

Malaysia Daybreak

17 November 2023

Key Metrics

FBMKLCI Index



FBMKLCI

1,464.68 -2.16pts -0.15%
NOV Future **DEC Future**
 1465 (-0.24%) 1465.5 (-0.20%)

| Gainers | Losers | Unchanged |
|---------|--------|-----------|
| 424 | 482 | 470 |

Turnover

3484.72m shares / RM2067.564m
 3m avg volume traded 3344.36m shares
 3m avg value traded RM2167.39m

Regional Indices

| FBMKLCI | FSSTI | JCI | SET | HSI |
|---------|-------|-------|-------|--------|
| 1,465 | 3,133 | 6,958 | 1,415 | 17,833 |

Market Indices

| | Close | % chg | YTD % chg |
|------------|-----------|-------|-----------|
| FBMKLCI | 1,464.68 | (0.1) | (2.1) |
| FBM100 | 10,490.95 | (0.0) | 0.7 |
| FBMSC | 16,356.04 | (0.2) | 9.6 |
| FBMMES | 5,118.81 | (0.0) | (3.6) |
| Dow Jones | 34,945.47 | (0.1) | 5.4 |
| NASDAQ | 14,113.67 | 0.1 | 34.8 |
| FSSTI | 3,133.05 | 0.0 | (3.6) |
| FTSE-100 | 7,410.97 | (1.0) | (0.5) |
| SENSEX | 65,982.48 | 0.5 | 8.5 |
| Hang Seng | 17,832.82 | (1.4) | (9.9) |
| JCI | 6,958.01 | (0.0) | 1.6 |
| KOSPI | 2,488.18 | 0.1 | 11.3 |
| Nikkei 225 | 33,424.41 | (0.3) | 28.1 |
| PCOMP | 6,191.48 | 0.3 | (5.7) |
| SET | 1,415.34 | 0.0 | (15.2) |
| Shanghai | 3,050.93 | (0.7) | (1.2) |
| Taiwan | 17,171.18 | 0.2 | 21.5 |

Top Actives

| | Close | % chg | Vol. (m) |
|--------------------------|-------|-------|----------|
| Hong Seng Consolidated | 0.040 | 0.0 | 294.8 |
| Kanger International | 0.065 | 0.0 | 104.2 |
| Top Glove Corp | 0.790 | 5.3 | 92.1 |
| Salutica | 0.865 | 8.8 | 75.7 |
| Leform | 0.275 | 0.0 | 67.0 |
| Widad Group | 0.460 | 0.0 | 59.9 |
| Sarawak Consolidated | 0.615 | 2.5 | 59.0 |
| Kossan Rubber Industries | 1.580 | 6.8 | 45.1 |

Economic Statistics

| | Close | % chg |
|-------------------------------------|----------|--------|
| US\$/Euro | 1.0852 | 0.04 |
| RM/US\$ (Spot) | 4.6880 | 0.33 |
| RM/US\$ (12-mth NDF) | 4.5589 | 0.04 |
| OPR (%) | 3.00 | 0.00 |
| GOLD (US\$/oz) | 1,980.90 | 1.07 |
| WTI crude oil US spot (US\$/barrel) | 72.90 | (4.90) |
| CPO spot price (RM/tonne) | 3,806.00 | 1.91 |

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What's on the Table...

Banks – Don't lose sleep over asset quality

We estimate that every 10% rise in the GILs of construction and WC loans would shave banks' FY24F NP by 0.2% and 1.3%, respectively. Banks' management overlay of RM6bn at end-Jun is more than sufficient to offset any additional provisions from construction and WC loans, in our view. We reaffirm our Overweight stance on banks, premised on potential write-backs in management overlay and increases in dividend payout ratios.

Bumi Armada – Share price yet to reflect operational recovery

9M23 core net profit of RM414m was 67% of our previous FY23F forecast, slightly below expectations due to RM23m in forex losses during 3Q23. Core FPSO EBITDA in 3Q23 recovered to just 4% shy of 1Q23 levels (prior to the Kraken issues in 2Q23), setting the stage for another strong 4Q23F. Reiterate Add with a slightly lower SOP-based TP of 73 sen, on the back of 2-4% core EPS forecast reductions for FY23-25F.

HSS Engineers – On track to deliver a stronger 4Q23F

3Q23 results in line, with GPM sustained; we expect a stronger 4Q23F. Near-term project wins from Pan Borneo Sabah Phase 1B, Bayan Lepas LRT, flood mitigation and Westports. Reiterate Add, TP of RM1.21.

Trendspotter – MY- Seni Jaya Corporation (9431) (Technical Buy, 0.64): At 52-week high

The stock rose and tested its 52-week high of RM0.665 yesterday with a white candle. Prices also managed to close at its 1-year high (on a close basis), supported by a higher trading volume. The higher highs and higher lows formation, coupled with the rising EMAs, suggest the uptrend may have legs to continue further.

News of the Day...

- Msia's air passenger traffic in 9M23 has reached 77.5% of pre-pandemic levels
- Gov't has initiated negotiations to restructure toll collection on 19 highways
- Enovix Corp to invest c.US\$1.2bn (RM5.8bn) in Malaysia over 15 years
- Sime Darby gets shareholder's approval for acquisition and takeover of UMW
- Dayang fully redeems sukuk amounting to RM220.5m ahead of due dates

Global Economic News

Continuing applications for US unemployment benefits rose to the highest level in almost two years, underscoring the increasing challenges unemployed workers are facing in finding new jobs. Recurring jobless claims, a proxy for the number of people continuously receiving unemployment benefits, jumped to 1.87mn in the week ended 4 Nov, according to Labor Department data. That marked an eighth straight week of increases. Initial jobless claims also rose to 231,000 in the week ending Nov 11. That was the highest since August. (Bloomberg)

Oil prices fell, extending losses from the previous session, as signals of higher supply from the United States met worries about lacklustre energy demand from China. Brent futures slipped 72 cents to US\$80.46 a barrel by 0400 GMT. US West Texas Intermediate crude (WTI) shed 67 cents to US\$75.99 a barrel. Both benchmarks fell more than 1.5% in the prior session. (Reuters)

The Reserve Bank of India (RBI) asked banks to increase buffers for some consumer loans as it seeks to check a runaway rise in risky debt in Asia's third-largest economy. Risk weights on consumer credit will be raised by 25 percentage points to 125%, the RBI said in a statement. The decision excludes mortgages, loans for education and cars, and debt backed by gold. (Bloomberg)

Bank of England policy maker Megan Greene said borrowing costs will need to remain higher for longer to control inflation and that markets haven't yet absorbed the message that the natural rate of interest and unemployment has risen since the pandemic. Greene, who joined the BOE's nine-member Monetary Policy Committee in August, said recent data showing a drop in inflation to 4.6% and weakening in wage growth was "good news." But she remains worried about evidence emerging in the services component of the Consumer Prices Index that inflation will persist. Wage growth was still "incredibly high," she added. (Bloomberg)

China home prices fell the most in eight years in October, signalling the property slump is worsening even after the government ramped up efforts to revive demand. New-home prices in 70 cities, excluding state-subsidised housing, declined 0.38% last month from September, when they dropped 0.3%, National Bureau of Statistics figures showed. The decrease was the steepest since February 2015. (Bloomberg)

Japanese exports grew for a second straight month in October but at a sharply slower pace due to slumping China-bound shipments of chips and steel, as weakening external demand takes its toll on the trade-reliant economy. Exports rose 1.6% in October from a year earlier, Ministry of Finance data showed, faster than a 1.2% increase expected by economists in a Reuters poll but slower than the 4.3% rise in September. Weak exports have complicated Japan's efforts to spur economic growth with sluggish domestic demand also weighing on the post-pandemic recovery. (Reuters)

As families in the US prepare to gather for their Thanksgiving dinners next week, food prices have largely flatlined for months, gasoline prices are about 10% lower than a year ago, and the average cost of much of what goes into a shopping cart has been roughly unchanged for a year. But the steady ebbing of inflation hasn't translated into good news for either President Joe Biden or the Federal Reserve when it comes to public opinion. Attitudes towards both have kept slipping in light of one unchanging fact: Stuff remains pricier than it was before the coronavirus pandemic and will likely stay that way. (Reuters)

Malaysia Economic News

Malaysia's air passenger traffic in the first nine months of 2023 has reached 77.5% of pre-pandemic levels, according to Transport Minister Anthony Loke. In response to Oscar Ling Chai Yew (PH-Sibu) during the minister's question time at Dewan Rakyat on Thursday, Loke stated that the recovery was highest for domestic passengers at a rate of 84.4%, followed by Asean passengers at 77.5%, and 63.4% for other international destination passengers. (The Edge Malaysia)

The government has initiated negotiations with toll concessionaires to restructure toll collection on 19 highways as per the Cabinet's decision on 18 Dec 2020, according to Deputy Works Minister Abdul Rahman Mohamad. The highways concessionaires include Amanat Lebuhraya Rakyat Bhd (ALR), Projek Lintasan Kota Holdings Sdn Bhd (Prolintas), IJM Corp Bhd, ANIH Bhd and PLUS Malaysia Bhd. (The Edge Malaysia)

Nasdaq-listed Enovix Corp, which is an advanced silicon battery company, will invest a total of US\$1.2bn (RM5.8bn) in Malaysia over a period of 15 years, which includes an RM315m manufacturing line announced in August. (Bernama)

A total of 1,506 manufacturing projects with an investment value of RM88.88bn have been approved in Selangor from 2018 till June 2023. State Investment, Trade and Mobility Exco Ng Sze Han said the amount comprised local investments totaling RM35.88bn while RM53bn were foreign investments. (Bernama)

The government will provide further clarity on whether deals involving unlisted shares by private equities (PE) and unit trust funds will be subjected to the 10% capital gains tax (CGT) from March next year, said Treasury secretary general Datuk Johan Mahmood Merican. (The Edge Malaysia)

The Ministry of Defence (Mindef) has agreed with the recommendation of the Public Accounts Committee (PAC) to submit a progress report on the Royal Malaysian Navy's (RMN) littoral combat ship (LCS) second-generation patrol vessel project every three months until the LCS project is completed. (Bernama)

The low carbon operating software (LCOS) system will be utilised in National Water Services Commission (SPAN) operations and by water service operators in Peninsular Malaysia and Labuan from next year for the purpose of reporting greenhouse gas (GHG) emissions. Santiago said that the use of LCOS would commence with the measurement of scope 1 and 2 GHG emissions in the first quarter of 2024, followed by scope 3 GHG emissions expected to conclude in the fourth quarter of 2024. (Bernama)

The Ministry of Science, Technology and Innovation (Mosti) is currently working to strengthen the national vaccine ecosystem to ensure Malaysia is ready to face any pandemic threat in the future, the Dewan Rakyat was told on Thursday (16 Nov). To achieve the goal, its minister, Chang Lih Kang, said that it is focusing on producing vaccines for humans through improved collaborations between agencies and industry, both at home and abroad. (Bernama)

Transport Minister Anthony Loke has affirmed that the Subang Airport Regeneration Plan (SARP) will not diminish Kuala Lumpur International Airport's (KLIA) role as Malaysia's primary aviation hub. The ministry will restrict the types of aircraft operating from SAAS, making it a hub for private jet operations and a maintenance, repair, and overhaul (MRO) center. (The Edge Malaysia)

Political News

The first legal challenge to enforce the anti-hopping law as per the Federal Constitution, has failed.

- Bersatu had initiated a challenge to disqualify four former Bersatu MPs from Sabah - who defected after GE15 by claiming that they had contested as members of GRS instead.
- The Kuala Lumpur High Court declined to hear the merits of the case, citing separation of powers.
- This is as Dewan Rakyat speaker Johari Abdul had already ruled that the Sabah four did not violate the anti-hopping act.
- Bersatu is expected to appeal the decision. (Malaysiakini)

Terengganu Menteri Besar Datuk Seri Dr Ahmad Samsuri Mokhtar has been named as the PAS candidate to defend the Kemaman parliamentary seat in the upcoming by-election. Samsuri, 53, who is also the assemblyman for Ru Rendang and PAS Vice President is facing the former Chief of Defence Forces Tan Sri Raja Mohamed Affandi Raja Mohamed Noor, announced as the Barisan Nasional candidate. (Bernama)

The leadership of Perlis Bersatu expressed regrets that Perlis Menteri Besar did not first discuss the appointment of new members and the reappointment of State Executive Council members in the Perlis Perikatan Nasional (PN) meeting. Perlis Bersatu chairman cum Perlis PN deputy chairman Abu Bakar Hamzah claimed that Mohd Shukri Ramli had brushed aside the decision of Bersatu president Tan Sri Muhyiddin Yassin in naming him to be nominated as an executive councillor. (Bernama)

The Member of Parliament for Jeli, Zahari Kechik today refuted claims that he was threatened and bribed by certain quarters to declare support for the leadership of Prime Minister Datuk Seri Anwar Ibrahim. (Bernama)

The testimony of 1Malaysia Development Bhd's former legal counsel Jasmine Loo Ai Suan will either put a nail in former prime minister Datuk Seri Najib Abdul Razak's coffin or help acquit him of his 21 money laundering charges, his lawyer Tan Sri Shafee Abdullah told the High Court here on Thursday. (The Edge CEO Morning Brief)

Corporate News

Sime Darby Bhd has obtained shareholders' approval to buy a 61.18% stake in **UMW Holdings Bhd** for RM3.57bn cash from **Permodalan Nasional Bhd** (PNB), and make a mandatory general offer (MGO) to acquire the remaining 38.82% stake for RM2.27bn or RM5 per share. (The Edge Malaysia)

Dayang Enterprise Holdings Bhd has fully redeemed the last two series of issues of its sukuk murabahah programme amounting to RM220.5m on 15 Nov, ahead of the due redemption dates in 2024 and 2025. (The Edge Malaysia)

Apex Equity Holdings Bhd is disposing off the 11-storey Menara Apex in Kajang, together with the land, for RM55m to **Era Edu Sdn Bhd**, which operates the New Era University College education arm. (The Edge Malaysia)

Siab Holdings Bhd has proposed a private placement, a rights issue with warrants, and the acquisition of 100% of **Taghill Projects Sdn Bhd**. Siab said it intends to acquire two million shares, which is the entire stake in Taghill, which is principally involved in building construction services, from the vendors, namely Chu Yee Hong, Wong Yih Ming And Yap Kek Siung, for RM122m. (The Edge Malaysia)

MAG Holdings Bhd has called of its proposal to take up a 50% stake in an Indonesian shrimp farm via a S\$6.1m (RM22m) investment. (The Edge Malaysia)

Main Market-listed **DPS Resources Bhd** (DPS) has entered into a joint venture agreement (JVA) with **Mutiara Mahajuta Sdn Bhd** (MMSB) to undertake agro, agro-tourism and potentially solar farm projects in Melaka. (The Edge Malaysia)

Pecca Group Bhd, is open to forming partnerships with electric vehicle (EV)-related business entities. Chief executive officer Foo Ken Nee said the group is aggressively looking to diversify into the EV-related industry. (The Star)

Malaysia Aviation Group (MAG), the parent company of national carrier Malaysia Airlines, took delivery of its first Boeing 737-8 aircraft on Thursday. (Bernama)

Sunview Group Bhd, which made its ACE Market debut in October last year, has proposed to issue up to 73.55 million new shares to identified Bumiputera investors, in order to comply with Bursa Malaysia's listing requirements. (The Edge Malaysia)

Salutica Bhd, which is involved in a legal suit with Apple's unit in Malaysia for alleged patent infringement, on Thursday filed a similar suit against the US tech giant's Singapore-based subsidiary, **Apple South Asia Pte Ltd**. (The Edge Malaysia)

Chung Chee Yang has reemerged as a substantial shareholder in **Cypark Resources Bhd**, after raising his stake to 41.15 million shares or 5% in the company. (The Edge Malaysia)

Changes in substantial shareholdings

| 16-Nov-23 | Date | Type of transaction | No of securities | Company | Ave Price (RM) |
|------------------------------|-------|---------------------|------------------|-------------------------------|----------------|
| EPF | 10/11 | Disposed | 20,565,300 | Sime Darby Property | |
| Skim Amanah Saham Bumiputera | 10/11 | Disposed | 20,000,000 | Malayan Banking Bhd | |
| EPF | 10/11 | Disposed | 3,323,600 | Inari Amertron | |
| EPF | 10/11 | Disposed | 2,000,000 | Public Bank | |
| EPF | 10/11 | Disposed | 1,566,600 | IHH Healthcare | |
| EPF | 10/11 | Disposed | 1,322,600 | MISC | |
| EPF | 10/11 | Disposed | 1,107,100 | Petronas Gas | |
| EPF | 10/11 | Disposed | 753,800 | Axis REIT | |
| EPF | 10/11 | Disposed | 200,000 | Alliance Bank Malaysia | |
| Skim Amanah Saham Bumiputera | 10/11 | Disposed | 188,400 | SP Setia | |
| EPF | 10/11 | Disposed | 48,500 | Malaysia Airports Holdings | |
| EPF | 10/11 | Disposed | 30,000 | KL Kepong | |
| EPF | 10/11 | Disposed | 17,000 | Gas Malaysia | |
| EPF | 10/11 | Disposed | 14,200 | Fraser & Neave Holdings | |
| EPF | 10/11 | Disposed | 3,100 | Panasonic Manufacturing M'sia | |
| EPF | 10/11 | Acquired | 5,993,600 | Sime Darby | |
| EPF | 10/11 | Acquired | 1,333,200 | Gamuda | |
| EPF | 10/11 | Acquired | 1,065,700 | Yinson Holdings | |
| EPF | 10/11 | Acquired | 503,000 | Dialog Group | |
| EPF | 10/11 | Acquired | 400,000 | CIMB Group | |
| EPF | 10/11 | Acquired | 290,900 | Bermaz Auto | |
| EPF | 10/11 | Acquired | 236,800 | Farm Fresh Berhad | |
| EPF | 10/11 | Acquired | 200,000 | Celcom Digi | |
| EPF | 10/11 | Acquired | 72,700 | CapitaLand Malaysia Trust | |
| EPF | 10/11 | Acquired | 53,800 | Petronas Chemicals Group | |
| EPF | 10/11 | Acquired | 50,500 | Nestle (Malaysia) | |
| EPF | 10/11 | Acquired | 45,000 | Maxis | |
| EPF | 10/11 | Acquired | 42,700 | IJM Corporation | |

SOURCE: BMSB

Dividends Calendar

| Company | Particulars | Gross DPS (Sen) | Ann Date | Ex-Date | Lodgement | Payment |
|------------------------------|--------------------------------------|-----------------|-----------|-----------|-----------|-----------|
| Nestle Malaysia | Interim Dividend - single tier | 70.00 | 26-Oct-23 | 17-Nov-23 | 20-Nov-23 | 14-Dec-23 |
| Beshom Holdings | Final Dividend - single tier | 2.00 | 25-Aug-23 | 21-Nov-23 | 22-Nov-23 | 30-Nov-23 |
| Maxis | Third Interim Dividend - single tier | 4.00 | 10-Nov-23 | 27-Nov-23 | 28-Nov-23 | 21-Dec-23 |
| Yinson Holdings | Interim Dividend - single tier | 2.00 | 29-Sep-23 | 29-Nov-23 | 30-Nov-23 | 15-Dec-23 |
| Malaysian Pacific Industries | Interim Dividend - single tier | 10.00 | 15-Nov-23 | 30-Nov-23 | 1-Dec-23 | 19-Dec-23 |
| Dialog Group | Final Dividend - single tier | 2.40 | 16-Oct-23 | 1-Dec-23 | 4-Dec-23 | 21-Dec-23 |
| Carlsberg Brewery Malaysia | Third Interim Dividend - single tier | 19.00 | 1-Nov-23 | 8-Dec-23 | 11-Dec-23 | 29-Dec-23 |

SOURCE: BMSB

Corporate Actions

November 2023

| SUN | MON | TUE | WED | THU | FRI | SAT |
|-----------------|----------------------|---|---------------------------------------|-----|-----------|-----|
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 Foreign Reserves; IPI; Manufacturing | 8 | 9 | 10 | 11 |
| 12 Deepavali | 13 Deepavali | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 External Trade | 21 | 22 Foreign Reserves (mid-data); | 23 | 24 CPI | 25 |
| 26 | 27 | 28 PPI; | 29 | 30 | | |

SOURCE: Company, BNM, DOSM, CGS-CIMB estimates

Corporate Actions

DECEMBER 2023

| SUN | MON | TUE | WED | THU | FRI | SAT |
|-----|--|----------------------|-----------|------------------------|---------------------------------------|-----|
| | | | | | 1 | 2 |
| 3 | 4 | 5 | 6 | 7 Foreign Reserves; | 8 | 9 |
| 10 | 11 IPI; Manufacturing; Wholesale & Retail Trade; | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 External Trade | 20 | 21 | 22 Foreign Reserves (mid-data); | 23 |
| 24 | 25 Christmas | 26 | 27 PPI | 28 | 29 | 30 |

SOURCE: Company, BNM, DOSM, CGS-CIMB estimates

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| Score Range: | 90 - 100 | 80 – 89 | 70 - 79 | Below 70 | No Survey Result |
|--------------|-----------|-----------|---------|----------|------------------|
| Description: | Excellent | Very Good | Good | N/A | N/A |

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

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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- Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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