

## Rising geopolitical tension may limit upside

### Market Review

**Malaysia:** The FBM KLCI (+0.03%) ended marginally higher supported by energy-related stocks amid the spike in Brent oil prices due to tensions in the Middle East. The Energy Sector (+2.09%) rallied strongly after the rebound in Brent oil prices, while the Construction sector (-0.58%) fell due to profit taking activities.

**Global markets:** Wall Street ended higher despite opening lower supported by the surge in oil & defence related stocks due to the Middle Eastern conflict. Meanwhile, the European market fell, while Asian markets ended mixed as investors are eyeing inflation and trade data from China and India later this week.

### The Day Ahead

Despite the rising concerns over the Middle East conflict, the FBM KLCI ended on a flattish tone, while the traders in the US stock markets were scooping up shares related to the oil and defence industries. Also, we believe the market could be focusing on the economy and earnings season that will be starting this week with the banking heavyweights. Given the strong rebound on Wall Street, the buying interest may emerge on the local front, focusing on the NETR and NIMP as well as the upcoming Budget 2024 this Friday. Commodities wise, the Brent crude oil spiked up more than 4% above USD88/bbl level amid rising geopolitical concerns, while the CPO prices are trading below RM3,600/MT level.

**Sector focus:** With the spike in the Brent oil and gold prices following the Israeli-Palestinian conflict, we think traders may focus on the O&G and gold-related sector and buying support should persist for the near term. Besides, traders may position into the construction, property and building materials sectors ahead of the Budget 2024.

### FBMKLCI Technical Outlook



## Company Brief

**Rapid Synergy Bhd** is disposing of a freehold land in Desa Sri Hartamas, together with a five-storey commercial building, for RM32.39m. Rapid Synergy expects to recognise a gain of RM20.07m from the disposal of the land measuring 1,338 square metres to Segi Permai Sdn Bhd. (The Edge)

Datuk Seri Mahmud Abu Bekir Taib, the son of Sarawak Yang di-Pertua Negeri Tun Abdul Taib Mahmud, has emerged as a substantial shareholder of **KNM Group Bhd** after acquiring 203.47m shares or a 5.03% stake in the financially-distressed company that is currently embroiled in a boardroom tussle. Abu Bekir bought the shares on Oct 6. The group did not reveal the purchase price, but based on its closing price of 17 sen on Oct 6, Abu Bekir could have acquired the stake for about RM34.59m. (The Edge)

**SSF Home Group Bhd**, which is scheduled to be listed on the ACE Market of Bursa Malaysia on Oct 12, has posted a net profit of RM2.65m on the back of revenue of RM39.3m for the first quarter ended July 31, 2023. There are no comparative figures available for the preceding year's corresponding quarter as this is the first interim financial report announced by the company. SSF Home said the group intends to strengthen its presence via its expansion plans to open more retail outlets in various cities in Malaysia, in particular the northern and southern regions of Peninsular Malaysia. (The Edge)

**Alliance Bank Malaysia Bhd** has announced that it will relocate to a new corporate head office after it acquired a 24-floor office suite in Jalan Ampang, Kuala Lumpur, for RM405.84m. The group said the proposed acquisition will be fully funded via the capital market and internal funds. It added the acquisition will be completed by November next year. (The Edge)

**Catcha Digital Bhd** has announced the acquisition of two digital media companies in a bid to complement its mission to build a leading digital group in Southeast Asia. Catcha said it is investing RM3.43m to buy the remaining 49% stake in Ittify Sdn Bhd, a leading influencer platform in Malaysia which serves more than 100 brands with 7,000 influencers on its platform. The group already owns the other 51% stake in Ittify. The second acquisition involves Catcha acquiring a 30% equity interest in Headline Media Sdn Bhd for RM1.24m, with an option to acquire another 50% stake within 36 months. (The Edge)

**Dagang NeXchange Bhd** (DNeX) expects to expand its revenue through the introduction of its new TradeSwift DagangNet superapp, developed by its wholly-owned unit Dagang Net Technologies Sdn Bhd, which intends to implement a monthly fee ranging from RM25 to RM28 for users starting January next year. The superapp provides value-added features – including checking validity status of permit, cost analysis and other trade information – in addition to DNeX's web-based e-Services for trade facilitation including those offered via the National Single Window. (The Edge)

**Hengyuan Refining Co Bhd** has appointed Yin Lujiang as chief executive officer of the petroleum products refining and manufacturing group, effective immediately. He replaces Zulhazmi Mohamad, who is ceasing his duties and responsibilities as acting CEO. (The Edge)

**Luster Industries Bhd** has proposed to undertake a RM50m capital reduction via cancellation of its paid-up share capital to eliminate its accumulated losses. The proposed capital reduction will result in its share capital being reduced to RM262.28m, resulting in a capital reduction of RM50m, which will be utilised to set off its accumulated losses of RM34.68m at the group level. (The Edge)

Engineering services provider **AWC Bhd** has decided to exercise its call option to buy the rest of rail specialist Trackwork & Supplies Sdn Bhd it does not own for RM5.48m. AWC said it had on Oct 9 served a written notice to Trakniaga Sdn Bhd to exercise the call option by requiring Trakniaga to dispose of all the remaining shares in Trackwork. The sale shares represent the balance of 40% equity interest in Trackwork not already held by AWC. (The Edge)

**Petronas Chemicals Group Bhd** (PCG) has reached a final investment decision to construct Asia's largest advanced chemical recycling plant in Pengerang, Johor with a capacity of 33 kilotonnes per annum. The plant, which is targeted to be operational by the first half of 2026, is part of PCG's new plastics economy agenda to support the transition towards a circular economy and contribute to a sustainable plastics ecosystem. (The Edge)

**MAA Group Bhd**, which holds an 8.55% equity stake in cash-strapped KNM Group Bhd, intends to vote in favour of retaining the current KNM directors, and vote against the appointment of new candidates at KNM's EGM scheduled to be held on Oct 16. Meanwhile, MAA wants to keep Ravindrasingham Balasingham, better known as Ravi, as KNM's executive director and group chief executive officer. (The Edge)

**T7 Global** has secured a contract award worth RM21.17m from Tenaga Nasional Bhd (TNB). The energy solutions provider said its subsidiary T7 Wenmax Sdn Bhd is to supply and deliver 79,800 units of Single Phase Radio Frequency Smart Meters together with 19,950 units of Three Phase Radio Frequency Smart Meters, in line with TNB's ongoing implementation of the Advanced Metering Infrastructure. (The Edge)

The proposed RM450m acquisition of Menara CelcomDigi by **Sentral Real Estate Investment Trust** (Sentral REIT) is deemed fair and reasonable, says independent adviser Public Investment Bank Bhd (PIVB). In a circular to shareholders, PIVB recommended to non-interested shareholders of Malaysian Resources Corp Bhd (MRCB) to vote in favour of the resolution pertaining to the proposed acquisition at the extraordinary general meeting on Oct 24.

Sentral REIT had announced that the acquisition will be funded with cash raised through a combination of equity and debt funding exercises. The equity funding exercise will entail a placement of up to 123.72m shares, out of which 34.56m shares would be for MRCB's undertaking to maintain its current percentage unitholding in Sentral REIT. MRCB currently holds 55.88% of Sentral REIT. The issuance of 123.72m shares represents about 11.5% of the existing total units in issue and will be placed out to institutional investors at an issue price to be determined by way of bookbuilding. The acquisition is expected to be completed by the end of the year. (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	HIAPTEK	4-Oct	0.450	0.475	0.500	0.525	0.425	0.410	0.425	-5.6%	Initiate on 4/10/2023
2	SLVEST	6-Oct	1.340	1.430	1.480	1.550	1.300	1.280	1.340	0.0%	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	1.480	-5.1%	Initiate on 2/10/2023
2	HIAPTEK	2-Oct	0.435	0.500	0.535	0.400	0.365	0.355	0.425	-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	0.555	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	1.170	-3.3%	Initiate on 2/10/2023
7	PWF	2-Oct	0.870	0.950	1.000	0.825	0.790	0.780	0.855	-1.7%	Initiate on 2/10/2023
8	RAMSSOL	2-Oct	0.495	0.545	0.605	0.425	0.395	0.385	0.500	1.0%	Initiate on 2/10/2023
9	SLVEST	2-Oct	1.320	1.450	1.520	1.250	1.200	1.180	1.340	1.5%	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	0.445	2.3%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.530	1.750	1.900	1.420	1.330	1.310	1.530	0.0%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.510	1.3%	Initiate on 2/10/2023
Average Return										-1.0%	

Technical Focus Tracker Summary	
Total recommendations	348
Total winners	214
Total losers	134
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)	4.2%
Accuracy (2023)	60.3%
FBM KLCI (Since 30/12/2022)	-5.2%
FBM Small Cap (Since 30/12/2022)	7.0%
Malaysia GDP Growth (1H23)	4.2%

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