

Likely to perform a rebound move

Market Review

Malaysia: The FBM KLCI (-0.29%) closed lower due as investors continue to trade cautiously amid the elevated interest rates environment, tracking the negative sentiment on Wall Street. The Telco & Media sector (-1.63%) and Energy sector (-1.57%) declined; the latter drop due to the recent pullback in Brent oil prices.

Global markets: Wall Street rebounded led by the Technology stocks after the recent pullback as bargain hunting activities emerged after the US Treasury Yield eased following the US private payrolls increased below consensus estimates in September. Meanwhile, both the European and Asian markets ended lower.

The Day Ahead

The FBM KLCI has declined for another session, but we believe it is currently oversold and may be due for a rebound. Given the Wall Street rebounded overnight on the back of easing Treasury yields after the US Sep ADP Employment came in weaker than expectations. Hence, we expect the buying interest to spillover to stocks on the local front. Investors may still position ahead of the Budget 2024 which will be held next Friday. Commodities wise, the Brent crude oil plunged nearly 6%, closing below the USD86/bbl level amid recession fear amid elevated bond yield environment, while the CPO prices traded around RM3,700/MT level.

Sector focus: With Wall Street turning more positively overnight, we believe the buying support may spillover to our local exchange, specifically within the Technology sector. However, the Energy sector will be under pressure amid a plunge in Brent oil prices. Nevertheless, traders should focus on domestic driven catalysts in the near term from the NETR, NIMP as well as the upcoming Budget 2024. We opine that the trading activities may emerge within the Construction, Building Materials and Property sectors.

FBMKLCI Technical Outlook



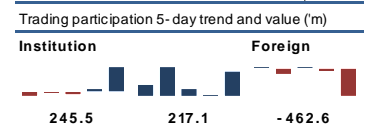
Bloomberg

The FBM KLCI ended lower, falling into the support zone of 1,400-1,415. Despite the MACD Histogram extended another negative bar, but the RSI falling below 30 could mean the index is oversold and may be due for a rebound in the near term. The resistance is envisaged around 1,440-1,450 and the support is located around 1,400-1,415.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,129.55	0.39
S&P 500	4,263.75	0.81
NASDAQ	13,236.01	1.35
FBM KLCI	1415.84	-0.29
FBM Small Cap	15,905.33	-0.87
FBM ACE	5,120.42	-0.81
Construction	18193	-0.70
Consumer	548.91	-0.30
Energy	858.05	-1.57
Financial Services	15,832.13	-0.46
Healthcare	1676.07	-0.79
Ind Products	170.11	0.02
Plantation	6,825.83	-0.50
Property	857.34	-0.16
REITs	77180	-0.35
Technology	6150	-1.14
Telco & Media	567.96	-1.63
Transport & Logist	917.27	-0.30
Utilities	1094.04	-1.07
Trading Vol (m)	3,028.33	(6.10)
Trading Val (RM m)	2234.23	1.13
Gainers/ Losers rat	35%	
FKLI	1412.50	-
FCPO (RM)	3,701.00	(0.38)
Brent oil (USD)	85.81	(5.62)
Gold (USD)	1821.36	0.04
USD	4.7302	(0.14)
GBP	5.7368	(0.52)
EURO	4.9663	(0.29)
SGD	3.4476	(0.27)



Source: Bloomberg, Bursa Market Place

Company Brief

The proposed disposal of a 33% stake in **Boustead Plantations Bhd** (BPlant) by the Armed Forces Fund Board (LTAT) and **Boustead Holdings Bhd** to **Kuala Lumpur Kepong Bhd** (KLK) has fallen through. This confirms the report by The Edge on Tuesday. KLK said it was informed that the condition precedent under the strategic collaboration agreement inked between KLK, Boustead and LTAT “will not be satisfied by the cut-off date of Oct 6, 2023”. “In the circumstances, the parties mutually agree that the SCA shall be terminated with immediate effect on Oct 4, 2023,” it said. “As a result of the termination, Boustead Holdings Bhd shall return the deposit (equivalent to the sum of RM229.15m) to KLK within 14 business days from Oct 4, 2023, or such other later date as may be agreed between the parties,” KLK added.

Both KLK and BPlant shares will resume trading on Thursday, after two days of suspension on Tuesday and Wednesday. To recap, the deal would have seen LTAT and Boustead dispose of a 33% stake in BPlant for RM1.15bn or RM1.55 per share. KLK currently holds a direct 3.09% stake in BPlant, following its last acquisition of 6.11m shares on Sept 29. Under the deal, KLK had planned to extend a mandatory general offer at RM1.55 a share for BPlant in order to raise its shareholding to 65%, and to subsequently delist the company. LTAT and Boustead would have held the remaining 35% upon completion of the now-defunct exercise. (The Edge)

Boustead Heavy Industries Corp Bhd (BHIC)’s planned disposal of a 20.77% stake in troubled Boustead Naval Shipyard Sdn Bhd (BNS) to the Ministry of Finance (Inc) has been extended by 21 business days as the parties involved require more time to fulfil conditions precedent to the RM1 deal. BHIC said that the agreement for an extension by both parties came after the expiry of the conditional period on Tuesday. The deal was part of the government’s intention to take full control of the RM9.13bn littoral combat ship (LCS) project that BNS failed to deliver on time. According to BHIC’s past disclosures, the divestment is conditional upon fulfilling conditions precedent within 30 business days, or a further period of 21 business days or such longer period as the parties may agree. Of the remaining equity interest in BNS, Boustead Holdings Bhd holds a direct stake of 68.85%, while LTAT owns 10.38%. LTAT took Boustead Holdings private in June this year. (The Edge)

Hexza Corporation Bhd has disposed of 18,000 shares in US multinational technology company NVIDIA Corp for a total gross cash sum of US\$7.90m (RM37.07m). The chemical-based manufacturer company said it invested in NVIDIA with the intention of deriving dividend income and for potential capital gains. The proceeds from the disposal will be used for working capital and/or to reinvest in other quoted shares. Hexza disposed of these quoted securities to lower the company’s risk of exposure to a single high value counter, after taking into consideration the overall market conditions of NVIDIA shares.” (The Edge)

YLI Holdings Bhd’s subsidiary, Laksana Wibawa Sdn Bhd, has accepted and received RM97.84m in compensation for its land in Hulu Serendah, Selangor that was compulsorily acquired for a rail project. It said the RM97.84m compensation includes compensation for severance damages. The steel manufacturer said the land was acquired by Malaysian Rail Link Sdn Bhd, an agency under the Ministry of Finance (Inc), which has been appointed as the asset and project owner of East Coast Rail Link. Following the disposal, YLI is expected to gain approximately RM62.17m and it will utilise most of the proceeds for expenses and repayment of its borrowings, as well as redemption of redeemable convertible preference shares. (The Edge)

National carmaker **Proton Holdings Bhd** recorded sales totalling 12,230 units for the domestic and export markets in September this year, bringing total sales for the first three quarters of the year to 116,832 units, an increase of 14.1% compared to the same period last year. In a statement on Wednesday, the company said September's sales receded by 1,725 units compared to August, while total industry volume (TIV) also retreated to below the 70,000-unit threshold. "Proton's sales growth, however, remains ahead of total industry growth by more than 3.7%, while market share also remains ahead of the figure from 2022, currently standing at 20.5%, or 0.7% more than the previous year," it said. (The Edge)

Unitholders of **KIP Real Estate Investment Trust** (KIP REIT) on Wednesday voted in favour of the REIT's proposal to acquire KIPMall Kota Warisan in Sepang for RM80m. KIPMall Kota Warisan houses a one-and-a-half-storey retail centre, with a net lettable area of approximately 17,300 sq m on a freehold land in Dengkil, Sepang in Selangor. Consequently, the resolution for the proposed private placement of up to 12.27m new units in KIP REIT to raise RM10m, partially fund the acquisition. (The Edge)

Information and communications technology distributor **VSTECS Bhd** is facilitating a private cloud project between Alibaba Cloud and Sarawak Information Systems (Sains). VSTECS in a statement said this is Alibaba Cloud's first private cloud project in Malaysia, and paves the way for advanced cloud computing and cutting-edge technologies to reach governmental bodies, businesses, organisations, and educational institutions across East Malaysia. At Wednesday's closing bell, VSTECS' share price was down 1 sen or 0.75% to settle at RM1.33, giving the group a market capitalisation of RM479m. Year-to-date, the stock has gained 14%. (The Edge)

Astro Malaysia Holdings Bhd's share price continued heading south on Wednesday. It hit an all-time low of 40 sen a week after the release of its quarterly earnings which came below consensus estimates. The stock has plunged 61.17% from last year's peak of RM1.03 in end-March. In other words, a cumulative RM3.29bn has evaporated from the pay-TV group's market capitalisation over the past 18 months. Investment analysts broadly hold rather bearish valuations of Astro with the lowest target prices at 35 sen. The median target price stood at 47 sen. (The Edge)

Malakoff Corp Bhd has inked a memorandum of understanding (MOU) with ports under the MMC Group of Companies, namely Northport (Malaysia) Bhd, Johor Port Bhd, Pelabuhan Tanjung Pelepas Sdn Bhd and Penang Port Sdn Bhd, to explore the collective potential through collaboration, and to explore various green power initiatives, including any solar power programme under the government's initiatives, such as the Corporate Green Power Programme (CGPP). In a statement on Wednesday, Malakoff said that through the MOU, the company and MMC Ports are set to embark on a transformative partnership within the CGPP, where Malakoff will assume the pivotal role of a solar power producer, while MMC Ports will serve as the esteemed corporate consumer. (The Edge)

Technical Focus Tracker

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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	HIAPTEK	4-Oct	0.450	0.475	0.500	0.525	0.425	0.410	0.445	-1.1%	Initiate on 4/10/2023

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	1.490	-4.5%	Initiate on 2/10/2023
2	HIAPTEK	2-Oct	0.435	0.500	0.535	0.400	0.365	0.355	0.445	2.3%	Initiate on 2/10/2023
3	HSSEB	2-Oct	0.805	0.895	0.940	0.725	0.670	0.660	0.795	-1.2%	Initiate on 2/10/2023
4	LHI	2-Oct	0.555	0.610	0.640	0.520	0.500	0.490	0.545	-1.8%	Initiate on 2/10/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.700	-4.1%	Initiate on 2/10/2023
6	PECCA	2-Oct	1.210	1.400	1.450	1.100	1.050	1.030	1.190	-1.7%	Initiate on 2/10/2023
7	PWF	2-Oct	0.870	0.950	1.000	0.825	0.790	0.780	0.870	0.0%	Initiate on 2/10/2023
8	RAMSSOL	2-Oct	0.495	0.545	0.605	0.425	0.395	0.385	0.505	2.0%	Initiate on 2/10/2023
9	SLVEST	2-Oct	1.320	1.450	1.520	1.250	1.200	1.180	1.310	-0.8%	Initiate on 2/10/2023
10	T7GLOBAL	2-Oct	0.480	0.525	0.555	0.475	0.455	0.445	0.460	-4.2%	Initiate on 2/10/2023
11	TUNEPRO	2-Oct	0.435	0.485	0.515	0.420	0.405	0.395	0.440	1.1%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.530	1.750	1.900	1.420	1.330	1.310	1.440	-5.9%	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										-1.5%	

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)	-5.3%
FBM Small Cap (Since 30/12/2022)	6.6%
Malaysia GDP Growth (1H23)	4.2%

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