

Market to push higher ahead of Budget 2024

Market Review

Malaysia: The FBM KLCI (+0.51%) ended higher in line with the regional markets as buying interest focused within the banking and telco stocks ahead of the Budget 2024. Meanwhile, the Construction Sector (+1.59%) gained, while the Plantation sector (-0.39%) despite a rebound in crude palm oil prices above RM3,600.

Global markets: Wall Street ended lower as investors reacted negatively to the rising US Treasury yields rising after the release of the CPI index, which is higher than consensus. Both the European and Asian stock markets closed higher, the former rose after ECB suggested that the interest rates may have peaked.

The Day Ahead

The FBM KLCI closed stronger for the fifth session prior to the Budget 2024. Meanwhile, the US stock markets ended in the negative territory, snapping a 4-day winning streak as the US Treasury yield rose following the hotter-than-expected US CPI data. Investors could be pricing in a more hawkish environment from the Fed and tighter-for-longer conditions on the monetary policies going forward. Although selling pressure was seen on Wall Street, we believe the buying interest may persist and traders may be positioning ahead of the Budget 2024 speech. Commodities wise, the Brent crude oil traded along the USD86/bbl level, while the CPO closed higher above RM3,600/MT as demand from China has improved recently.

Sector focus: As we are heading into the Budget 2024, we believe the market to continue banking on the current momentum within the construction, property and building material sectors with the anticipation of more infrastructure projects to be dished out in the event. Also, we like the renewable energy and utilities sector as some of the policies may be pointed towards the NETR and NIMP 2030 blueprints in the Budget 2024.

FBMKLCI Technical Outlook



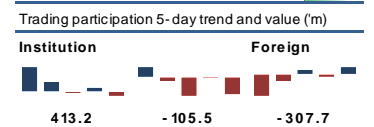
Bloomberg

The FBM KLCI ended higher, securing above the 1,430 level. The technical readings on the key index were more positive with the MACD Histogram extending another positive bar, and the RSI breaking above 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	33,631.14	-0.51
S&P 500	4,349.61	-0.62
NASDAQ	13,574.22	-0.63
FBM KLCI	1,443.82	0.51
FBM Small Cap	16,296.59	0.79
FBM ACE	5,177.77	0.02
Construction	190.51	1.59
Consumer	553.93	0.35
Energy	875.45	-0.35
Financial Services	16,278.52	0.61
Healthcare	1674.39	0.70
Ind Products	174.04	1.06
Plantation	6,846.77	-0.39
Property	880.83	1.29
REITs	774.71	0.01
Technology	62.60	0.38
Telco & Media	574.49	0.62
Transport & Logist	927.80	0.73
Utilities	1,120.31	0.25
Trading Vol (m)	3,383.45	12.54
Trading Val (RM m)	2,029.19	-6.94
Gainers/ Losers rat	180%	
FKLI	1,437.50	-0.31
FCPO (RM)	3,616.00	-0.60
Brent oil (USD)	86.00	0.21
Gold (USD)	1,868.90	0.12
USD	4.7115	0.10
GBP	5.7952	-0.02
EURO	5.0027	-0.03
SGD	3.4577	0.07



Source: Bloomberg, Bursa Market Place

Company Brief

Propel Global Bhd is to purchase two parcels of land in Kuala Kuantan, Pahang for RM14.7m to undertake a commercial development project with a gross development value of RM68m. The construction firm said its wholly-owned subsidiary Propel Global Development Sdn Bhd has inked agreements with the vendor, Goldhill Deluxe Sdn Bhd, to purchase a 14,442 sq m parcel for RM13.95m, and another 6,197 sq m parcel for RM750,266. On the land, Propel Global plans to develop 34 units of three-storey shoplots. (The Edge)

SAM Engineering & Equipment (M) Bhd plans to inject another RM200m into its equipment business in Thailand in its current financial year ending March 31, 2024 (FY2024) and the following year. SAM said that as it continues to win more projects, it may require additional investment. According to its 2023 annual report, SAM's capital expenditure in FY2023 stood at RM222.9m, which it noted was "mainly for capacity expansion of its equipment business in Thailand". (The Edge)

Wasco Bhd's (formerly known as Wah Seong Corporation Bhd) indirect wholly-owned subsidiary, Wasco AgroTech Sdn Bhd, has disposed of a piece of freehold land in Klang, Selangor for RM40m. The group said it has entered into a sale and purchase agreement with Array Metal (M) Sdn Bhd for the proposed disposal on Thursday. Following the disposal, Wasco is expected to notch a one-off net gain of RM31.8m. (The Edge)

HIL Industries Bhd has proposed to acquire a company that owns land near the Shah Alam-Klang border that has been earmarked for residential development, in a related party transaction. The moulded plastic products maker and property developer said it is acquiring Broadwise Corporation Sdn Bhd (BCSB) via its wholly owned subsidiary, Amverton Prop Sdn Bhd, for RM46m. The vendors are Puan Sri Catherine Yeoh Eng Neo, Datuk Milton Norman Ng Kwee Leong and Konsep Kekal Sdn Bhd. Yeoh is the wife of HIL Industries executive chairman Tan Sri Ng Boon Thong, who is also a major shareholder of HIL Industries and BCSB. (The Edge)

Newly listed **SSF Home Group Bhd** ended its maiden trading day at 26.5 sen on Thursday, up 1.5 sen or 6% from its initial public offering (IPO) price of 25 sen, making its market debut one of the most lacklustre IPOs this year. The furniture and home-living products retailer saw 148.35m shares change hands, placing it as the third most active stock of the day on Bursa Malaysia. The volume traded is equivalent to 66% of the 224m shares SSF Home offered under its listing exercise. The counter, which started the day at 25 sen, climbed 10% to a high of 27.5 sen, but soon pared gains to reach a low of 24.5 sen. At its closing price of 26.5 sen, SSF Home is valued at RM212m. (The Edge)

IJM Corp Bhd announced on Thursday that its wholly-owned subsidiary IJM Construction Sdn Bhd has accepted a RM1.1bn contract from Malaysia Rapid Transit System Sdn Bhd (MRTS) for the construction of an immigration, customs and quarantine complex (ICQC) for the Johor Bahru-Singapore Rapid Transit System (RTS) Link in Bukit Chagar, Johor Bahru. The construction group said IJM Construction has signed the letter of acceptance in respect of the proposed design, construction and completion of Packages 2A and 2B of the ICQC project, which is part of the Johor Bahru-Singapore RTS Link project. The award also includes a RM155m provisional sum, according to IJM. (The Edge)

OpenSys (M) Bhd has secured a RM105m contract from Malayan Banking Bhd (Maybank) to process the bank's outward cheque clearing for all branches nationwide. The solutions provider for the financial services industry accepted a letter of award from Maybank for the "outsourcing of outward cheque clearing at Maybank branches in Malaysia". (The Edge)

Budget carrier AirAsia, a part of the **Capital A Bhd** group, is seeking a US\$400m (RM1.8bn) loan, half of it from private credit funds, to refinance debt, according to people familiar with the matter. The loan will be in the form of a revenue bond, with investors to be paid out of ticket sales from ten AirAsia flight routes, the people said, declining to be identified because the matter is private. A representative of the company declined to comment. Capital A is no stranger to private credit. An engineering and maintenance subsidiary Asia Digital Engineering in April secured a US\$100m investment from private-credit provider OCP Asia Ltd, according to a statement at the time. (The Edge)

KNM Group Bhd and its indirect wholly-owned subsidiaries Deutsche KNM GMBH and Borsig GMBH have sued Flavio Porro and Terence Tan Koon Ping, after KNM called off the disposal of Borsig to Vorsprung Industries GMBH for €220.8m (RM1.107bn) in December 2022. KNM said the plaintiffs filed the writ action against the duo, who were former executive directors of the group, at the High Court on Wednesday. The plaintiffs are seeking for the defendants to pay €3.44m, or any other sum determined by the court, within 14 days of the date of the order. (The Edge)

Eversendai Corp Bhd said it has submitted active tenders for more than RM15bn worth of structural steel projects in Saudi Arabia which are highly complex, befitting Eversendai's technical capabilities. The company said the projects in the pipeline, when awarded, will contribute positively to the group. Eversendai said it has 27 years of presence in the Gulf and 24 years in Saudi Arabia, executing highly complex structures with connection design, engineering, fabrication and installation of high-profile projects using innovative erection methodology. (The Edge)

Founder of **CJ Century Logistics Holdings Bhd** (formerly known as Century Logistics Holdings Bhd) Datuk Phua Sin Mo has emerged as a substantial shareholder of Kumpulan Kitacon Bhd with a 14% stake. Phua acquired the stake, comprising 70m shares, via a married deal – a pre-agreed transfer of shares – with Kumpulan Kitacon director Teow Choo Hing. A separate filing showed that Teow disposed of the shares at a mere 10 sen per share – an 84.96% discount to Thursday's close of 66.5 sen. Based on back-of-the-envelope calculations, Phua forked out RM7m for the 70m share block. (The Edge)

Sime Darby Bhd's automotive arm Sime Darby Motors Sdn Bhd (SDM) is to collaborate with Gentari Sdn Bhd, Petroliam Nasional Bhd's clean energy subsidiary, to explore opportunities in building electric vehicle (EV) charging infrastructure and various other initiatives. SDM and Gentari unit Gentari Green Mobility Sdn Bhd inked a memorandum of understanding (MOU) to explore the potential collaboration, according to a joint statement from SDM and Gentari on Thursday. Shares in Sime Darby closed one sen of 0.44% lower at RM2.28, giving the group a market capitalisation of RM15.54bn. (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	0.445	-1.1%	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 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	1.450	-7.1%	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	0.925	14.9%	Initiate on 2/10/2023
4	LHI	2-Oct	0.555	0.610	0.640	0.520	0.500	0.490	0.590	6.3%	Initiate on 2/10/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.730	0.0%	Initiate on 2/10/2023
6	PECCA	2-Oct	1.210	1.400	1.450	1.100	1.050	1.030	1.230	1.7%	Initiate on 2/10/2023
7	PWF	2-Oct	0.653	0.950	1.000	0.825	0.790	0.780	0.650	-0.5%	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	0.465	-3.1%	Initiate on 2/10/2023
11	TUNEPRO	2-Oct	0.435	0.485	0.515	0.420	0.405	0.395	0.430	-1.1%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.530	1.750	1.900	1.420	1.330	1.310	1.580	3.3%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.550	4.0%	Initiate on 2/10/2023
Average Return										1.8%	

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)	4.7%
Accuracy (2023)	60.3%
FBM KLCI (Since 30/12/2022)	-3.5%
FBM Small Cap (Since 30/12/2022)	9.2%
Malaysia GDP Growth (1H23)	4.2%

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