

**HLIB Research**

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## Traders Brief

### KLCI to retest 1,620-1,625 zones amid Fed-fuelled optimism

#### MARKET REVIEW

**Asia.** Asian markets mostly drifted, echoing Wall Street's caution and rising U.S. yields ahead of the Fed's final 2025 decision. Mood weakened further on fresh signs of Chinese deflation and heightened Japan-China tensions after U.S. claims that Beijing aimed radars at Japanese aircraft. In contrast, Japan's sticky PPI in Nov renewed speculation that the BOJ could lift rates on 19 Dec, aligning with the RBA and ECB, both signalling a clear end to their easing cycles., which signal the end of their easing cycles.

**US.** Wall Street ended higher (S&P 500: +0.68%, Nasdaq: +0.33%, Dow: +1.05%) while the US 10-year yield edged down 4 bps to 4.15%. Investors cheered the Fed's 25 bps cut alongside a restart of short-term bond buying and balanced sheet expansion for a renewal of policy support, overshadowed the Fed's modest guidance of just one cut in 2026. Powell stressed that the debate is now whether to pause cuts, trim a little further, or cut "more than a little," with rate hikes not on the table. The Fed's updated projections underscored a stronger backdrop: 2026 GDP raised to 2.3% (from 1.8%), inflation trimmed to 2.4% (from 2.6%), and unemployment steady at 4.4%. The outlook reinforces expectations for at least two cuts in 2026, as well as anticipate renewed direction from a new Fed chair once Powell's term ends next May.

**Malaysia.** Echoing the region's cautious mood, the KLCI lost 3.2 pts to 1,611, marking its 5<sup>th</sup> decline in six sessions. Nevertheless, market breadth improved to 1.09 (vs. 0.81), with turnover at 3.86bn shares worth RM2.21bn. Foreign investors extended their selling streak for a fifth day (-RM100m; Dec MTD -RM431m; YTD -RM20.71bn), joined by retailers (-RM38m; Dec MTD -RM79m; YTD +RM0.5bn). In contrast, local institutions (+RM138m; Dec MTD: +RM509m; YTD: +RM20.21bn) were the sole net buyers.

#### OUTLOOK

Tracking the bullish Wall St lead, the KLCI is set to open firmer today, though upside may pause around the 1,620-1,630 levels as investors await the key BOJ decision while weighing China-Japan tensions and possible cabinet shifts following the 29 Nov Sabah polls. Even so, solid fundamentals, undemanding valuations, and favourable December seasonality keep the backdrop constructive, paving the way for a potential retest of the 1,641–1,659 resistance band by end-Dec after back-to-back declines in October (-2.7 pts) and November (-4.7 pts).

#### Technical view: Drifting sideways before eyeing a triangle breakout

Despite near-term volatility, we remain constructive on the KLCI, which continues to ride above its support trendline and looks poised for a bullish triangle breakout, supported by strong December seasonality and continued Fed-cut optimism. A sustained close above immediate resistance at 1,620 / the 20D MA would open the door for a breakout above the upper trendline near 1,641, setting up a move toward 1,659 (52-week high) and 1,686 (110% FE). Failure to clear this hurdle may keep the index in consolidation, with support seen at 1,600 (trendline) and 1,595 (100D MA).

Daily trade stats (net trades, RM'm)			
	Local insti	Retail	Foreign
3 Dec (RM'm)	(24)	(26)	50
4 Dec (RM'm)	59	21	(80)
5 Dec (RM'm)	131	41	(172)
8 Dec (RM'm)	157	39	(196)
9 Dec (RM'm)	131	15	(146)
10 Dec (RM'm)	138	(38)	(100)
Week ended 21 Nov (RM'm)	1,005	29	(1,034)
Week ended 28 Nov (RM'm)	357	128	(485)
Week ended 5 Dec (RM'm)	84	(95)	11
WTD ending 12 Dec (RM'm)	425	16	(442)
1Q25 (RM'bn)	7.72	2.24	(9.96)
2Q25 (RM'bn)	2.75	(0.59)	(2.16)
3Q25 (RM'bn)	4.48	(0.18)	(4.30)
4QTD (RM'bn)	5.26	(0.97)	(4.29)
Dec MTD (RMbn)	0.51	(0.08)	(0.43)
YTD 25 (RM'bn)	20.21	0.50	(20.71)

Market snapshot					
	Dow	chg	KLCI	chg	G/L
3-Dec	47883	409	1622.8	(7.8)	1.12
4-Dec	47851	(32)	1621.1	(1.8)	0.99
5-Dec	47955	104	1616.5	(4.6)	0.73
8-Dec	47739	(216)	1612.8	(3.7)	0.44
9-Dec	47560	(179)	1614.2	1.4	0.81
10-Dec	48057	497	1611.0	(3.2)	1.09

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

Average daily trading (ADT)		
	ADT Vol (bn shrs)	ADT Value (RM'bn)
3-Dec	3.28	2.30
4-Dec	4.48	2.75
5-Dec	3.17	2.24
8-Dec	3.36	2.15
9-Dec	3.17	2.37
10-Dec	3.86	2.21
Sep 25	3.02	2.67
Oct 25	3.59	2.88
Nov 25	4.09	2.89
Dec MTD	3.66	2.52
2025 YTD	3.17	2.57

Sources: HLIB, Bursa

## Daily KLCI: Drifting sideways before eyeing a 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 <sup>6</sup> RM	Gains/Loss since report <sup>7</sup>	Remarks
1	OSK	2-Dec	1.36	1.34	1.31	1.45	1.49	1.54	1.29	1.42	1.36	1.40	2.9%	
2	SUNNY OPTICAL	3-Dec	66.80	65.70	63.00	71.20	74.70	78.90	62.70	69.75	66.20	68.10	1.9%	
3	GAMUDA	5-Dec	5.15	5.00	4.88	5.37	5.50	5.80	4.86	5.25	5.05	5.13	-0.4%	
4	MCEHL DG	5-Dec	1.63	1.56	1.50	1.68	1.78	1.93	1.49	1.65	1.59	1.62	-0.6%	
5	SUNWAY	8-Dec	5.43	5.33	5.25	5.72	5.93	6.07	1.49	5.65	5.46	5.61	3.3%	

**Figure #2 Virtual portfolio performance**

	Cumulative Return	2024												
		Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	June 2025	July 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	YTD 2025
Total calls made	95	4	6	6	4	8	8	33	25	21	27	20	5	167
Total winners	64	1	2	6	4	7	6	21	16	18	14	11	3	109
Total losers	31	3	4	-	-	1	2	12	9	3	13	9	2	58
Successful hit rates	67%	25%	33%	100%	100%	88%	75%	64%	64%	86%	52%	55%	60%	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%	0.5%	1.4%	29.5%
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%	2.2%	34.3%

**Note:**

1. HLIB Retail Research runs a "virtual portfolio" and this should not be construed that HLIB has taken a position.
2. 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.
3. 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;
4. For Sell ratings, we consider the return as equivalent to the losses make if investors did not sell;
5. Prices shall be adjusted accordingly in the event of relevant exercises (i.e. dividend, bonus, rights issues etc)
6. S=support; R=resistance;
7. For those that we took profit, this column shows the price level which we exited from the trade.
8. Excluding brokerage, stamp duty as well as clearing fees.

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<b>BUY</b>	Expected absolute return of +10% or more over the next 12 months.
<b>HOLD</b>	Expected absolute return of -10% to +10% over the next 12 months.
<b>SELL</b>	Expected absolute return of -10% or less over the next 12 months.
<b>UNDER REVIEW</b>	Rating on the stock is temporarily under review which may or may not result in a change from the previous rating.
<b>NOT RATED</b>	Stock is not or no longer within regular coverage.

## Sector rating guide

<b>OVERWEIGHT</b>	Sector expected to outperform the market over the next 12 months.
<b>NEUTRAL</b>	Sector expected to perform in-line with the market over the next 12 months.
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