

Another inflation data to watch out - PPI

Market Review

Malaysia: The FBM KLCI (+0.01%) ended flat as investors are still cautious prior to the US CPI report. On the broader market, the Property sector (-0.80%) fell as investors continue digest the gains on the recent bull run. The leading sector was the Energy sector (+2.89%) in line with the firm Brent oil prices.

Global markets: Wall Street was mostly higher as the US August CPI report showed moderate increase, indicating that the Fed may maintain the interest rates. European stock markets ended lower due to the drop in retail stocks, while Asia markets ended lower after investors assessed economic data from Japan and Korea.

The Day Ahead

The FBM KLCI ended flat but bargain hunting activities were obvious as the index rebounded off significant support zones. Meanwhile, Wall Street trended mostly higher within the technology sector despite the CPI increased for the month of August (above consensus expectation). We believe investors will watch out for the US PPI data that will be released today for more clues on the direction of the Fed going forward. Do note that the Fed's FOMC meeting will be held on 19-20th of September. Commodities wise, the Brent crude oil still trading above the USD90/bbl level, while the CPO prices rebounded to close above the RM3,700/MT level.

Sector focus: Despite the slight increase in CPI data, we believe the technology stocks may have upward potential as the market is expecting the Fed to pause on the interest rate at least for the rest of 2023. Meanwhile, we like the stocks within the O&G sector given the firm Brent oil prices. Besides, we think investors may go for defensive stocks within the Utilities and REIT sectors, which may provide opportunities within this period of uncertainty.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended another day on a flattish tone after rebounding off the 1,444 level. The technical readings on the key index were positive with the MACD Histogram forming a rounding bottom formation, and the RSI is still hovering above 50. The resistance is located around 1,465-1,470, while the support is set around 1,430-1,440.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,575.53	-0.20
S&P 500	4,467.44	0.12
NASDAQ	13,813.58	0.29
FBM KLCI	1453.54	0.01
FBM Small Cap	6,835.08	0.10
FBM ACE	5,144.30	-0.42
Construction	177.54	0.55
Consumer	556.31	-0.07
Energy	880.41	2.89
Financial Services	6,330.94	-0.64
Healthcare	1682.04	0.15
Ind Products	172.17	0.84
Plantation	6,928.91	0.65
Property	829.87	-0.80
REITs	772.85	-0.46
Technology	62.73	0.03
Telco & Media	578.49	-0.41
Transport & Logist	92.63	-0.40
Utilities	120.58	0.67
Trading Vol (m)	2,513.99	(2.72)
Trading Val (RM m)	88185	(5.48)
Gainers/ Losers rat	87%	
FKLI	1445.50	(0.03)
FCPO (RM)	3,727.00	0.03
Brent oil (USD)	9188	(0.20)
Gold (USD)	1908.12	0.05
USD	4.6810	(0.05)
GBP	5.8346	-
EURO	5.023	(0.14)
SGD	3.4379	(0.04)

Trading participation 5-day trend and value ('m)



Source: Bloomberg, Bursa Market Place

Company Brief

Berjaya Corp Bhd has increased its stake in **Berjaya Food Bhd** (BFood) to 55.31% from 52.86%, after the conglomerate bought 43m BFood shares for RM29.57m or about 68.8 sen per share. (The Edge)

RHB Bank Bhd has announced Oct 12 as the payment date for its interim dividend of 15 sen per share for the financial year ended Dec 31, 2023 (FY2023), with the ex-date falling on Sept 27, and the entitlement date on Sept 29. The dividend, which amounted to a payout of RM642.95m, was announced on Aug 29. (The Edge)

Dagang Nexchange Bhd (DNeX) has proposed a private placement to raise up to RM133.44m as funding for the expansion of its oil and gas segment. This is its first private placement since 2021, when it placed 30% of its issued share capital, raising RM163.61m following its venture into SilTerra Malaysia Sdn Bhd. The latest fundraising is to fund the development of the Fyne Field in the UK's North Sea, the Meranti Cluster offshore Terengganu and the A Cluster offshore Miri, Sarawak. The private placement entails the issuance of up to 315.63m shares, representing 10% of its total issued share of 3.15bn. (The Edge)

Bumi Armada Bhd has signed a non-binding agreement with PT Pertamina International Shipping and PT Davenergy Mulia Perkasa (DMP), an Indonesian natural gas trading company, for the development and commercialisation of liquefied natural gas (LNG) in the Madura gas field in Indonesia. The agreement outlined the key principles to develop and commercialise LNG from the Madura gas field and its surrounding fields. Preliminary discussions have been initiated with several potential off-taker clients and the first shipment of LNG is anticipated to take place three years after making the final investment decision. (The Edge)

Offshore fabricator and shipbuilder **TH Heavy Engineering Bhd** (THHE) is undertaking a voluntary winding-up, a year after it was delisted from Bursa Malaysia. The company resolved to undertake the voluntary winding-up as it is unable to continue its operations due to liabilities, it said in a winding-up notice dated Sept 13. A meeting of creditors is scheduled for Oct 4 at 3pm. THHE is controlled by the Ministry of Finance-owned unit Urusharta Jamaah Sdn Bhd, which holds a 64.45% stake in the company prior to its delisting on Sept 5, 2022. (The Edge)

HHRG Bhd – formerly known as Heng Huat Resources Group Bhd – has entered into an agreement with several shareholders of Kulim Property Sdn Bhd (KPSB) to acquire KPSB's entire equity for RM4.5m. The acquisition by HHRG, via its wholly-owned subsidiary HH Properties Kulim Sdn Bhd, involves KPSB shareholders including father-son directors Goh Boon Leong and Goh Vincent, as well as Ho Whye Chong and Kelvin Tan Chun Khai. The acquisition by HH Properties involves purchasing Vincent's 400,000 (34%) shares in KPSB, Boon Leong and Ho's 300,000 shares (25.50%) each and Tan's 176,471 shares (15%). It will be funded through internal funds and borrowings, with the exercise expected to be completed by March 31, 2024. (The Edge)

Automotive lighting product manufacturer **JHM Consolidation Bhd** plans to team up with its Chinese counterpart Jiangsu Dekai Auto Parts Co Ltd (DEKAI) to sell automotive lighting products in Malaysia and other Southeast Asian countries. It has entered into a memorandum of understanding with DEKAI to record the intention of the two companies to form a joint venture company called JHM DEKAI Auto Lighting Sdn Bhd, which will design, manufacture, market and sell automotive lighting products here and in other Southeast Asian countries. JHM will hold a 55% stake in JHM DEKAI Auto Lighting and DEKAI. (The Edge)

OneTech Solutions Holdings Bhd has received a written requisition from Lau King Yew, who holds a 45% stake in the company, for an extraordinary general meeting to vote on resolutions including salary and benefit limits for directors and the managing director, as well as a re-audit of the group's financials. The requisition, just four months after an out-of-court settlement between OneTech and Lau – the former managing director who was removed from the board in September 2022 – highlights the strained relationship between the two parties. (The Edge)

Malaysian Genomics Resource Centre Bhd's chief executive officer Sasha Omar Firdaus Aamir resigned on Wednesday after three years of holding the genomics and biopharmaceutical specialist's top job, 'to pursue his personal interest'. He was appointed to the post in September 2020. Prior to his appointment, he was the group's chief operating officer, a post he held since February 2014. (The Edge)

Majuperak Holdings Bhd (MHB), a subsidiary of Perak State Development Corp (PKNPk) has signed a memorandum of understanding (MOU) with SPIC Energy Malaysia Bhd, a subsidiary of State Power Investment Corporation (SPIC) which is one of the five largest electricity generating companies in China. Majuperak said the initiative is in line with the 12th Flagship Perak Sejahtera 2030 programme which is driven under Flagship 12: Water Resources and Renewable Energy (RE). (The Edge)

AirAsia subsidiary of **Capital A Bhd** has announced plans to fully reactivate its 204 aircraft, supported by a refreshed agreement with its long-term partner and engine provider, CFM International. In a statement on Wednesday, the low-cost airline said CFM's focus on improving fleet stability on-site and around-the-clock virtual monitoring of AirAsia's LEAP-1A engine operation had provided a crucial catalyst for the carrier to reinstate its full fleet. AirAsia said it looks forward to capitalise on this achievement, as it reinstates its fleet and expand to above 300 aircraft in the next five years, continuing to connect people across Asean and beyond, with "affordable and best-value travel options". (The Edge)

Avaland Bhd's newly launched Alora Residences has achieved a take-up rate of 50%, according to the developer's press statement on Wednesday. Launched on Aug 26 at the Avaland Show Village in One City USJ, Alora Residences is the first phase of 2Fifth Avenue, the company's RM3bn, 13-acre integrated development comprising serviced apartments, retail and office components in Subang Jaya. The company is aiming to secure at least RM850m worth of new sales in FY2023. (The Edge)

Tropicana Corp Bhd is rolling out a 362-acre (146.50-hectare) new township development called Tropicana Alam in Puncak Alam, Selangor. It is also the group's maiden launch in the area. According to a press statement issued on Monday, Tropicana Alam has an estimated gross development value of RM700m. The developer is eyeing to launch the first phase by early next year. Spanning 87.4 acres in Tropicana Alam, the first phase features 431 double-storey terraced homes, with built-ups from 1,917 sq ft, and land sizes from 20ft by 70ft. Selling prices are still being finalised, according to the developer. (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

3Q23 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	ADVCON	4-Jul	0.355	0.395	0.425	0.320	0.295	0.280	0.300	-15.5%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.930	26.5%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	0.980	20.2%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.600	16.9%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.240	18.1%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.500	6.4%	On-going
7	SCICOM	4-Jul	1.170	1.360	1.450	1.110	1.070	1.040	1.110	-5.1%	On-going
8	SFPTECH	4-Jul	0.960	1.150	1.260	0.940	0.895	0.870	1.020	6.3%	On-going
9	TEOSEN	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	1.040	13.0%	On-going
10	UCHITEC	4-Jul	3.530	3.700	3.850	3.420	3.320	3.240	3.440	-2.5%	On-going
11	WASCO	4-Jul	0.890	0.985	1.100	0.860	0.810	0.785	1.010	13.5%	On-going
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.660	3.9%	On-going
13	YTLPWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	2.080	58.8%	On-going
Average Return										12.3%	

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)	-2.9%
FBM Small Cap (Since 30/12/2022)	6.1%
Malaysia GDP Growth (1H23)	4.2%

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