

Strategy

It's a wrap for Jan; what's next?

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- The KLCI fell 0.7% mom in Jan 2023 due possibly to concerns over earnings risks.
- Except local institutional investors, all were net sellers in the market in Jan 2023.
- The best-/worst-performing sectors in Jan were energy/healthcare.
- In the past 10/45 years, KLCI has posted positive mom average returns in Feb of +1%/+2.3%.
- Key events to watch out for in Feb 2023: Malaysia's 4Q GDP on 10 Feb, Budget 2023 on 24 Feb, 4Q earnings season in Feb and upcoming Parliament sitting from 13 Feb to 30 Mar.

7 Market summary: Jan 2023

- KLCI traded in a tight range of 1,469 to 1,500 points in Jan 2023, as concerns over potential OPR rate hike as well as policy changes were offset by potential boost from China's reopening. The KLCI gained following the surprised decision by BNM to pause the OPR hike in the recent meeting on 19 Jan. However, KLCI gave up all the gains during the last day of trading on 31 Jan, due possibly to rebalancing exercise and foreign selling. Overall, KLCI fell 0.7% mom to 1,486 pts in Jan 2023.
- In Jan 2023, the government announced that it has eased the conditions for hiring foreign workers in five critical industries — manufacturing, construction, plantations, agriculture and food and beverage. Human Resources Minister V. Sivakumar said employers in these sectors could apply to hire foreign workers through the ministry's Foreign Worker Centralised Management System (FWCMS). He added that the Human Resources Ministry will process and approve applications within three working days. We view this positively as it will ease the foreign workers shortage situation. Another positive is Bank Negara Malaysia's (BNM) decision to keep the overnight policy rate (OPR) at 2.75%.
- Foreign investors continued to be net seller for the fifth consecutive month, but their net sell flow fell 85% mom to RM201m. Local institutional investors were the only and largest net buyer in Jan, but their net buying fell 45% mom to RM916m of local equities.
- The top three best-performing sectoral indices in Jan 23 were energy (+14.3% mom), transport (+11.7% mom), and technology (+6.4% mom). The top three worst-performing sectors in Jan 23 were healthcare (-3.7%), plantation (-3.6%), and finance (-0.5%).
- In Jan 2023, KLCI was the worst performer among MIST and was among the only two markets (along with JCI) among MIST markets that posted negative returns.

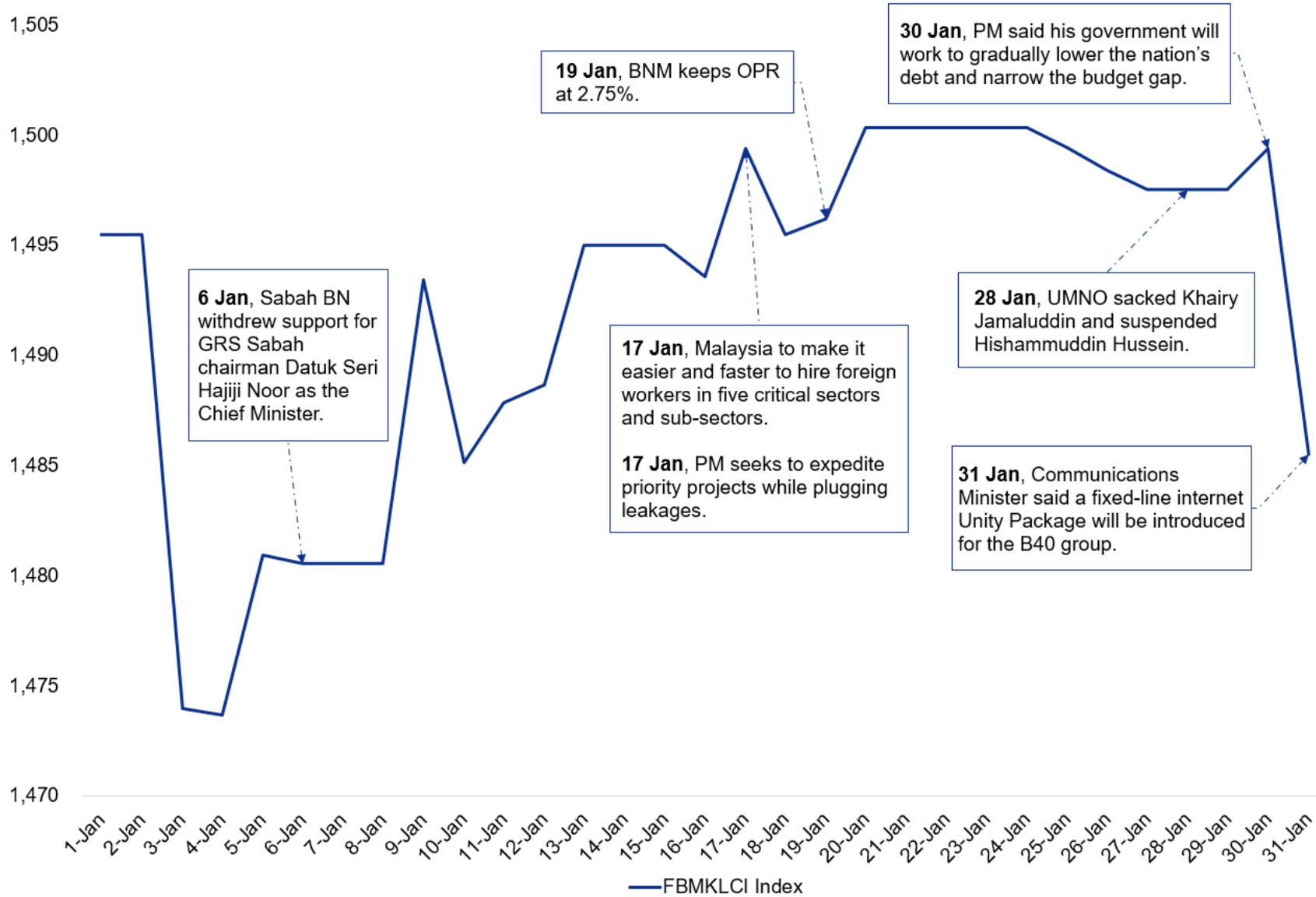
Key events affecting the market

- On 4 Jan 2023, The Ministry of Finance took over the offshore patrol vessel project from THHE Destini after discovering significant problems.
- On 6 Jan 2023, Bung Moktar announced that Sabah BN had withdrawn support from Gabungan Rakyat Sabah chairman Datuk Seri Hajiji Noor as the Chief Minister because Hajiji had allegedly violated an agreement on the formation of the Sabah state government after the 2020 state election.
- On 12 Jan 2023, Minister of Plantation and Commodities Datuk Seri Fadillah Yusof said Malaysia may consider halting the export of palm oil to the European Union in retaliation for the trade bloc's new deforestation regulations.
- On 17 Jan 2023, Home Minister Datuk Seri Saifuddin Nasution Ismail said employers who obtain conditional approval to employ foreign workers under the foreign worker employment relaxation plan need to settle the levy payment before identifying foreign workers in the source country.
- On 17 Jan 2023, Human Resources Minister V Sivakumar said the government is implementing a plan to make it easier and faster to hire foreign workers in five critical sectors and sub-sectors.
- On 17 Jan 2023, Prime Minister Datuk Seri Anwar Ibrahim said Malaysia seeks to expedite priority projects while plugging leakages in its review of Budget 2023 amid rising sovereign debt levels.
- On 18 Jan 2023, Minister of Domestic Trade and Cost of Living Datuk Seri Salahuddin Ayub said the government is committed to eventually lifting the current ceiling prices on chicken and eggs upon full restoration of supply.
- On 18 Jan 2023, Immigration Director-General Datuk Seri Khairul Dzaimie Daud said employers can start applying for recruitment of foreign workers through the Labour Recalibration Programme (RTK) 2.0 from 27 Jan.
- On 19 Jan 2023, Bank Negara Malaysia (BNM) has decided to pause the key rate hike by keeping the overnight policy rate (OPR) at 2.75% at its first Monetary Policy Committee (MPC) meeting of 2023, bucking the consensus estimate of a 25-basis-point (25bps) increase.
- On 19 Jan 2023, Deputy Prime Minister Datuk Seri Dr Ahmad Zahid Hamidi said he wants Felcra Berhad to formulate Transformation 3.0 to help the government improve food security and reduce dependency on imports.

Key events affecting the market

- On 19 Jan 2023, Minister of Natural Resources, Environment and Climate Change Nik Nazmi Nik Ahmad said Malaysia has started the transition to targeted subsidies by reducing subsidies for non-domestic medium and high voltage electricity users, as the blanket rebate is inefficient and unsustainable.
- On 19 Jan 2023, The Malaysian Automotive Association (MAA) forecasts that total industry volume (TIV) for vehicles will decline by 9.8% in 2023 after surpassing the 700,000 mark in 2022.
- On 19 Jan 2023, The Ministry of Defence (Mindef) has cancelled five procurements for supplies, services and infrastructure projects to curb leakages in expenditure.
- On 19 Jan 2023, Prime Minister Datuk Seri Anwar Ibrahim said the government will restructure the country's economy based on three main strategies, namely eradicate poverty, restructure and restore the economy, as well as generate the economy based on the concept of Malaysia Madani.
- On 24 Jan 2023, The Ministry of Communications and Digital said it would announce the introduction and implementation of 5G by Digital Nasional Bhd (DNB) with added features by the end of March.
- On 26 Jan 2023, Plantation and Commodities Minister Datuk Seri Fadillah Yusof said Malaysia will hold a meeting with the Indonesian government to discuss the republic's intention to have its own crude palm oil (CPO) benchmark price.
- On 26 Jan 2023, Deputy Finance Minister Datuk Seri Ahmad Maslan said there is currently no need to increase the national statutory debt ceiling to more than 65% of gross domestic product (GDP).
- On 28 Jan 2023, UMNO announced that Malaysia's former health minister Khairy Jamaluddin has been sacked from Umno for "violating party discipline", while former defence minister Hishammuddin Hussein has been suspended.
- On 30 Jan 2023, Prime Minister Datuk Seri Anwar Ibrahim said his government will work to gradually lower the nation's debt and narrow the budget gap, without resorting to raising taxes that hurt the poor.
- On 31 Jan 2023, Bursa Malaysia is expecting average daily value (ADV) of stock trading to improve slightly to between RM2.3bn and RM2.4bn in 2023, up from RM2.07bn in 2022.
- On 31 Jan 2023, Communications and Digital Minister Fahmi Fadzil said a fixed-line internet Unity Package will be introduced specifically for the bottom 40% household income group (B40) in the country.

Key events in Jan 2023

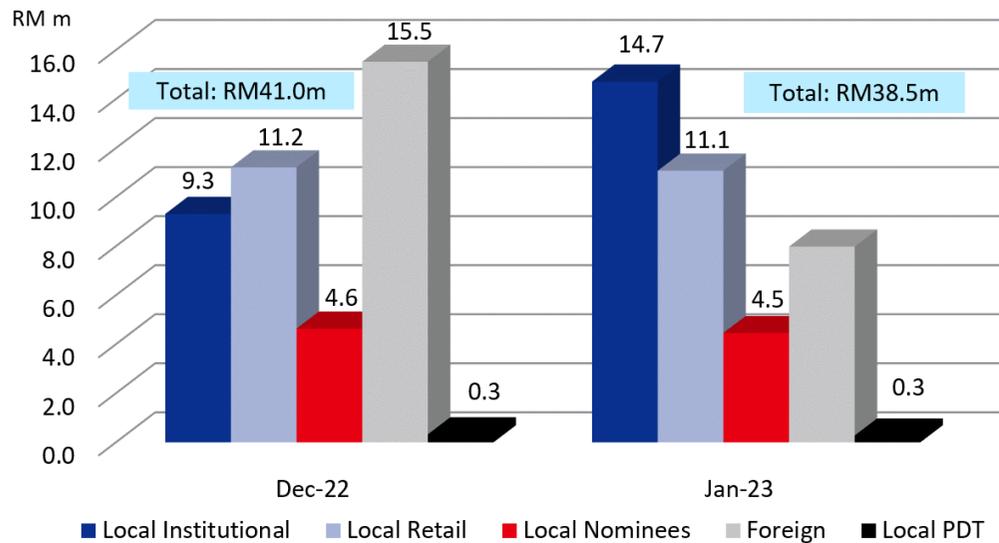


SOURCES: CGS-CIMB RESEARCH, REFINITIV, VARIOUS NEWS ARTICLES

Average daily trading value was flattish yoy in Jan 2023

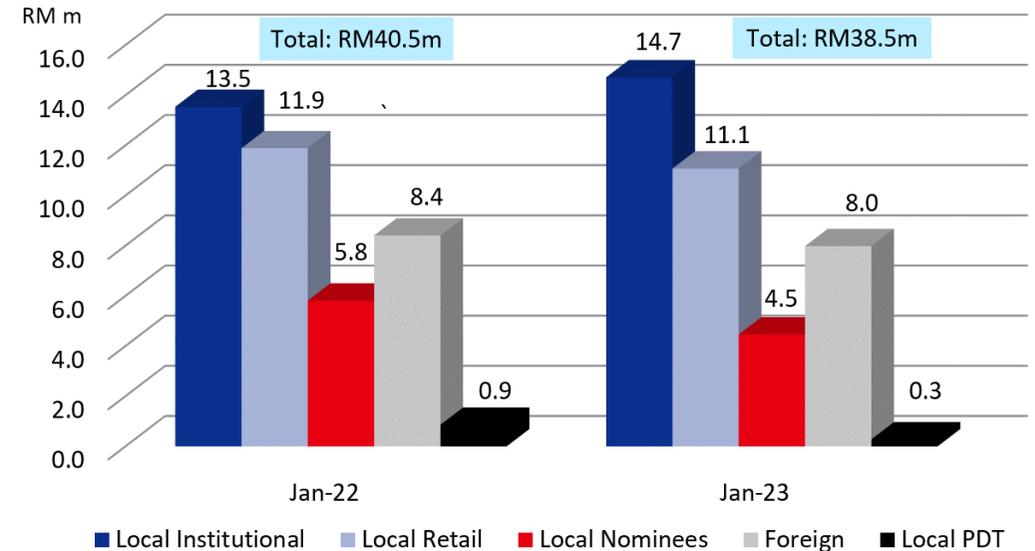
- The average daily value traded was 0.2% higher mom but flattish yoy to RM2.1bn in Jan 2023.
- Average daily trading volume rose 11% mom and 7% yoy to 3.6bn units in Jan 2023.
- The market capitalisation of Bursa Malaysia's main market grew 1.5% mom to RM1,710bn at end-Jan 23, higher than the KLCI's 0.7% mom loss.

Total trading value of investors on a mom basis (RM m)



SOURCES: CGS-CIMB RESEARCH, BURSA MALAYSIA

Total trading value of investors on a yoy basis (RM m)

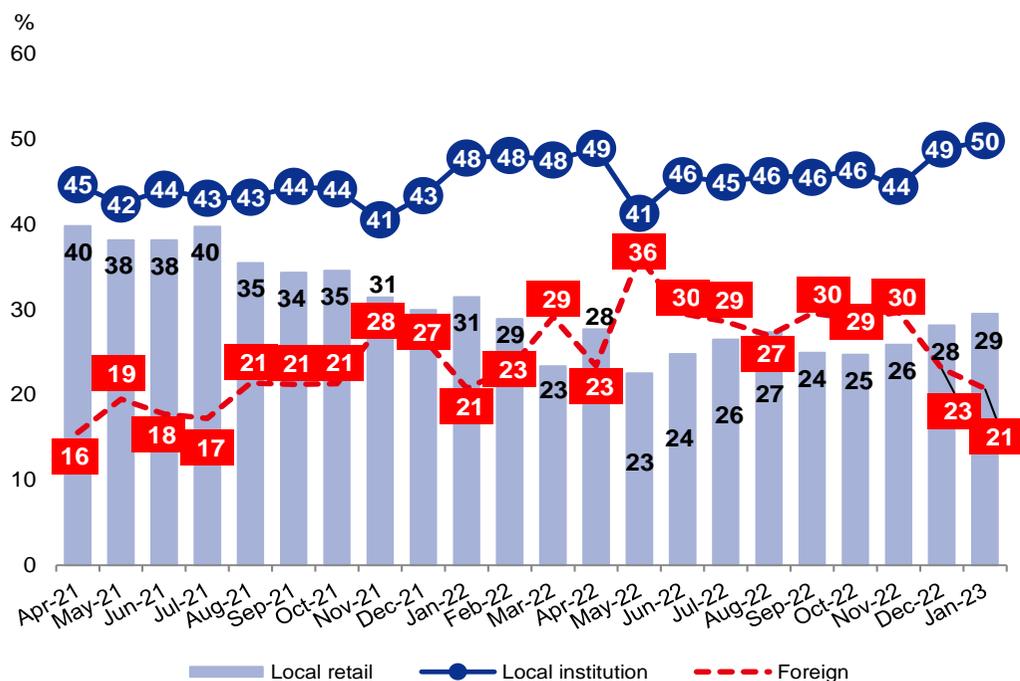


SOURCES: CGS-CIMB RESEARCH, BURSA MALAYSIA

Foreign share of trade fell 2%-pts to 21% in Jan 2023

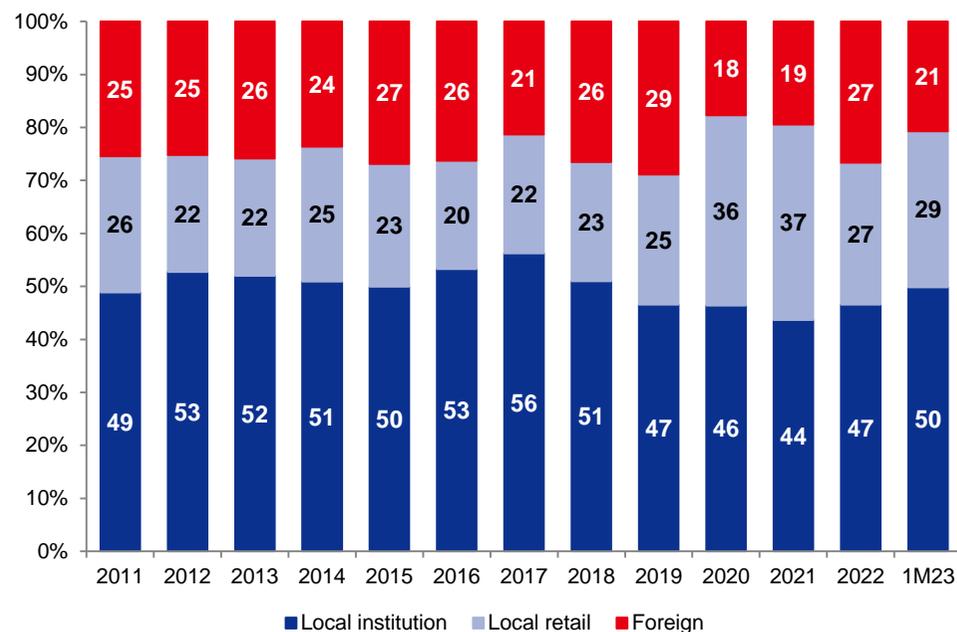
- Retail and local institution share of trade rose 1%-pts to 29% and 50%, respectively, in Jan 2023.
- This came at the expense of foreign investors' share of average daily trading value, which fell 2% pt mom to 21% in Jan 23.
- In 2022, local retail investors' share of average trading value fell to 27% (2021 average: 37%), while local institutions' share rose to 47% (2021 average: 44%) and foreign investors' share rose to 27% (2021: 19%).

Monthly breakdown of participation from local institutional, local retail and foreign investors



SOURCES: CGS-CIMB RESEARCH, BURSA MALAYSIA

Annual and YTD breakdown of average daily trading participation by investor category since 2011



SOURCE: CGS-CIMB RESEARCH, BURSA MALAYSIA

Local institutional investors were the sole net buyer in Jan 2023

- Local institutional investors stayed as the largest net buyers for the fifth consecutive month in Jan 2023. However, their net buying fell 45% mom to RM916m of local equities.
- Foreign investors' net selling of equities fell 85% mom to RM201m of Malaysian equities in Jan 23. This represents their fifth consecutive monthly net sell.
- Local retailers stayed net seller for the second month and their net sell rose 3.7x mom to RM485m.
- Nominees stayed net sellers of Malaysian equities for a second week, and their net sell flow grew 32% mom to RM166m.

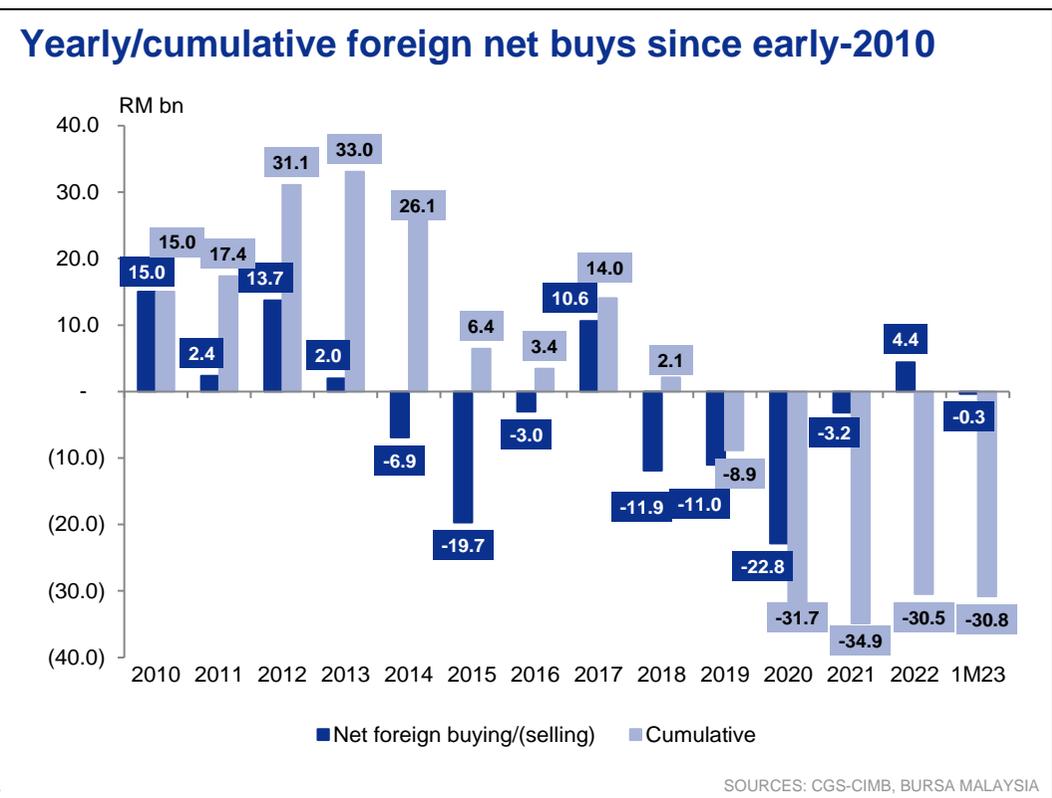
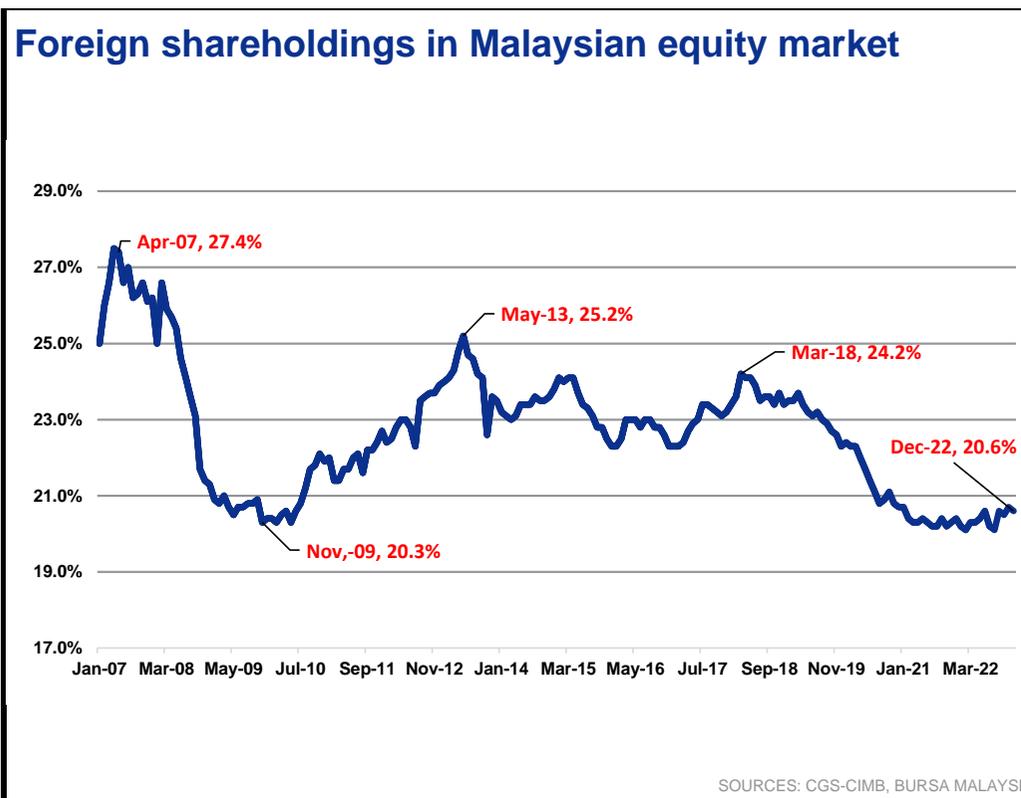
Net buy/net sell flows of investor groups on a monthly basis (RM m)

Fund flows (RM m)	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
Local institution	120	(1,500)	(1,891)	(1,897)	(1,735)	958	(663)	(2,772)	(3,496)	(1,135)	(499)	659	(41)	(2,361)	1,115	885	153	1,690	916
Local retail	804	470	940	333	1,130	316	87	98	320	172	506	534	(16)	141	453	(133)	96	(132)	(485)
Local nominees	368	84	346	103	234	(52)	141	(227)	26	96	(43)	24	(8)	156	113	(138)	114	(126)	(166)
Foreign	(1,336)	1,048	740	1,574	167	(1,141)	332	2,843	3,288	826	77	(1,282)	175	1,978	(1,627)	(594)	(282)	(1,359)	(201)
Proprietary	44	(101)	(136)	(113)	204	(81)	103	58	(138)	42	(41)	66	(110)	76	(54)	(20)	(51)	(73)	(64)

SOURCES: CGS-CIMB, BURSA MALAYSIA, DIBOTS

Foreign investors net selling fell 85% mom in Jan 2023

- Foreign investors continued to be net sellers for the fifth consecutive week, but their net sell flow fell 85% mom to RM201m. This raised the cumulative net foreign outflow since 2010 to RM30.8bn.



KLCI was the second-best performing MIST market in Jan 2023

- The KLCI fell 0.7% mom in Jan 23 and underperformed the MSCI All Country ex-Japan Index (+8.2% mom) and MSCI Emerging Market index (+7.9% mom).
- Among the Malaysia, Indonesia, Singapore and Thailand (MIST) markets, Malaysia's KLCI was the worst-performing market in Jan 2023. Singapore's STI (+3.5% mom) was the best performer.
- Thailand's SET (+0.2% mom) was the second-best performer in Jan 23, followed by Indonesia JCI's -0.2% mom in Jan 23.
- In 2022, the JCI was the top performer, with a gain of 4.1%, followed by FSSTI (+4.1%) and SET (+0.7%). The KLCI was the weakest (-4.6%).

Regional	2020	2021	2022	1M23
	% yoy	% yoy	% yoy	% chg
KOSPI Index	30.8%	3.6%	-24.9%	8.4%
MSCI AC Asia x Japan	22.5%	-6.4%	-21.5%	8.2%
MSCI Emerging Markets	15.8%	-4.6%	-22.4%	7.9%
Shanghai SE Composite Index	13.9%	4.8%	-15.1%	5.4%
Nikkei 225	16.0%	4.9%	-9.4%	4.7%
Straits Times Index STI	-11.8%	9.8%	4.1%	3.5%
PSEi - Philippine SE Index	-8.6%	-0.2%	-7.8%	3.5%
Thai Index	-8.3%	14.4%	0.7%	0.2%
Jakarta Composite Index	-5.1%	10.1%	4.1%	-0.2%
FTSE Bursa Malaysia KLCI	2.4%	-3.7%	-4.6%	-0.7%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Regional indices' mom performance

Regional indexes	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
	% mom												
MSCI AC Asia x Japan	-3.1%	-2.4%	-2.9%	-5.2%	0.2%	-5.1%	-1.7%	-0.2%	-12.9%	-6.1%	18.7%	-0.4%	8.2%
FTSE Straits Times Index	4.0%	-0.2%	5.1%	-1.5%	-3.7%	-4.0%	3.5%	0.3%	-2.8%	-1.2%	6.4%	-1.2%	3.5%
Philippine SE Index	3.4%	-0.7%	-1.5%	-6.6%	0.6%	-9.1%	2.6%	4.2%	-12.8%	7.2%	10.2%	-3.2%	3.5%
Thai Index	-0.5%	2.2%	0.6%	-1.6%	-0.2%	-5.7%	0.5%	4.0%	-3.0%	1.2%	1.7%	2.0%	0.2%
Jakarta Composite Index	0.8%	3.9%	2.7%	2.2%	-1.1%	-3.3%	0.6%	3.3%	-1.9%	0.8%	-0.2%	-3.3%	-0.2%
FBM KLCI	-3.5%	6.3%	-1.3%	0.8%	-1.9%	-8.0%	3.3%	1.3%	-7.8%	4.7%	1.9%	0.4%	-0.7%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Heat map of Bursa's key indices

- In Jan 23, the KLCI (-0.7% mom) underperformed the FBM Smallcap (+8.3%), FBM Emas (+1.1%) and FBM Hijrah Shariah (-0.5%).
- The FBM Small Cap was the best-performing index, with a gain of 8.3% in Jan 2023, followed by FBM Emas Shariah which chalked up a gain of 1.3%.

Bursa Malaysia key indices	2020	2021	2022	1M23
	% yoy	% yoy	% yoy	% chg
FBM Small Cap	9.9%	1.3%	-5.3%	8.3%
FBM Ace	105.4%	-40.2%	-17.3%	7.6%
FBM Mid 70	6.6%	-6.2%	-8.4%	5.2%
FBM Fledgling	30.3%	1.4%	-2.8%	4.8%
FBM Emas Shariah	10.1%	-6.8%	-10.8%	1.3%
FBM Emas	3.9%	-3.9%	-5.4%	1.1%
FBM Top 100	3.5%	-4.2%	-5.4%	0.6%
FBM Hijrah Shariah	8.5%	-10.5%	-7.2%	-0.5%
FBM KLCI	2.4%	-3.7%	-4.6%	-0.7%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Bursa key indices – monthly performances

Bursa Malaysia key indices	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
	% mom												
FBM Small Cap	-1.6%	5.3%	-0.3%	2.9%	-7.0%	-8.8%	0.5%	0.5%	-4.6%	4.2%	4.5%	-0.1%	8.3%
FBM Ace	-5.1%	-3.3%	-4.6%	-0.7%	-7.0%	-8.4%	2.0%	1.3%	-5.1%	4.3%	7.2%	1.9%	7.6%
FBM Mid 70	-5.8%	0.7%	2.8%	-0.6%	-3.9%	-5.6%	2.1%	-0.4%	-4.0%	0.5%	4.8%	1.3%	5.2%
FBM Fledgling	0.2%	1.0%	-1.8%	4.8%	-6.1%	-5.1%	0.1%	-0.5%	-5.2%	2.0%	5.1%	3.5%	4.8%
FBM Emas Shariah	-5.7%	4.7%	-1.4%	0.7%	-4.3%	-8.7%	2.2%	0.7%	-7.4%	4.0%	3.6%	1.4%	1.3%
FBM Emas	-3.9%	5.1%	-0.3%	0.7%	-2.7%	-7.6%	2.9%	0.9%	-6.7%	3.7%	2.7%	0.6%	1.1%
FBM Top 100	-4.1%	5.1%	-0.4%	0.5%	-2.4%	-7.5%	3.0%	0.9%	-6.9%	3.7%	2.6%	0.7%	0.6%
FBM Hijrah Shariah	-5.9%	6.5%	-2.1%	1.1%	-3.4%	-8.8%	2.5%	2.4%	-7.9%	4.5%	2.9%	2.1%	-0.5%
FBM KLCI	-3.5%	6.3%	-1.3%	0.8%	-1.9%	-8.0%	3.3%	1.3%	-7.8%	4.7%	1.9%	0.4%	-0.7%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Heat map of sectoral indices' performance

- All except three of Bursa Malaysia's sectoral indices posted gains in Jan 23. Finance, Plantation and Healthcare sectors posted negative returns. Also, all except plantation and healthcare sectors outperformed KLCI in Jan 2023.
- The top three best-performing sectoral indices in Jan 23 were energy (+14.3% mom), transport (+11.7% mom), and technology (+6.4% mom). The top three worst-performing sectors in Jan 23 were healthcare (-3.7%), plantation (-3.6%), and finance (-0.5%).
- In 2022, the best-performing sectoral indices were energy (+10.3%), plantation (+8.1%), and finance (+6.0%). The worst-performing were technology (-34.3%), healthcare (-25.5%) and industrial (-10.3%).

Bursa Malaysia sectoral indices	2020	2021	2022	1M23
	% yoy	% yoy	% yoy	% chg
Bursa Malaysia Energy	-36.6%	-21.5%	10.3%	14.3%
Bursa Malaysia Transport	-32.1%	8.3%	0.2%	11.7%
Bursa Malaysia Technology	83.9%	38.6%	-34.3%	6.4%
Bursa Malaysia Property	-11.5%	-4.2%	-8.9%	6.0%
Bursa Malaysia REIT	-13.4%	-5.0%	-2.4%	5.6%
Bursa Malaysia Construction	-10.8%	-17.6%	-0.8%	5.1%
Bursa Malaysia Industrial Production	16.1%	13.8%	-10.3%	4.5%
Bursa Malaysia Telecom	-39.0%	-2.5%	-8.3%	2.4%
Bursa Malaysia Utilities	-5.4%	-11.6%	0.6%	2.2%
Bursa Malaysia Consumer	-7.6%	-4.5%	1.5%	2.1%
Bursa Malaysia Finance	-1.0%	1.6%	6.0%	-0.5%
FBM KLCI	2.4%	-3.7%	-4.6%	-0.7%
Bursa Malaysia Plantation	-5.6%	-10.3%	8.1%	-3.6%
Bursa Malaysia Healthcare	10.1%	-34.6%	-25.5%	-3.7%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Bursa sectoral indices – monthly performances

Bursa Malaysia sectoral indices	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
	% mom												
Bursa Malaysia Energy	6.3%	1.4%	-5.4%	7.8%	7.9%	-17.0%	-3.2%	8.5%	-8.0%	4.2%	9.9%	1.1%	14.3%
Bursa Malaysia Transport	-1.7%	0.1%	0.7%	3.3%	-5.1%	-3.3%	-0.7%	0.0%	-2.9%	11.9%	-5.7%	5.1%	11.7%
Bursa Malaysia Technology	-15.3%	-5.3%	-0.1%	-7.8%	-3.8%	-8.9%	6.2%	-3.9%	-4.6%	-3.8%	7.3%	1.0%	6.4%
Bursa Malaysia Property	-1.7%	3.6%	-0.1%	0.2%	-5.7%	-5.9%	0.3%	2.4%	-6.3%	0.0%	7.3%	-2.5%	6.0%
Bursa Malaysia REIT	-1.7%	-1.5%	2.8%	2.0%	1.7%	-2.0%	1.3%	-2.1%	-3.4%	-0.5%	1.2%	0.1%	5.6%
Bursa Malaysia Construction	-4.8%	2.3%	7.6%	4.8%	-4.7%	-3.6%	2.2%	-1.6%	-2.1%	-1.2%	3.5%	-2.3%	5.1%
Bursa Malaysia Industrial Production	-0.7%	4.7%	-2.6%	2.2%	-3.2%	-10.6%	1.5%	-1.2%	-6.8%	3.5%	3.4%	0.0%	4.5%
Bursa Malaysia Telecom	-6.7%	4.1%	3.7%	-3.3%	-4.4%	-7.0%	4.2%	2.9%	-7.1%	3.7%	4.7%	-2.1%	2.4%
Bursa Malaysia Utilities	-0.3%	-0.9%	-0.5%	4.4%	-0.5%	-6.6%	2.8%	4.0%	-6.5%	0.3%	3.1%	2.2%	2.2%
Bursa Malaysia Consumer	-3.0%	4.4%	-0.7%	1.6%	-2.2%	-3.4%	3.0%	1.5%	-5.4%	2.7%	3.0%	0.6%	2.1%
Bursa Malaysia Finance	0.8%	5.3%	1.5%	0.9%	-0.1%	-5.5%	4.1%	0.9%	-5.2%	3.4%	1.0%	-0.7%	-0.5%
FBM KLCI	-3.5%	6.3%	-1.3%	0.8%	-1.9%	-8.0%	3.3%	1.3%	-7.8%	4.7%	1.9%	0.4%	-0.7%
Bursa Malaysia Plantation	-0.3%	27.2%	-4.4%	10.9%	-9.7%	-13.3%	1.4%	2.8%	-10.0%	6.3%	-2.2%	5.3%	-3.6%
Bursa Malaysia Healthcare	-8.5%	-1.7%	0.9%	-3.3%	-6.2%	-12.8%	1.7%	-9.7%	-4.1%	15.2%	-1.5%	3.9%	-3.7%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Heat map of KLCI constituents

- In Jan 2023, only 10 of the KLCI constituents posted share price gains, while 20 companies posted share price losses.
- The top best performers on a mom basis in Jan 2023 were Genting (+10.5%), QL Resources (+6.5%), and Press Metal (+6.1%).
- The top three worst performers on a mom basis were Sime Darby Plantations (-6.9%), IOI Corp (-5.7%) and Petronas Dagangan (-5.2%).

KLCI constituents' performance mom (Jan 2022- Jan 2023)

KLCI constituents	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
	% mom												
Genting	-6.4%	6.2%	3.4%	-1.1%	2.6%	-4.4%	4.2%	-0.6%	-3.2%	-0.9%	-0.2%	1.1%	10.5%
QL Resources	8.7%	-0.4%	1.4%	1.8%	0.4%	1.4%	1.9%	-3.8%	-1.7%	2.8%	8.8%	-1.1%	6.5%
Press Metal	6.6%	10.9%	-9.1%	-3.4%	-7.5%	-13.8%	2.1%	-1.6%	-15.2%	7.7%	11.5%	1.0%	6.1%
Dialog Group	-2.3%	10.2%	-2.8%	-8.7%	-2.8%	-11.8%	3.7%	10.0%	-18.1%	3.6%	11.2%	7.9%	6.1%
Genting Malaysia Bhd	-5.2%	9.5%	2.8%	2.4%	-1.6%	-5.3%	2.8%	2.4%	-4.8%	-1.8%	-2.6%	0.7%	5.6%
Digi.Com	-12.8%	6.6%	-2.8%	-2.1%	-6.8%	-0.9%	3.7%	4.1%	-9.9%	12.1%	6.5%	0.0%	5.3%
Maxis	-12.8%	-5.0%	-1.0%	-3.3%	1.1%	-12.9%	11.2%	6.3%	-8.8%	9.7%	1.0%	0.0%	3.1%
PPB Group	-7.1%	13.0%	-4.7%	0.5%	-1.8%	-4.6%	2.6%	8.1%	-7.9%	3.7%	3.0%	1.4%	0.9%
Maybank	-0.4%	5.9%	5.6%	1.5%	0.3%	-5.6%	3.1%	1.2%	-1.2%	0.1%	0.5%	0.8%	0.5%
Sime Darby Berhad	-7.3%	5.6%	5.7%	-0.9%	-6.4%	-2.7%	9.9%	-2.1%	-3.4%	5.1%	-4.4%	7.0%	0.4%
Hong Leong Bank	4.2%	3.4%	1.6%	3.9%	0.6%	-3.0%	2.5%	-0.4%	-1.9%	3.2%	0.3%	-1.4%	-0.2%
Hong Leong Financial	5.0%	6.2%	2.2%	-1.0%	4.0%	-8.3%	5.3%	-0.3%	-4.9%	3.4%	-1.3%	0.4%	-0.5%
RHB Bank	3.5%	6.1%	1.0%	4.9%	1.5%	-5.7%	2.6%	-2.4%	-3.1%	5.7%	-1.7%	3.0%	-0.7%
Inari Amertron	-17.5%	-2.4%	-3.7%	-7.5%	-1.0%	-5.3%	8.3%	-5.3%	-6.2%	-1.2%	6.9%	-0.9%	-0.8%
CIMB Group	-4.6%	9.8%	-4.4%	-2.4%	-1.0%	-3.7%	5.0%	3.1%	-2.0%	7.6%	5.1%	0.0%	-0.9%
AMMB Holdings	2.9%	3.1%	10.4%	-0.5%	-1.4%	3.9%	4.6%	7.2%	-6.7%	4.9%	2.0%	0.7%	-1.4%
Petronas Gas	-5.7%	2.5%	-2.4%	1.9%	1.8%	-4.0%	4.3%	1.2%	-3.9%	3.6%	-0.7%	1.9%	-1.8%
Public Bank Bhd	1.2%	5.7%	6.8%	0.4%	0.9%	-7.6%	6.2%	1.5%	-8.7%	5.7%	0.7%	-3.1%	-1.9%
Axiata Group	-10.6%	5.6%	-2.2%	-7.4%	-8.5%	-11.8%	1.4%	5.9%	-13.8%	8.8%	14.1%	-2.1%	-1.9%
Tenaga Nasional	-1.9%	0.1%	0.1%	0.4%	1.2%	-12.8%	3.5%	8.8%	-8.3%	4.6%	11.9%	2.2%	-2.2%
MISC	-1.3%	5.6%	1.7%	6.3%	-8.2%	0.0%	1.6%	-1.5%	-3.8%	7.0%	-0.4%	5.2%	-2.5%
Petronas Chemicals	-0.3%	7.4%	2.9%	6.5%	0.4%	-12.3%	-1.3%	-0.9%	-1.9%	3.9%	-2.1%	0.7%	-2.9%
Telekom Malaysia	-8.0%	0.0%	-2.1%	2.1%	7.4%	-2.0%	8.2%	5.1%	-6.9%	1.6%	0.7%	-3.6%	-3.3%
Nestle (Malaysia)	-1.6%	1.5%	-0.3%	0.5%	1.2%	-1.6%	1.6%	-1.3%	-1.4%	1.9%	5.0%	0.8%	-3.4%
Kuala Lumpur Kepong	-0.8%	24.1%	-3.1%	16.9%	-13.2%	-14.2%	0.9%	5.6%	-10.5%	4.7%	-3.6%	7.0%	-4.2%
IHH Healthcare	-12.1%	1.9%	-4.7%	6.6%	1.4%	-3.7%	-0.9%	-3.0%	-4.8%	0.8%	-2.5%	7.2%	-4.8%
Mr D.I.Y. Group	-1.6%	2.3%	-4.5%	1.4%	-7.4%	-4.2%	7.2%	-1.9%	-9.2%	2.5%	4.2%	-4.8%	-5.0%
Petronas Dagangan	-5.8%	10.9%	-3.9%	6.5%	3.8%	-6.2%	6.1%	4.9%	-14.4%	8.3%	9.7%	-2.4%	-5.2%
IOI Corp	1.6%	21.4%	-9.2%	13.3%	-7.9%	-10.7%	4.9%	5.0%	-9.1%	8.2%	-6.4%	6.0%	-5.7%
Sime Darby Plantations	-6.1%	39.1%	1.2%	8.0%	-4.0%	-13.9%	0.7%	2.3%	-8.3%	7.6%	-0.9%	9.2%	-6.9%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG

Fundamental outlook and key events to watch out for in Feb 2023F

Analysing KLCI's historical data, we note that its performance tends to be positive in Feb, with average +1%/+2.3% mom returns over the past 10 years/45 years.

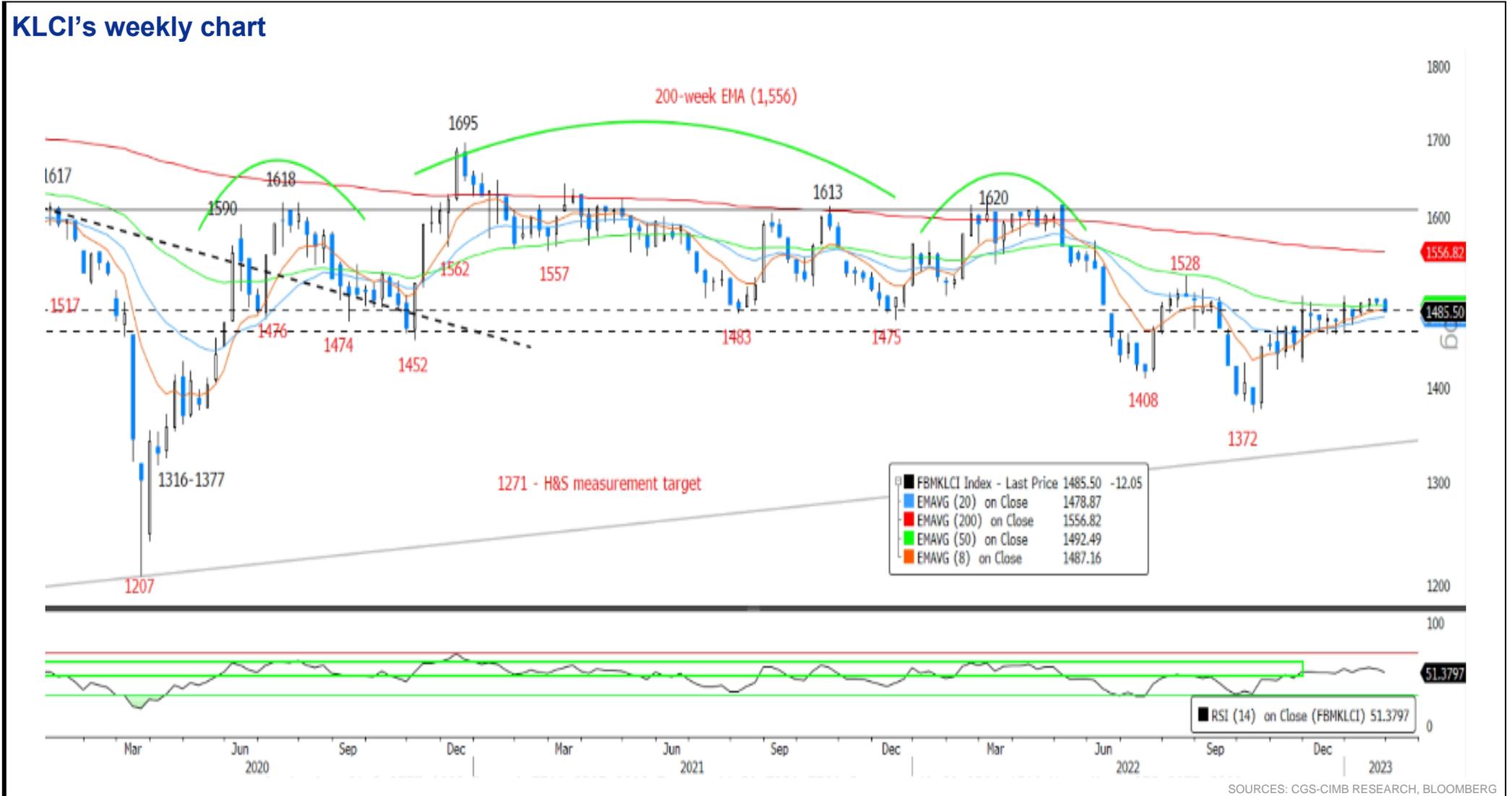
In Feb 2023, investors' attention will be on:

- **Economy:** Malaysia is scheduled to release its 4Q GDP on 10 Feb 2023. Investors will also be focusing on potential new measures in Budget 2023, which is slated for retabling on 24 Feb 2023. Investors will also keep an eye on monetary policy directions of various countries to see if the rates have peaked and new developments from the next Parliament session from 13 Feb to 30 March 2023.
- **Corporates:** The market will be tracking the 4Q earnings season in Feb 2023. Also in focus will be the government's push for targeted subsidies, plug leakages and lower cost of living. Investors will also be keen to see recent moves to relax the hiring of foreign workers in five key sectors.
- **Global:** Investors will keep an eye on the latest developments in the Russia-Ukraine war, global inflation, US 10-year bond yields, potential beneficiaries of China's border reopening and global interest rates trend.
- **Politics:** Investors will be monitoring the outcome of UMNO elections to be held on 18 Mar. They will also be tracking the potential dates of upcoming state polls (expected in mid this year) and latest news that MACC has frozen the opposition party, Bersatu account, over a money-laundering probe.
- We maintain our view that market is likely to stay challenging in 1H23 as Malaysian corporates' earnings will likely be negatively impacted by rising costs (electricity costs could rise by as much as 41% in 1H23F for some players, higher labour costs due to tight supply and an increase in minimum wage by up to 25% to RM1,500/month on 1 May 2022 and higher interest rates), slower global growth and policy uncertainties. However, we project downside could be capped by expectations of strong KLCI earnings growth of 13% for 2023F, additional liquidity available for domestic institutional funds due to the absence of EPF withdrawal schemes, potential return of foreign investors and KLCI's undemanding valuations. Our top three picks are Genting Malaysia, MRDIY and RHB Bank.

Technical outlook for Feb 2023F

- The benchmark FBMKLCI (KLCI) index closed the first month of 2023 on a negative note, to end January at 1,485.50 (-9.99pts or -0.67% mom). However, trading volume for January improved 14% compared to December 2022 while trading value rose 5% for the month.
- The KLCI's performance in January was in line with our earlier expectation as sideways chop remained in place for the month due to the absence of strong indications on the immediate direction of the market. There is no change in our longer-term view as the downtrend from the 1,695 high is still intact, depicted by the lower lows and lower highs sequence.
- Prices recently have pulled back below the 50-week EMA while still staying far below the 200-week EMA, keeping the pressure on the downside. The neckline band of the previous head & shoulders pattern at 1,490-1,500 remains as the upside cap for the index.
- One would need a strong close above the 200-week EMA and the said neckline for us to turn positive for the longer term. Resistance can be seen at the 1,527-1,531 levels followed by 1,560. Support is seen at 1,450 followed by the critical 1,430.
- For the month ahead, the market may still trade sideways (1,475-1,510) for a while longer until a breakout from the current range.
- Volatility is at a 3-year low, signalling that a bigger move may be on the cards next. The breakout (when it happens) will give us a better idea on which direction the market will take for the first half of the year.

Technical outlook for Feb 2023F (cont'd)



Top three picks

Genting Malaysia

(Add, TP: RM3.25)

- We expect GENM's core EPS to triple yoy in FY23F before rising further by 5% yoy in FY24F, led by lifting of Covid-19 restrictions and SkyWorlds. Resorts World New York City may also win a New York downstate full casino licence in early-2023, which could enhance GENM's equity fair value by 44-51 sen/share.

Mr D.I.Y. Group

(Add, TP: RM2.71)

- MR DIY (MDGM) is a likely beneficiary of the downtrading trend due to rising inflationary pressures. We expect MDGM's growth to be driven by new store openings (across three of its store brands), more profitable sales mix and higher SSSG. At end-3Q22, MDGM owned and operated 1,038 stores across all retail formats.

RHB Bank

(Add, TP: RM7.62)

- RHB Bank is our top pick for banks as its CY22F dividend yield of 5.4% is among the highest in the sector. Its CY23F P/E of 6.7x is attractive. It is also one of the biggest beneficiaries of OPR hikes.

Big-cap to mid-cap picks

Company	Bloomberg Ticker	Recom.	Share price (RM)	Target Price (RM)	Market Cap (US\$ m)	Core P/E (x)		P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY2023F	CY2024F	CY2023F	CY2024F	CY2023F	CY2024F	CY2023F	CY2024F	CY2023F	CY2024F
Bermaz Auto Berhad	BAUTO MK	Add	2.18	2.80	594.9	11.4	10.9	3.39	3.06	31.3%	29.5%	5.8	5.3	5.6%	5.8%
Gamuda	GAM MK	Add	3.84	4.69	2,357.7	16.0	15.2	1.00	1.00	6.2%	6.6%	7.3	6.6	8.8%	3.0%
Gas Malaysia Berhad	GMB MK	Add	3.29	3.66	989.8	12.0	13.0	3.51	3.42	29.7%	26.7%	8.3	8.8	7.5%	6.9%
Genting Malaysia	GENM MK	Add	2.86	3.25	3,796.5	11.8	11.3	1.19	1.16	10.0%	10.4%	6.9	6.2	7.0%	7.1%
Heineken Malaysia Bhd	HEIM MK	Add	29.00	28.10	2,052.8	18.3	17.7	22.14	22.14	121.1%	125.2%	13.9	13.4	5.5%	5.7%
Hong Leong Bank	HLBK MK	Add	20.54	25.30	10,433.0	11.6	10.7	1.17	1.09	10.7%	10.6%	na	na	3.5%	3.7%
IGB REIT	IGBREIT MK	Add	1.76	1.99	1,480.7	18.3	17.5	1.65	1.66	8.8%	9.2%	na	na	5.6%	5.8%
Inari-Amertron Bhd	INRI MK	Add	2.65	3.00	2,317.9	23.6	21.8	3.86	3.82	16.4%	17.6%	14.3	13.1	4.0%	4.3%
Kuala Lumpur Kepong	KLK MK	Add	21.76	22.87	5,497.3	14.0	15.3	1.61	1.53	11.5%	10.3%	8.3	8.5	3.2%	3.2%
Mr D.I.Y. Group (M) Bhd	MRDIY MK	Add	1.85	2.71	4,088.7	28.3	24.9	9.73	7.95	38.2%	35.2%	14.6	12.7	1.5%	1.7%
QL Resources	QLG MK	Add	5.95	6.50	3,393.0	40.4	36.9	5.09	4.69	13.2%	13.2%	19.8	18.3	1.0%	1.1%
RHB Bank Bhd	RHBBANK MK	Add	5.69	7.62	5,662.9	6.8	6.3	0.69	0.64	10.6%	10.6%	na	na	7.3%	7.9%
Sime Darby Property Berhad	SDPR MK	Add	0.49	0.64	780.8	11.1	10.8	0.35	0.34	3.2%	3.2%	15.0	15.1	2.7%	2.8%
Yinson Holdings Bhd	YNS MK	Add	2.70	3.36	1,832.4	10.3	11.0	1.13	1.09	12.0%	10.0%	6.3	6.4	0.7%	0.7%
Average						16.7	15.9	4.0	3.8	23.1%	22.7%	10.9	10.4	4.6%	4.3%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG, COMPANY REPORTS

Small-cap picks

Company	Bloomberg Ticker	Recom.	Share price (RM)	Target Price (RM)	Market Cap (US\$ m)	Core P/E (x)		P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY2023F	CY2024F	CY2023F	CY2024F	CY2023F	CY2024F	CY2023F	CY2024F	CY2023F	CY2024F
Bonia Corporation	BON MK	Add	2.72	3.00	127.7	12.0	11.4	1.35	1.34	11.4%	11.8%	5.3	5.1	7.5%	7.9%
Duopharma Biotech Bhd	DBB MK	Add	1.64	1.85	365.9	15.6	15.9	2.01	1.84	13.5%	12.1%	10.9	10.0	1.9%	1.9%
Genetec Technology Bhd	GENE MK	Add	2.84	4.60	453.4	21.9	19.1	7.14	5.50	37.7%	32.5%	18.8	16.2	0.9%	1.0%
HSS Engineers	HSS MK	Add	0.48	0.57	55.2	13.5	12.0	1.09	1.09	8.1%	9.1%	4.7	4.3	0.0%	0.0%
Infomina Berhad	INFOM MK	Add	1.43	1.70	201.5	24.6	21.3	7.45	5.82	37.1%	30.7%	16.8	14.4	0.8%	0.9%
Karex Berhad	KAREX MK	Add	0.80	0.96	197.5	41.3	24.8	1.74	1.62	4.3%	6.8%	16.0	12.0	0.0%	0.0%
Kawan Food	KFB MK	Add	2.18	2.82	184.8	17.6	15.4	1.87	1.74	11.0%	11.7%	10.6	9.6	2.2%	2.6%
Optimax Holdings	OPTIMAX MK	Add	0.78	1.12	98.7	24.5	17.5	6.52	5.86	27.7%	35.2%	12.8	9.8	2.9%	4.0%
Power Root Bhd	PWRT MK	Add	2.01	2.68	199.1	15.4	15.0	3.17	3.14	21.0%	21.0%	10.9	10.7	6.2%	6.3%
Average						20.7	17.0	3.6	3.1	19.1%	19.0%	11.9	10.2	2.5%	2.7%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG, COMPANY REPORTS

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646 companies under coverage for quarter ended on 30 September 2022

	Rating Distribution (%)	Investment Banking clients (%)
Add	66.7%	0.6%
Hold	25.2%	0.2%
Reduce	8.0%	0.2%

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- Reduce** The stock’s total return is expected to fall below 0% or more over the next 12 months.

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