agreements with Kumpulan Wang Persaraan (Diperbadanan) or KWAP and Urusharta Jamaah Sdn Bhd to acquire another 13.9% stake from them. Upon completion of the proposed acquisitions, it and parties acting in concert (PAC) would own more than 50% of FGV shares. (The Star)

Malaysia Airports Holdings Bhd (MAHB) is extending its customised relief package to all its retailers with up to 30.0% rental rebates beginning January 2021. The relief package is offered to its pre-existing retailers who have signed up under the commercial reset programme with 100.0% rental rebates from July to December 2020. In addition, airline partners will also enjoy up to 30.0% rebates on aeronautical charges such as landing, aircraft parking, aerobridge and check-in counter charges, but not passenger service charges. (The Edge)

Gamuda Bhd is aiming for new order book of about RM10.0bn for 2021, involving a combination of international and domestic infrastructure projects. Of the RM10.0bn, 50.0% will come from Australia while the remainder will come from Penang. Gamuda has submitted tenders for three work packages in Australia, at A\$2.00bn (RM6.04bn) each. The group's total outstanding confirmed order book stands at about RM7.00bn. (The Edge)

Inix Technologies Holdings Bhd (INIX) today signed a memorandum of agreement with World Gloves International Group Sdn Bhd (WGI) to acquire a 51.0% stake in the latter, as part of its continuous efforts to penetrate into the lucrative rubber glove industry. This is set to make INIX an international glove supplier as the latex gloves and nitrile gloves produced by WGI are sold to the United States, Europe, the Middle East, India, Japan and South Korea. Entering the glove industry will create sustained and stable profits for the group following a significant increase in global glove demand due to the Covid-19 pandemic. (The Edge)

Pestech International Bhd's wholly-owned subsidiary Pestech Sdn Bhd had bagged a contract worth RM104.2m from the National Grid Corp of the Philippines for the job in relation to the Nabas-Caticlan-Boracay 138kV transmission line project. Under the project, Pestech will design, supply, instal, test and commission two substations in Boracay and Nabas. The project primarily aims to accommodate the projected load growth of Caticlan and Boracay Island. (The Edge)

GD Express Carrier Bhd (GDEX) and **Tasco Bhd** have inked a memorandum of understanding (MoU) to enhance logistics delivery services between end consumers in Malaysia with domestic and international destinations. Under the MoU, they will develop and organise joint marketing activities utilising the network and capabilities of both entities; build on each other's strengths and comparative advantages, particularly to advance the development of seamless connectivity between e-commerce platforms and other social commerce platforms with logistics fulfilment services; and enhance knowledge sharing with a view to foster improved coordination and synergies. (The Edge)

AirAsia Group Bhd is looking to clinch the final approval for its lending business BigPay by the first quarter of next year. It already received provisional approval from the Housing and Local Government Ministry in mid-November to provide online loans under a community credit licence. The group is also working on insurance and wealth management services that are expected to be rolled out in Malaysia next year, subject to regulatory approvals. (The Edge)

Serba Dinamik Holdings Bhd is looking to raise about RM515.4m from its private placement to repay bank borrowings and to partly finance its projects. It would be issuing up to 336.8m new shares, representing 10.0% of its issued share capital of 3.37bn shares as at 30th November 2020. Of the estimated proceeds of RM515.4m, RM100.0m will be used to partially repay RM627.0m worth of borrowings. Meanwhile, another RM100.0m would be used for capital expenditure. (The Edge)

G Capital Bhd has received approval in principle from Cambodia's central bank to set up a full-fledged commercial bank in the country with other partners. It has entered into a heads of agreement with two parties – Public Bank's Indo-China operations regional head Datuk Phan Ying Tong and Cambodian firm E S Packaging Co Ltd – to jointly undertake the venture. It will hold not less than 20.0% of the issued shares in the new company, while Phan will have a 51.0% stake and E S Packaging a 20.0% stake. The balance 9.0% interest will be held by an additional investor to be identified by Phan or E S Packaging. (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	GDEX	11-Nov	0.450	0.490	0.545	0.600	0.415	0.410	0.450	0.0%	On-going
2	MYEG	16-Nov	1.490	1.530	1.610	1.700	1.410	1.400	1.700	14.1%	Take profit at LT on 4-Dec
3	TSH	18-Nov	1.110	1.190	1.320	1.460	1.040	1.030	1.190	7.2%	Take profit at R1 on 8-Dec
4	ASTRO	25-Nov	0.810	0.840	0.880	0.945	0.780	0.775	0.880	8.6%	Take profit at R2 on 3-Dec
5	KERJAYA	30-Nov	1.010	1.020	1.070	1.120	0.915	0.910	1.120	10.9%	Take profit at LT on 3-Dec
6	UCHITEC	7-Dec	2.760	2.890	2.940	3.120	2.670	2.650	2.710	-1.8%	On going

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	1.600	13.5%	On-going
5	TOMYPAK	6-Oct	0.805	0.870	1.000	1.060	0.710	0.675	0.715	-11.2%	On-going
6	LCTITAN	6-Oct	2.300	2.560	2.800	3.000	2.080	2.000	2.830	23.0%	On-going
7	AME	6-Oct	1.940	2.120	2.270	2.400	1.750	1.820	2.280	17.5%	On-going
8	WEGMANS	6-Oct	0.335	0.405	0.420	0.500	0.300	0.285	0.345	3.0%	On-going

Technical Focus Tracker Summary	
Total recommendations	72
Total winners	40
Total losers	31
Portfolio performance (Since 10-Jun)	268.4%
Accuracy	55.6%
FBM KLCI (Since 10-Jun)	3.6%
FBM Small Cap (Since 10-Jun)	24.8%