

HLIB Research

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Traders Brief

Pending a bullish triangle breakout amid Dec seasonality and growing Fed-cut optimism

MARKET REVIEW

Asia. Asian markets closed mixed as traders braced for the key US ADP jobs report and November ISM services data, even as expectations for deeper Fed rate cuts strengthened. Sentiment stayed fragile after China's weak services reading and Vanke's surprise bond-payment delay underscored its property woes. Caution also lingered amid speculation the BOJ could raise rates on 19 Dec after Governor Ueda signalled a possible shift.

US. Wall Street (S&P 500: +0.30%, Nasdaq: +0.17%, Dow: +0.86%) rebounded from the 1 Dec selloff after ADP payrolls fell 32k (vs +5k forecast), boosting expectations of a 25 bps cut at the 10 Dec Fed meeting and pushing implied odds to 89% from 83% a week earlier. At the same time, the ISM Services PMI edged up to 52.6 (vs forecast 52.1) in Nov to 9M high, signalling resilient underlying demand even as hiring softens. On corporate front, Marvell jumped 7.9% on stronger DC guidance and improved AI-related revenue and margin assumptions, while Microsoft slipped 2.5% after reports of cuts to AI sales quotas briefly pressured the sector before the company issued a denial.

Malaysia. Tracking the region's cautious tone, the KLCI trimmed earlier losses to finish 7.8 pts lower at 1,622.8 after dropping as much as 12.8 pts, weighed down by heavyweights such as PMETAL, MAYBANK, MAXIS, NESTLE, CDB, IHH and PETGAS. Despite the subdued close, market breadth finally swung positive at 1.12 after eight straight sessions in the red. Foreign investors, who dumped RM1.13bn in November, re-emerged as net buyers for the third consecutive day (+RM50m; Dec MTD: +RM263m; YTD: -RM20.01bn). In contrast, local institutions (-RM24m; Dec MTD: -RM106m; YTD: +RM19.60bn) and retailers (-RM26m; Dec MTD: -RM157m; YTD: +RM419m) emerged as the major net sellers.

OUTLOOK

In the near term, the KLCI may see bouts of volatility as investors track the upcoming Fed and BOJ meetings in the coming weeks, as well as digesting the post-Sabah election landscape and the prospect of a cabinet reshuffle, which the Prime Minister may use to strengthen Federal-Sabah ties and signal greater inclusivity.

Overall, any dips should find strong support near 1,591–1,600, underpinned by firm fundamentals, undemanding valuations, and favourable Dec seasonality. This sets the stage for a potential retest of the 1,643–1,659 resistance zone after back-to-back monthly declines in Oct (-2.7 pts) and Nov (-4.7 pts).

Key catalysts include:

- **Stronger macro momentum.** Jan-Sep approved investments rose 12% YoY to RM285.2bn, while GDP growth of 4.5–4.1% projected for 2025–26 is backed by major drivers: VMY 2026, the New Industrial Master Plan 2030, the National Energy Transition Roadmap, the National Semiconductor Strategy, and regional EV-hub ambitions.
- **Room for catch-up.** A firmer ringgit (+7.8% YTD) and an undemanding CY2026 KLCI P/E of 14.0x (vs. the 5-year average of 17.2x) support laggard upside, alongside CY2025/26 earnings growth of +2.6%/+7.6%.
- **Light foreign positioning.** Foreign shareholding remains near historical low at 19% in Nov (vs Sep/Oct: 18.7%/18.8%), with YTD outflows of -RM20.01bn but steady institutional (+RM19.6bn) and retail (+RM419m) inflows continue to anchor the market.

| Daily trade stats (net trades, RM'm) | | | |
|--------------------------------------|-------------|--------|----------|
| | Local insti | Retail | Foreign |
| 26-Nov | (106) | (14) | 120 |
| 27-Nov | (187) | 29 | 158 |
| 28-Nov | 372 | 112 | (484) |
| 1-Dec | 12 | (70) | 58 |
| 2-Dec | (94) | (61) | 155 |
| 3-Dec | (24) | (26) | 50 |
| Week ended 14 Nov | (318) | (158) | 476 |
| Week ended 21 Nov | 1,005 | 29 | (1,034) |
| Week ended 28 Nov | 357 | 128 | (485) |
| WTD ending 5 Dec | (106) | (157) | 263 |
| Jan 25 | 1,922 | 1,213 | (3,135) |
| Feb 25 | 1,407 | 794 | (2,201) |
| Mar 25 | 4,394 | 234 | (4,628) |
| Apr 25 | 1,937 | (50) | (1,887) |
| May 25 | (883) | (144) | 1,027 |
| June 25 | 1,691 | (394) | (1,297) |
| July 25 | 705 | 238 | (943) |
| Aug 25 | 3,401 | 33 | (3,434) |
| Sep 25 | 378 | (454) | 76 |
| Oct 25 | 3,426 | (697) | (2,729) |
| Nov 25 | 1,325 | (197) | (1,128) |
| Dec MTD | (106) | (157) | 263 |
| 2025 YTD | 19,597 | 419 | (20,016) |

| Market snapshot | | | | | |
|-----------------|-------|-------|--------|--------|------|
| | Dow | chg | KLCI | chg | G/L |
| 26-Nov | 47427 | 315 | 1624.5 | 12.8 | 0.85 |
| 27-Nov | 47427 | - | 1617.5 | (7.0) | 0.69 |
| 28-Nov | 47716 | 289 | 1604.5 | (13.0) | 0.43 |
| 1-Dec | 47289 | (427) | 1624.6 | 20.1 | 0.77 |
| 2-Dec | 47474 | 185 | 1630.6 | 6.0 | 0.81 |
| 3-Dec | 47883 | 409 | 1622.8 | (7.8) | 1.12 |

Market breadth: Gainers (G)/Losers (L)

| Average daily trading (ADT) | | |
|-----------------------------|-------------------|-------------------|
| | ADT Vol (bn shrs) | ADT Value (RM'bn) |
| 26-Nov | 3.87 | 2.98 |
| 27-Nov | 4.21 | 2.83 |
| 28-Nov | 4.09 | 3.36 |
| 1-Dec | 3.99 | 2.79 |
| 2-Dec | 3.94 | 3.33 |
| 3-Dec | 3.28 | 2.30 |
| Sep 25 | 3.02 | 2.67 |
| Oct 25 | 3.59 | 2.88 |
| Nov 25 | 4.09 | 2.89 |
| Dec MTD | 3.74 | 2.81 |
| 2025 YTD | 3.16 | 2.58 |

Sources: HLIB, Bursa

- **December seasonality.** Historically supportive, with average returns of 2.1%/2.0% over the past 10/20 years, aided by window-dressing flows.

Technical view: Pending a triangle breakout

Despite near-term volatility, we remain constructive on the KLCI's prospects, with the index poised for a bullish triangle breakout, reinforced by the historically stronger seasonality in Dec. A sustained close above immediate hurdles at the 1,622/20-day MA and 1,643 (downtrend line) would pave the way for a retest of the YTD peak at 1,659. On the flip side, failure to clear these hurdles could witness the index to trap in a triangle consolidation, with key support levels anchored at 1,600 and 1,591/100-day MA.

Daily KLCI: Temporarily locked in triangle breakout



Source: Investing.com

Figure #1 Virtual portfolio (Bullish Trackers: Maximum Holding Period is 1-3 Weeks)

| No | Stocks | Report date | Entry Price (RM) | S1 | S2 | R1 | R2 | LT Target Price | Stop loss | Highest price since report | Lowest price since report | Last price ⁶ RM | Gains/Loss since report ⁷ | Remarks |
|----|-----------|-------------|------------------|--------|--------|--------|--------|-----------------|-----------|----------------------------|---------------------------|----------------------------|--------------------------------------|--|
| 1 | UBER | 3-Nov | 96.80 | 94.30 | 91.70 | 102.00 | 104.00 | 107.00 | 91.50 | 100.34 | 90.08 | 93.00 | -3.9% | Closed on 13 Nov amid weakening technicals |
| 2 | OPTIMAX | 3-Nov | 0.64 | 0.62 | 0.59 | 0.74 | 0.78 | 0.81 | 0.585 | 0.665 | 0.635 | 0.645 | 0.8% | Closed on 13 Nov amid weakening technicals |
| 3 | ANCOMNY | 4-Nov | 0.930 | 0.930 | 0.900 | 0.990 | 1.030 | 1.050 | 0.885 | 0.940 | 0.910 | 0.930 | 0.0% | Closed on 13 Nov amid weakening technicals |
| 4 | Topsports | 5-Nov | 3.10 | 3.10 | 3.03 | 3.20 | 3.35 | 3.53 | 2.95 | 3.40 | 3.01 | 3.37 | 8.7% | Took profit on 13 Nov |
| 5 | XIOAMI | 6-Nov | 42.98 | 42.30 | 40.90 | 45.90 | 48.90 | 51.90 | 40.80 | 44.62 | 40.52 | 40.90 | -4.8% | Closed on 18 Nov at S2 amid weakening technicals |
| 6 | SUMWAY | 7-Nov | 5.47 | 5.44 | 5.36 | 5.83 | 5.93 | 6.00 | 5.24 | 5.59 | 5.30 | 5.50 | 0.5% | Closed on 1 Decamid weakening technicals |
| 7 | MATRIX | 10-Nov | 1.34 | 1.31 | 1.28 | 1.43 | 1.43 | 1.47 | 1.27 | 1.40 | 1.31 | 1.36 | 1.5% | Closed on 1 Decamid weakening technicals |
| 8 | L&G | 11-Nov | 0.15 | 0.15 | 0.14 | 0.18 | 0.19 | 0.21 | 0.135 | 0.160 | 0.140 | 0.155 | 3.3% | Closed on 1 Decamid weakening technicals |
| 9 | MCEHLDG | 12-Nov | 1.75 | 1.73 | 1.70 | 1.84 | 1.93 | 2.03 | 1.670 | 1.790 | 1.55 | 1.67 | -4.6% | Cut loss on 24 Nov |
| 10 | KINGDEE | 13-Nov | 14.92 | 15.20 | 14.90 | 15.83 | 16.70 | 17.30 | 14.250 | 15.170 | 13.47 | 14.31 | -4.1% | Closed on 25 Nov amid weakening technicals |
| 11 | ZETRIX | 14-Nov | 0.845 | 0.810 | 0.790 | 0.880 | 0.915 | 0.960 | 0.780 | 0.865 | 0.800 | 0.825 | -2.4% | Closed on 1 Dec amid weakening technicals |
| 12 | AFFIN | 20-Nov | 2.290 | 2.250 | 2.210 | 2.390 | 2.540 | 2.680 | 2.180 | 2.320 | 2.210 | 2.270 | -0.9% | |
| 13 | WUXI XDC | 20-Nov | 67.700 | 67.700 | 65.200 | 71.700 | 74.500 | 78.800 | 64.400 | 71.400 | 63.700 | 66.050 | -2.4% | |
| 14 | SSB8 | 21-Nov | 0.570 | 0.560 | 0.540 | 0.605 | 0.620 | 0.670 | 0.535 | 0.590 | 0.565 | 0.580 | 1.8% | |
| 15 | KUAISHOU | 24-Nov | 64.000 | 64.000 | 62.000 | 69.000 | 72.000 | 74.100 | 59.700 | 71.750 | 65.000 | 70.650 | 10.4% | Took profit on 25 Nov |
| 16 | SIMEPROP | 25-Nov | 1.360 | 1.340 | 1.310 | 1.400 | 1.450 | 1.510 | 1.290 | 1.450 | 1.370 | 1.400 | 2.9% | |
| 17 | NetEase | 26-Nov | 216.00 | 213.00 | 210.00 | 223.00 | 233.00 | 205.00 | 248.00 | 222.40 | 211.00 | 222.40 | 3.0% | |
| 18 | YTLPOWR | 27-Nov | 3.580 | 3.580 | 3.510 | 3.820 | 3.930 | 4.120 | 3.450 | 3.660 | 3.230 | 3.450 | -3.6% | Cut loss on 28 Nov |
| 19 | MEITU | 28-Nov | 8.600 | 8.680 | 8.500 | 9.310 | 9.600 | 9.930 | 8.100 | 8.700 | 8.100 | 8.500 | -1.2% | Closed on 1 Decamid weakening technicals |
| 20 | QCOM | 28-Nov | 163.0 | 163.0 | 158.0 | 176.0 | 182.0 | 187.7 | 155.0 | 168.2 | 164.1 | 168.1 | 3.1% | |

Figure #2 Virtual portfolio performance

| | 2024 | | | | | | | | | | | | |
|----------------------|-------------------|----------|----------|----------|----------|----------|-----------|-----------|----------|----------|----------|----------|----------|
| | Cumulative Return | Jan 2025 | Feb 2025 | Mar 2025 | Apr 2025 | May 2025 | June 2025 | July 2025 | Aug 2025 | Sep 2025 | Oct 2025 | Nov 2025 | YTD 2025 |
| Total calls made | 95 | 4 | 6 | 6 | 4 | 8 | 8 | 33 | 25 | 21 | 27 | 20 | 162 |
| Total winners | 64 | 1 | 2 | 6 | 4 | 7 | 6 | 21 | 16 | 18 | 14 | 10 | 105 |
| Total losers | 31 | 3 | 4 | - | - | 1 | 2 | 12 | 9 | 3 | 13 | 10 | 57 |
| Successful hit rates | 67% | 25% | 33% | 100% | 100% | 88% | 75% | 64% | 64% | 86% | 52% | 50% | 65% |
| Average return | 44.2% | -2.6% | -4.0% | 4.0% | 7.6% | 6.2% | 4.9% | 2.0% | 3.5% | 4.8% | 1.2% | -0.6% | 26.9% |
| Relative against CI | 55.2% | -0.3% | -2.2% | 4.1% | 5.7% | 7.0% | 3.8% | 1.9% | 2.3% | 8.0% | 1.4% | -0.7% | 30.7% |

Note:

- HLIB Retail Research runs a "virtual portfolio" and this should not be construed that HLIB has taken a position.
- Maximum holding period for stocks recommended are ranging from one week to four weeks. We will take profit (depending on strength of technical chart reading) should share price reach our R1/R2/LT upside targets.
- We will close the positions upon expiry of the maximum holding period even if the stocks fail to achieve our R1/R2/LT upside targets and/or remained above the cut loss level;
- For Sell ratings, we consider the return as equivalent to the losses make if investors did not sell;
- Prices shall be adjusted accordingly in the event of relevant exercises (i.e. dividend, bonus, rights issues etc)
- S=support; R=resistance;
- For those that we took profit, this column shows the price level which we exited from the trade.
- Excluding brokerage, stamp duty as well as clearing fees.

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| BUY | Expected absolute return of +10% or more over the next 12 months. |
| HOLD | Expected absolute return of -10% to +10% over the next 12 months. |
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| | |
|--------------------|---|
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