

Negative trading tone may persist

Market Review

Malaysia: The FBM KLCI (+0.17%) managed to close higher after recouping earlier session's losses due to the ongoing geopolitical uncertainty in the Middle East. The Plantation Sector (+0.57%) gained from firmer CPO prices, while the Property sector (-1.87%) declined.

Global markets: Wall Street ended softer after the US Treasury yields retested the 16-year high, coupled with uncertainty ahead of the Fed's Chair speech on interest rates going forward. The European stock market fell, while the Asian market traded mixed despite China reported stronger-than-expected economic data.

The Day Ahead

The FBM KLCI traded higher, but the small cap market conditions were traded negatively following the significant profit taking activities. Meanwhile, Wall Street closed weaker with the ongoing Middle East tensions, coupled with the spike in US Treasury yields. Post US markets, sentiment was affected by Tesla's weaker-than-expected results. Hence, we believe the stocks on the local front may track the negative trading environment on Wall Street overnight and further profit taking mood may persist. Commodities wise, the Brent crude oil was traded near USD93 before ending around USD91/bbl level amid the ongoing geopolitical tension, while the CPO traded around the RM3,800/MT.

Sector focus: Given the weaker market conditions from Wall Street coupled with the softer result from Tesla, the technology sector may take a beating today. We expect that the investors may shift their risk appetite towards defensive sector such as the Telco and Utilities, while REIT may turn attractive at least for the near term. Besides, the Energy sector may stay relevant under the firmer crude oil environment.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended higher, still maintaining above the 1,430 level. The technical readings on the key index are still positive with the MACD Histogram extended a positive histogram, and the RSI is hovering 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	33,665.08	-0.98
S&P 500	4,314.60	-1.34
NASDAQ	13,314.30	-1.62
FBM KLCI	1,446.54	0.17
FBM Small Cap	15,987.92	-1.35
FBM ACE	5,071.83	-1.58
Construction	186.74	-0.87
Consumer	555.33	0.46
Energy	878.69	-0.39
Financial Services	16,165.84	-0.48
Healthcare	1676.65	-0.73
Ind Products	176.54	0.50
Plantation	6,928.38	0.57
Property	850.29	-1.87
REITs	776.15	0.13
Technology	62.16	-0.72
Telco & Media	575.39	0.25
Transport & Logist.	922.89	-0.56
Utilities	1,017.8	-0.84
Trading Vol (m)	3,411.80	27.30
Trading Val (RM m)	2,712.70	4154
Gainers/ Losers rat	43%	
FKLI	1,442.00	-0.24
FCPO (RM)	3,796.00	-0.37
Brent oil (USD)	91.50	1.78
Gold (USD)	1,947.55	0.11
USD	4.7465	-0.22
GBP	5.7897	-0.49
EURO	5.0169	-0.37
SGD	3.467	-0.27

Trading participation 5-day trend and value (m)

Institution	Foreign
370.5	-279.8
-90.7	

Source: Bloomberg, Bursa Market Place

Company Brief

Seni Jaya Corp Bhd plans to place out up to 29.12m shares, or 10% of its issued share capital, to third-party investors who have yet to be identified. The outdoor advertising services provider said based on an indicative price of 46.6 sen per placement share, the private placement is expected to raise RM13.57m under the maximum scenario. The group said the proceeds are intended largely for the B-Star Verse exhibition project and expenditure in relation to the LRT Ampang Line project, and the upgrading of existing billboards to digital billboards. (The Edge)

EP Manufacturing Bhd (EPMB) has signed a Memorandum of Understanding (MOU) with the Malaysian unit of China's Great Wall Motor Co Ltd (GWM) to look into the production and assembly of selected GWM vehicles locally. The MOU was inked between EPMB's wholly-owned unit PEPS-JV (Melaka) Sdn Bhd (PJVM) and Great Wall Motor Sales Malaysia Sdn Bhd. The local assembly of GWM models is expected to include the brand's sport utility vehicles, as well as pickup and electric vehicles (EVs). (The Edge)

Dagang NeXchange Bhd's (DNeX) subsidiary, Dagang Net Technologies Sdn Bhd has accepted RM18.08m contract for Malaysia Maritime Single Window Phase 1 (MMSW) project from the Port Klang Authority. The group said the project is expected to commence in October this year for a period of three years and six months. (The Edge)

Sarawak Cable Bhd said its external auditor Baker Tilly Monteiro PLT has issued a disclaimer opinion on the group's financial statements for the year ended May 31, 2023 (FY2023). According to the auditor, Sarawak Cable's FY2023 financial position and the group's PN17 status indicate material uncertainties that may cast significant doubt on the group's ability to continue as a going concern. Baker Tilly cited Sarawak Cable's net loss of RM98.7m, the group's current liabilities exceeding its current assets by RM237.9m, and the group's capital deficiency of RM63.9m. (The Edge)

Valiant First Sdn Bhd has filed a suit against aviation and defence company **Destini Bhd**, seeking specific performance for the completion of the sale of two plots of land in Glenmarie and Bukit Jelutong. In the statement of claim viewed by The Edge, Destini had agreed to sell the plots of industrial land to Valiant First for a cumulative RM24.5m. The purchase price of the Glenmarie land was RM19.5m and the Bukit Jelutong land was RM5m. Destini had signed the sale and purchase agreements (SPAs), received deposits, but subsequently terminated the SPAs. (The Edge)

Sunway Construction Group Bhd's (SunCon) wholly-owned subsidiary Sunway Construction Sdn Bhd has accepted the letter of initial appointment (LOIA) from K2 Strategic Infrastructure Malaysia Sdn Bhd to commence and complete the proposed development of a data centre in Johor worth RM192.88m. SunCon said the contract includes all applicable taxes and levies in relation to the LOIA works. (The Edge)

YGL Convergence Bhd's wholly-owned unit, YGL Intelligent Technology Sdn Bhd, has received a RM1m grant from the Malaysia Digital Economy Corporation Sdn Bhd (MDEC) for the development of a smart halal monitoring system. YGL said the Malaysia Digital Catalyst Grant (MDCG) will be used for the purpose of joint creation, problem-solving, development and commercialisation of innovative solutions with an end-user partner, PIJ Halal Ventures Sdn Bhd. (The Edge)

AWC Bhd and Universiti Sains Malaysia (USM) have entered into a Memorandum of Understanding (MOU) to explore opportunities in a smart and green campus with focus on e-mobility and related services and solutions. The group said both parties are exploring the possibility of focusing on the provision of electric bikes and related services and solutions within the scope of the concept. (The Edge)

AMMB Holdings Bhd has provided a RM450m financing facility to Eastern & Oriental Bhd's (E&O) unit Tanjung Pinang Development Sdn Bhd to fund the development of the Andaman Island project in Penang. Since its first project – The Meg – in December 2021, Tanjung Pinang has launched more than 1,400 units, and another 330 units are expected to be launched next year. (The Edge)

Impiana Hotels Bhd's recently-appointed executive director Datuk Seri Lee Hock Seng has raised his direct and indirect stake in the company to 21.97%, after acquiring 25.03m shares in the company. Lee, who first emerged as a substantial shareholder of Impiana in August, bought the 25.03m shares or 3.1% stake at nine sen apiece or RM2.25m. With the new shares acquired, Lee has a 14.29% direct stake, and a 7.68% indirect stake held by his spouse Datin Seri Joanne Yew Hong Im. (The Edge)

Meta Bright Group Bhd has secured four conditional letters of offer for a solar programme involving mosques in Kuantan, Pahang. The group said its fully-owned subsidiary FBO Land (Setapak) Sdn Bhd will exclusively design, finance, install, build, commission, operate and maintain solar photovoltaic generating plants for four mosques in the district. They are Masjid Al Makmur Batu 10 Gambang, Masjid Jamek Kem Batu 8 Jalan Gambang, Masjid Saidina Uthman Ibnu Affan Bukit Rengin and Masjid Fatimah Az Zahra Indera Sempurna. (The Edge)

Eversendai Corp Bhd shares rose as much as six sen or 34% to a two-year high of 23.5 sen on news that it has inked a Memorandum of Understanding (MOU) with Saudi-based conglomerate Aljihaz to form a joint venture to execute structural steel projects in Saudi Arabia. The Middle East represented 72.2% of Eversendai's operational revenue in the first half ended June 30, 2023 (1HFY2023), with segment revenue of RM573.87m and pre-tax profit of RM25.37m. (The Edge)

Alliance Bank Malaysia Bhd and SME Corp Malaysia have signed a memorandum of understanding to jointly assist micro, small and medium enterprises (MSMEs) to adopt environment, social and governance (ESG) practices through a combination of relevant financing and non-financing solutions. The deal marks the commitment by both parties to continue working together to develop and provide sectoral-focused ESG guides, practical tools, as well as corresponding green financing to assist MSMEs in ESG adoption. (The Star)

Hua Yang Bhd's net profit rose 58.75% to RM535,000 for the second quarter ended Sept 30, 2023 (2QFY2023) from RM337,000 a year earlier, amid a surge in revenue. For the first six months of FY2023, the group's net profit jumped to RM2.52m from RM564,000 in the same period last year, as revenue climbed 87.18% to RM91.64m from RM48.96m. Moving forward, Hua Yang said it will continue to ensure cost efficiencies in its operations and will remain vigilant in addressing any uncertainties in the escalating cost of building materials in its business activities. Hua Yang shares closed 0.005 sen or 1.7% higher at 30 sen on Wednesday, giving the group a market capitalization of RM132m. (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	0.430	-4.4%	Initiate on 4/10/2023
2	SLVEST	6-Oct	1.340	1.430	1.480	1.550	1.300	1.280	1.270	-5.2%	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	1.430	-8.3%	Initiate on 2/10/2023
2	HIAPTEK	2-Oct	0.435	0.500	0.535	0.400	0.365	0.355	0.430	-1.1%	Initiate on 2/10/2023
3	HSSEB	2-Oct	0.805	0.895	0.940	0.725	0.670	0.660	0.870	8.1%	Initiate on 2/10/2023
4	LHI	2-Oct	0.555	0.610	0.640	0.520	0.500	0.490	0.620	11.7%	Initiate on 2/10/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.715	-2.1%	Initiate on 2/10/2023
6	PECCA	2-Oct	1.210	1.400	1.450	1.100	1.050	1.030	1.220	0.8%	Initiate on 2/10/2023
7	PFW	2-Oct	0.653	0.950	1.000	0.825	0.790	0.780	0.675	3.4%	Initiate on 2/10/2023
8	RAMSSOL	2-Oct	0.495	0.545	0.605	0.425	0.395	0.385	0.430	-13.1%	Initiate on 2/10/2023
9	SLVEST	2-Oct	1.320	1.450	1.520	1.250	1.200	1.180	1.270	-3.8%	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	0.415	-4.6%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.530	1.750	1.900	1.420	1.330	1.310	1.790	17.0%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.540	3.4%	Initiate on 2/10/2023
Average Return										0.6%	

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)	3.8%
Accuracy (2023)	60.3%
FBM KLCI (Since 30/12/2022)	-3.3%
FBM Small Cap (Since 30/12/2022)	7.1%
Malaysia GDP Growth (1H23)	4.2%

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