

Focusing on Budget 2024

Market Review

Malaysia: The FBM KLCI (+0.09%) ended marginally higher from continued positive buying momentum as investors are optimistic ahead of Budget 2024 on Friday. The Property Sector (+0.49%) gained, while the Telco & Media sector (-0.60%) declined due to selling pressure in CDB and TIMECOM.

Global markets: Despite the PPI data was stronger than estimates, suggesting that the inflationary pressure could be heating up, Wall Street ended higher after digesting the Fed's meeting minutes, coupled with the declining US Treasury yields. Both the European and Asian stock markets close higher.

The Day Ahead

The FBM KLCI ended marginally higher, in tandem with regional benchmark indices as Beijing is preparing a new stimulus to support the economy. Meanwhile, Wall Street reversed its earlier losses after digesting the Fed's September meeting minutes, coupled with the US Treasury yield declining. Thus, with the positive sentiment overall in the global stock markets, we expect the buying support may persist on the local front, revolving around the ideas and catalysts in the upcoming Budget 2024, at least for the near term. Commodities wise, the Brent crude oil fell more than 2% below USD86/bbl level, while the CPO closed around RM3,550/MT.

Sector focus: Under the Budget 2024, we believe investors will be focusing on the construction and building materials, while the property sector could be boosted by the Johor-related newsflow. Meanwhile, the news on the implementation of the Automotive High Tech Valley (AHTV) spearheaded by Geely with DRBHCOCOM may provide a trading catalyst within the automotive sector. We like the renewable energy sector as the NETR blueprint will be boosting the appetite for renewables going forward.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended slightly higher, securing above the 1,430 level. The technical readings on the key index were more positive with the MACD Histogram turned positive, with the RSI approaching 50. The resistance is envisaged around 1,450-1,460 and the support is located around 1,420-1,430.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,804.87	0.19
S&P 500	4,376.95	0.43
NASDAQ	13,659.68	0.71
FBM KLCI	1,436.49	0.09
FBM Small Cap	16,168.57	0.14
FBM ACE	5,176.71	-0.32
Construction	187.52	0.13
Consumer	55199	-0.15
Energy	878.51	0.42
Financial Services	16,180.55	0.44
Healthcare	1662.80	0.15
Ind Products	172.21	-0.36
Plantation	6,873.64	-0.36
Property	869.58	0.49
REITs	774.66	0.36
Technology	62.36	0.48
Telco & Media	570.95	-0.60
Transport & Logist	92105	-0.02
Utilities	1,117.51	0.14
Trading Vol (m)	3,006.54	-11.26
Trading Val (RM m)	2,180.44	7.81
Gainers/Losers rat	120%	
FKLI	1,437.50	0.00
FCPO (RM)	3,551.00	0.00
Brent oil (USD)	85.82	-2.09
Gold (USD)	1,874.36	0.02
USD	4.7163	0.25
GBP	5.7942	0.10
EURO	5.0013	0.23
SGD	3.4601	0.11

Trading participation 5-day trend and value (m)	
Institution	Foreign
906.3	-70.0
-836.3	

Source: Bloomberg, Bursa Market Place

Company Brief

Zhulian Corp Bhd posted a net profit of RM6.2m for its third quarter ended Aug 31, 2023, down 14.36% from RM7.24m in the previous year's corresponding quarter, as revenue came in at RM34.2m, compared with RM32.96m previously. The group declared a third interim dividend of 3 sen per share, to be paid on Dec 6, raising YTD dividends for FY2023 to 9 sen – same as the YTD period in FY2022. (The Edge)

APB Resources Bhd has proposed to acquire a 16-storey Serba Dinamik building in Shah Alam, Selangor for RM38m, subject to the approval from the High Court. The group said it has received a letter from the liquidator of the troubled oil and gas (O&G) company, Serba Dinamik Group Bhd in respect of the liquidator's application for directions on the sale on the leasehold land in Section 14, Shah Alam together with the office building. Meanwhile, the group highlighted the proposed acquisition will be financed through internally generated funds. (The Edge)

Tropicana Corp Bhd is seeking to strike out a claim filed by RHB Trustees Bhd, Sunway REIT Management Sdn Bhd and Sunway Education Group Sdn Bhd over its breach of agreement and alleged double-dealing pertaining to the sale of shares and a stake in the St Joseph International School. The property developer said the claim discloses no reasonable cause of action, is scandalous, frivolous and vexatious, and amounts to an abuse of court process. (The Edge)

TSR Capital Bhd has bagged a RM104m contract – nearly double its market value of RM56m – involving infrastructure works at the Kwasa Damansara township development in Sungai Buloh, Selangor. TSR Capital said its wholly-owned subsidiary TSR Bina Sdn Bhd accepted the letter of award issued by Kwasa Land Sdn Bhd on Wednesday. The scope of works under the contract mainly involves the execution and completion of site clearance and demolition, earthworks, drainage, road, sewerage, water reticulation, and mechanical and electrical infrastructure works. (The Edge)

Straits Energy Resources Bhd has bagged a contract worth RM27.7m for the installation, testing and commissioning of aluminium XLPE underground cables and accessories for asset development for Tenaga Nasional Bhd (TNB). The marine fuel supplier said its 70% indirect subsidiary Straits CommNet Solutions Sdn Bhd (SCS) accepted a letter of award (LOA) from Tianu Sdn Bhd on Tuesday. Tianu was awarded this project by TNB and as main contractor, has joined forces with SCS via a smart partnership to deliver the project. (The Edge)

Nextgreen Global Bhd is partnering with private company P Teguh Services Sdn Bhd to venture into the trading, supply and export of biodiesel, edible cooking oil and related products, such as equipment and facilities. Nextgreen is developing a Green Technology Park that spans over an area of 410 acres in Pekan, Pahang. The group employs the preconditioning refiner chemical – recycle bleached mechanised pulp technology to turn empty fruit bunches into pulp. In the first half ended June 30, 2023, Nextgreen's net profit jumped 57.4% to RM2.33m from RM1.48m in the same period last year, as revenue rose to RM23.95m from RM23.31m. The counter was trading at 88 sen per share on Oct 11, having climbed 18% year-to-date. (The Edge)

Germanybnair Andreas Heeschen has upped his stake in **KNM Group Bhd** to 8.249% following the acquisition of a further 13.6m shares or a 0.336% stake in the open market. Interestingly, Heeschen's purchase of the shares occurred a few days before the group's extraordinary general meeting (EGM), which is scheduled for Oct 16. In a bourse filing on Wednesday, KNM said Heeschen bought the block of shares in two tranches, of which 3.6m shares were bought at 14 sen per share on Oct 9 and the remaining 10m shares were bought the following day at 11.99 sen per share. Cumulatively, the blocks of shares would have cost him RM1.7m. (The Edge)

Star Media Group Bhd's group chief executive officer Alex Yeow Wai Siaw will step down after completing his employment contract at the end of February 2024. Yeow, 58, was appointed as group CEO on March 1, 2021. (The Edge)

Hektar Real Estate Investment Trust (REIT) has proposed to undertake a private placement of up to 20% of the total number of issued units of the company to third-party investors to be identified later. In a filing with Bursa Malaysia on Wednesday, Hektar REIT said the indicative issue price of the placement units is assumed to be 53 sen each. Based on the indicative issue price, the proposed private placement is expected to raise gross proceeds of up to RM53.64m. The utilisation of proceeds of RM52.5m would be used for future viable investments within 24 months from completion. (The Edge)

CelcomDigi Bhd has partnered with Petroleum Sarawak Berhad (Petros) to provide communication solutions for the onshore well drilling site in the Miri-Marudi area in northern Sarawak. In a statement on Wednesday, the telco group said it had installed a dedicated network setup, including a portable base transceiver station (PBTS) within three weeks to support the need for a cost-effective connectivity solution in the area that previously had limited coverage. "With this new setup, CelcomDigi has laid the groundwork for Petros to later equip this onshore site with innovative technology and customised digital solutions, which may help drive its overall operational efficiencies and performance," CelcomDigi chief enterprise business officer Afizulazha Abdullah said. (The Edge)

IHH Healthcare Bhd's 90%-owned Acibadem Saglik Yatirimlari Holding AS is ramping up efforts to expand its presence in Europe and to attract more international patients in a bid to maintain profitability amid the severe devaluation of the Turkish lira from hyperinflation. For the second quarter ended June 30, 2023 (2QFY2023), IHH's net profit slumped 50.7% to RM301.83m from RM612.10m a year ago as earnings were impacted by foreign exchange losses following the Turkish lira's devaluation. However, revenue for the quarter was higher, expanding 6.9% to RM4.67bn from RM4.37bn, as the group saw more patients. (The Edge)

DRB-Hicom Bhd has inked a master collaboration agreement with Chinese automaker Zhejiang Geely Holding Group Co Ltd (Geely Holding) for the development of the Automotive High-Technology Valley (AHTV) project in Tanjung Malim, Perak. Under the agreement, both parties agree to promote cooperation in new energy vehicles, plan the construction of the auto components industrial park, and promote the development of the new automotive industry, DRB-Hicom said in a Bursa Malaysia filing on Wednesday. (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	0.440	-2.2%	Initiate on 4/10/2023
2	SLVEST	6-Oct	1.340	1.430	1.480	1.550	1.300	1.280	1.310	-2.2%	Initiate on 6/10/2023

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	0.440	1.1%	Initiate on 2/10/2023
3	HSSEB	2-Oct	0.805	0.895	0.940	0.725	0.670	0.660	0.845	5.0%	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	0.725	-0.7%	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	0.653	0.950	1.000	0.825	0.790	0.780	0.655	0.3%	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	1.310	-0.8%	Initiate on 2/10/2023
10	T7GLOBAL	2-Oct	0.480	0.525	0.555	0.475	0.455	0.445	0.455	-5.2%	Initiate on 2/10/2023
11	TUNEPRO	2-Oct	0.435	0.485	0.515	0.420	0.405	0.395	0.435	0.0%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.530	1.750	1.900	1.420	1.330	1.310	1.550	1.3%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.530	2.7%	Initiate on 2/10/2023
Average Return										-0.1%	

Technical Focus Tracker Summary	
Total recommendations	348
Total winners	214
Total losers	135
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)	4.4%
Accuracy (2023)	60.3%
FBM KLCI (Since 30/12/2022)	-3.9%
FBM Small Cap (Since 30/12/2022)	8.3%
Malaysia GDP Growth (1H23)	4.2%

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