

Sentiment affected by selling on Wall Streets

Market Review

Malaysia: The FBM KLCI (+0.09%) closed marginally higher despite the mixed regional markets performance and the elevated interest rates environment as the US treasury yield hit a 16-year high. The Healthcare sector (+0.51%) gained, but the Energy sector declined -1.90% after the significant pullback in Brent oil prices.

Global markets: Wall Street ended lower after the US August job openings survey exceeded estimates indicating that interest rate levels may be maintained for longer and treasury yields remained elevated. The European and Asian markets fell; the latter after Australia's central bank kept the interest rates unchanged.

The Day Ahead

The FBM KLCI ended marginally higher for the session, but the traders may continue to stay cautious throughout this week. With the Wall Street and regional benchmark indices taken a beating yesterday, we expect selling pressure to emerge on the local front. Also, as we are heading into the Budget 2024 period, investors may position themselves ahead of this event. Meanwhile, the elevated inflationary pressure, rising US Treasury yields as well as expectations of another possible interest rate hike move by the Federal Reserves, downward pressure on stock markets may continue. Commodities wise, the Brent crude oil hovered around USD90/bbl level amid rising dollar, while the CPO prices traded below RM3,700/MT level.

Sector focus: Given the Wall Street ended on a negative tone, we expect selling interest to emerge within the Technology sector. Also, the Energy sector could remain pressured amid declining Brent oil prices. Nevertheless, traders could position themselves into the Building Material and Construction sectors ahead of Budget 2024.

FBMKLCI Technical Outlook



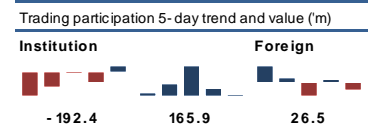
Bloomberg

The FBM KLCI ended marginally higher slightly above the current support zone of 1,400-1,420. However, the technical readings on the key index were negative with the MACD Histogram extended another negative bar, and the RSI hovering slightly above 30. The resistance is located around 1,450-1,460 and the support is located around 1,400-1,415.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,002.38	-129
S&P 500	4,229.45	-137
NASDAQ	13,059.47	-187
FBM KLCI	1420.01	0.09
FBM Small Cap	16,044.64	-0.19
FBM ACE	5,162.25	0.31
Construction	183.21	-0.04
Consumer	550.56	-0.34
Energy	87.172	-1.90
Financial Services	15,905.22	0.18
Healthcare	1689.48	0.51
Ind Products	170.08	-0.21
Plantation	6,859.92	0.10
Property	858.75	-0.52
REITs	774.51	-0.20
Technology	62.21	-0.32
Telco & Media	577.37	-0.06
Transport & Logist	920.04	-0.02
Utilities	1,105.91	0.05
Trading Vol (m)	3,225.02	6.96
Trading Val (RM m)	2209.22	22.70
Gainers/ Losers rat	75%	
FKLI	1412.00	(0.35)
FCPO (RM)	3,692.00	(0.43)
Brent oil (USD)	90.92	0.23
Gold (USD)	1823.02	(0.03)
USD	4.7235	(0.13)
GBP	5.7068	0.55
EURO	4.9521	0.39
SGD	3.4383	0.02



Source: Bloomberg, Bursa Market Place

Company Brief

The acquisition of a 33% stake in the **Boustead Plantations Bhd** by **Kuala Lumpur Kepong Bhd** (KLK) from the Armed Forces Fund Board (LTAT) "is pending a final decision between the transacting parties", the two companies said, noting that the cut-off date for fulfilling the condition precedent is Friday. Both companies had been queried by the stock exchange to confirm or deny whether the acquisition had fallen through after *The Edge*, citing anonymous sources, reported that KLK's RM1.15bn acquisition of the 33% stake had been scrapped after two deadline extensions for the cut-off date, first from Sept 11 to Sept 22, and later to Oct 6. KLK also clarified that it "had no advance notice of, and there was no confirmation of the government's intention" to "help LTAT avoid losses", as reportedly said by Prime Minister Datuk Seri Anwar Ibrahim on Monday.

Anwar on Monday reportedly said that the Ministry of Finance has allocated RM300m this week to help LTAT address its liquidity issues, and is looking for a total of RM2bn by year-end to "save" LTAT. The money would help LTAT avoid losses, Anwar was quoted as saying in news reports, as he revealed the financial support at the launch of a *Felda Segalanya* event at Felda Chemomoi in Pahang. KLK had in August proposed to acquire 739.2m shares, equivalent to 33% plus one share in Boustead Plantations at RM1.55 per share. As at Sept 29, KLK had accumulated 69.29m shares in Boustead Plantations from the open market. (The Edge)

AirAsia Bhd, the aviation arm of Capital A Bhd, has secured a five-year term loan of up to US\$150m (approximately RM708.46m), to fund its aircraft and engines maintenance and working capital. The term loan was secured shortly before Capital A is due to submit its regularisation plan to the stock exchange on Oct 7. (The Edge)

Malaysia Airports Holdings Bhd saw 11.2m total passenger movement in August for both its Malaysian and Turkish airport networks – marking the second consecutive month it recorded more than 11m total passengers. Local airports in Malaysia also saw the highest average total daily passengers at 240,000. Meanwhile, it saw 3.5m and 3.9m for the international and domestic sector in the same month. This was partly driven by the six state elections on Aug 12, the extra public holiday declared on Aug 13 post-election, and the National Day celebration that coincided with school holidays. (The Edge)

SWS Capital Bhd has announced several boardroom changes, including the redesignation of its non-executive director Datuk Chua Heok Wee to group managing director of the furniture and plastic ware manufacturer, effective immediately. Heok Wee, 50, replaces Teoh Han Chuan, 63, who has been redesignated from managing director to executive deputy chairman. Heok Wee is also currently group managing director of Penang-based palm kernel expeller manufacturer Muar Ban Lee Group Bhd (MBL). It also announced the redesignation of Chua Kang Sing, 32, from non-executive director to an executive role. Kang Sing is currently executive director of MBL and is cousin to Heok Wee. Both Heok Wee and Kang Sing joined the board of SWS Capital in August this year. This follows their emergence as a substantial shareholder of the company in August this year, after MBL accumulated shares equivalent to a 20.758% stake in SWS Capital. The duo currently hold an indirect stake of 24.357% in SWS Capital through MBL. Heok Wee also owns a direct stake of 0.793% in SWS Capital. (The Edge)

Kretam Holdings Bhd has raised its stake in **Bahvest Resources Bhd** to 12.22% or 151.49m shares, after a series of transactions on Bursa Malaysia. Notably, Datuk Lim Nyuk Sang @ Freddy Lim is a common shareholder in both companies. Lim is the largest shareholder in Kretam with 1.09bn shares or a 66.13% stake, as of July 2023. Lim also held 44.25m Bahvest shares, representing a 3.57% stake.

Lim was among a group of shareholders who had sought to requisition an extraordinary general meeting (EGM) to remove three board members from Bahvest, namely the group's founder and former managing director-cum-chief executive officer Datuk Lo Fui Ming, Fui Ming's son, who is executive director Lo Tek Yong; and non-executive chairman Datuk Seri Dr Md Kamal Bilal. The trio resigned ahead of Bahvest's EGM on June 13, and after the Malaysian Anti-Corruption Commission (MACC) conducted a raid at Bahvest's operation centre in Tawau. (The Edge)

Energy-related services provider **Reservoir Link Energy Bhd** said its 51%-owned unit Founder Group Ltd (FGL) is considering a listing on the US stock exchange Nasdaq. It said that the proposed listing of FGL will offer enhanced financial flexibility through a new fundraising platform to accelerate the expansion and growth trajectory of its solar renewable business. The details for the proposed listing have yet to be determined and will only be made after the group has completed the finalisation and approval of the subsidiary's listing structure. (The Edge)

Cansino Biologics (Hong Kong) Ltd has emerged as the second largest shareholder of **Solution Group Bhd**, with a 9.09% stake after Cansino Biologics (Hong Kong) subscribed to 43.968m Solution Group shares at 19.5 sen or RM8.57m via private placement. Cansino Biologics (Hong Kong) is a 100%-owned research and development unit of China-based vaccine producer CanSino Biologics Inc (CanSino), while Solution Group is the local manufacturing partner of CanSino to develop, manufacture and commercialise the CanSino's Covid-19 vaccine in the Asean market. Solution Group's largest shareholder is its group managing director Lim Yong Hew, who holds 13.92% direct and 4.08% indirect stake. (The Edge)

Point-of-sale systems provider **Cuscapi Bhd** has been served with claims of RM20m over alleged defamatory statements it made back in 2018. The group assured that it will continue to take all necessary actions and pursue all available remedies to defend and protect its position. Cuscapi added that it will make further announcements if there is material development on this matter where necessary. Cuscapi's share price closed unchanged at 19 sen on Tuesday for a market capitalisation of RM179.53m. (The Edge)

Offshore marine support services provider **Marine & General Bhd**'s outlook for its upstream and downstream divisions remains positive. In a statement, the company said its marine logistics from the upstream division is looking forward to an active year, in line with **Petrolia Nasional Bhd**'s positive outlook for its drilling and exploration activities, as highlighted in the national oil company's Activity Outlook for 2023–2025. Meanwhile, on the prospects for the downstream division, it said the commercial prospects over the medium term remain positive, given the division's excellent operating standards that will ensure continued commercial competitiveness. (The Edge)

Technical Focus Tracker

Technical Focus Tracker											
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	SCOMNET	2-Aug	1.370	1.480	1.550	1.650	1.290	1.280	1.290	-5.8%	Closed at cut off period
2	HARBOUR	9-Aug	1.170	1.240	1.290	1.350	1.120	1.110	1.180	0.9%	Closed at cut off period
3	MCEMENT	16-Aug	3.370	3.500	3.600	3.800	3.100	3.090	3.500	3.9%	Take profit at R1 on 17-Aug

Market Chat Tracker

4Q23 Stock Picks											
No.	Companies	Report Date	Report Date Share Price (RM)	Resistance 1 (RM)	Resistance 2 (RM)	Support 1 (RM)	Support 2 (RM)	Cut Loss (RM)	Last Price (RM)	Change in Share Price (%)	Comments
1	GTRONIC	2-Oct	1.560	1.700	1.820	1.450	1.360	1.340	1.530	-1.9%	Initiate on 2/10/2023
2	HIAPTEK	2-Oct	0.435	0.500	0.535	0.400	0.365	0.355	0.450	3.4%	Initiate on 2/10/2023
3	HSSEB	2-Oct	0.805	0.895	0.940	0.725	0.670	0.660	0.800	-0.6%	Initiate on 2/10/2023
4	LHI	2-Oct	0.555	0.610	0.640	0.520	0.500	0.490	0.555	0.0%	Initiate on 2/10/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.720	-1.4%	Initiate on 2/10/2023
6	PECCA	2-Oct	1.210	1.400	1.450	1.100	1.050	1.030	1.200	-0.8%	Initiate on 2/10/2023
7	PWF	2-Oct	0.870	0.950	1.000	0.825	0.790	0.780	0.865	-0.6%	Initiate on 2/10/2023
8	RAMSSOL	2-Oct	0.495	0.545	0.605	0.425	0.395	0.385	0.535	8.1%	Initiate on 2/10/2023
9	SLVEST	2-Oct	1.320	1.450	1.520	1.250	1.200	1.180	1.300	-1.5%	Initiate on 2/10/2023
10	T7GLOBAL	2-Oct	0.480	0.525	0.555	0.475	0.455	0.445	0.470	-2.1%	Initiate on 2/10/2023
11	TUNEPRO	2-Oct	0.435	0.485	0.515	0.420	0.405	0.395	0.445	2.3%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.530	1.750	1.900	1.420	1.330	1.310	1.450	-5.2%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.480	-0.7%	Initiate on 2/10/2023
Average Return										-0.1%	

Technical Focus Tracker Summary	
Total recommendations	347
Total winners	214
Total losers	133
Portfolio performance (2020)	22.7%
Accuracy (2020)	53.3%
Portfolio performance (2021)	30.4%
Accuracy (2021)	66.4%
Portfolio performance (2022)	13.3%
Accuracy (2022)	62.9%
Portfolio performance (2023)	4.8%
Accuracy (2023)	61.4%
FBM KLCI (Since 30/12/2022)	-5.0%
FBM Small Cap (Since 30/12/2022)	7.5%
Malaysia GDP Growth (1H23)	4.2%

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