

## Selling pressure could persist

### Market Review

**Malaysia:** The FBM KLCI (-0.27%) lower amid profit-taking activities tracking the negative performance from Wall Street overnight, coupled with the rising tension in the Middle East. The Transportation and Logistics Sector (+0.81%) gained, meanwhile the Industrial Products sector (-0.94%) declined.

**Global markets:** Wall Street ended lower after the 10-year US Treasury yields gained near the 5% mark, which has not been surpassed in the past 16-years, coupled with the Fed chair Jerome Powell hinting that there may be interest rate hikes ahead. Both the European and Asian stock markets fell.

### The Day Ahead

The FBM KLCI was traded flat throughout the session, but the selling pressure was noticed amongst the small cap stocks, albeit with a mild bargain hunting activities noticed. With Jerome Powell remained hawkish in its statement, the US stock markets traded negatively coupled with the rising US Treasury yield, worsening geopolitical tension in the Middle East which resulted in a spike in Brent oil prices. Hence, with the more negative tone in the US stock markets overnight, we believe the overall market conditions on the local front may turn weaker, translating to a broad based sell-down. Commodities wise, the Brent crude oil had a big intraday swing from USD86 to around USD93/bbl due to the geopolitical tension in the Middle East, while the CPO traded fell below RM3,800/MT.

**Sector focus:** Technology stocks may be the focus today as the sentiment was negative with the weaker results from Tesla. Meanwhile, investors could be looking at defensive sectors such as Telco, Utilities, REIT and Consumer in the near term. We favour stocks with high net cash or stable dividends above 6% yield. Besides, we think the Energy sector could trade higher on the back of firmer crude oil prices.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended slightly lower, but still maintaining above the 1,430 level. The technical readings on the key index were mixed with the MACD Histogram forming a rounding top formation, but 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	33,414.17	-0.75
S&P 500	4,278.00	-0.85
NASDAQ	13,186.17	-0.96
FBM KLCI	1442.66	-0.27
FBM Small Cap	15,963.64	-0.15
FBM ACE	5,105.90	0.57
Construction	185.25	-0.80
Consumer	554.43	-0.16
Energy	874.69	-0.46
Financial Services	16,141.29	-0.15
Healthcare	1672.87	-0.23
Ind Products	174.88	-0.94
Plantation	6,938.30	0.14
Property	846.39	-0.46
REITs	775.04	-0.14
Technology	6180	-0.58
Telco & Media	572.70	-0.47
Transport & Logist	930.33	0.81
Utilities	1097.39	-0.40
Trading Vol (m)	3,069.44	-10.03
Trading Val (RM m)	2,015.37	-25.71
Gainers/ Losers rat	67%	
FKLI	1440.50	0.10
FCPO (RM)	3,728.00	-0.80
Brent oil (USD)	92.38	0.96
Gold (USD)	1974.46	-0.06
USD	4.7695	-0.48
GBP	5.7746	0.26
EURO	5.0292	-0.24
SGD	3.472	-0.14

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place

## Company Brief

**Malayan United Industries Bhd** (MUI Group) has signed a partnership agreement with local data technology provider Fusionex Group to launch a Metrojaya online marketplace that is set to go live in early December. Metrojaya is run by MUI Group's retail arm MJ Department Stores Sdn Bhd. The marketplace website will operate as an omnichannel platform similar to Shopee, Lazada and Zalora. (The Edge)

Packaging services provider **HPP Holdings Bhd** saw its net profit fall by 46.5% year-on-year for the first quarter ended Aug 31, 2023 (1QFY2024) amid lower sales in the corrugated and non-corrugated packaging segments as well as the rigid box segment. Net profit dropped to RM2.29m or 0.59 sen per share for 1QFY2024 from RM4.28m or 1.1 sen per share a year ago. HPP said sales were weaker, particularly in the consumer electrical and electronics, contraceptive and food and beverages industries. (The Edge)

**Globaltec Formation Bhd's** 65%-owned Australian-listed subsidiary NuEnergy Gas Ltd has secured the environmental permit from Indonesia for the Tanjung Enim production sharing contract (PSC) in South Sumatra. Following the receipt of the permit from Indonesia's Ministry of Environment and Forestry, NuEnergy can work towards completion of the final preparations for early gas production for the project. NuEnergy has a 45% participating interest in the Tanjung Enim PSC through its subsidiary Dart Energy (Tanjung Enim) Pte Ltd. (The Edge)

**Global Oriental Bhd**, whose revenue is mainly derived from property development, is acquiring a 55% stake in a car park management firm to expand its earnings base. The group is buying the stake in Edisijuta Parking Sdn Bhd (EPSB) for RM27.5m cash from Cahaya Impian Sdn Bhd. Cahaya Impian currently holds a 70% equity interest in EPSB, while the remaining 30% is owned by Edisijuta Sdn Bhd. The group said it believes the acquisition will potentially augur well for its prospects and may contribute positively to its financial performance by contributing a recurring revenue stream. (The Edge)

Timber manufacturer **Minho (M) Bhd** said it is acquiring a 7.84-hectare piece of freehold land in an industrial area in Kuala Selangor for RM18.41m. The group plans to construct factories and covered warehouses on the land as part of its long-term plan to relocate some of its operations and existing tenants from its current location on Jalan Kapar. The purchase consideration will be satisfied entirely by cash which will be funded by internally-generated funds and bank borrowings, said Minho. (The Edge)

Medium-haul low-cost carrier **AirAsia X Bhd** (AAX) suffered a setback on Thursday in its attempt to get itself uplifted from its Practice Note 17 (PN17) status. Bursa, however, has granted AAX an extension of time until Jan 17 next year to submit its regularisation plan to the regulatory authorities. Its latest extension is due to expire on Oct 28. AAX had been granted an extension to submit its regularisation plan on two occasions, first for six months to April 28, and then for a further three months till July 28 this year. (The Edge)

**Reneuco Bhd** has signed a Memorandum of Understanding with the Petaling Jaya City Council (MBPJ) for rooftop solar photovoltaic installation at Pusat Inovasi MBPJ in Taman Sains Selangor. Reneuco said its wholly-owned subsidiary Reneuco RE was appointed by MBPJ for the proposed installation, which involves 267.3kWp generation capacity. The net energy metering scheme will be conducted as zero-capital expenditure installation for MBPJ, where Reneuco will bear the installation costs and impose a proposed electricity tariff rate of 39 sen/kWh across a 15-year period. (The Edge)

**Pantech Group Holdings Bhd**'s net profit fell 8.32% to RM28.42m for the second quarter ended Aug 31, 2023, from RM31m the year before, on a weaker manufacturing segment due to moderating exports. Earnings per share slipped to 3.44 sen from 3.78 sen. The group maintained a dividend per share of 1.5 sen for the quarter, bringing its dividend for the first half to three sen, also unchanged from last year. (The Edge)

Permodalan Nasional Bhd (PNB) has exercised its put option to dispose of all Maybank Asset Management Group Bhd (MAMG) shares held by the fund to **Malayan Banking Bhd** for a cash consideration of RM70.39m in a related party transaction. Maybank said the MAMG shares acquisition represents a total of 20% stake or 8.34m ordinary shares held by PNB in MAMG. Upon completion of the acquisition, MAMG will be a wholly-owned subsidiary of Maybank. (The Edge)

**Tenaga Nasional Bhd** (TNB) is collaborating with Siemens Energy to speed up the decarbonisation of its thermal power plants, utilising green hydrogen produced from renewable energy (RE) resources. TNB said it has formalised the partnership through a Memorandum of Understanding with Siemens Energy in August at the Energy Transition Conference. The agreement gives TNB access to cutting-edge knowledge and resources in hydrogen-based power generation, specifically on green hydrogen production using electrolyser and RE generation sources such as pumped hydro and solar. (The Edge)

Semiconductor equipment solutions provider **Mi Technovation Bhd** is investing US\$30m (RM142.86m) into a research, development and manufacturing facility for power modules and devices in Xiaoshan, Hangzhou City, China. Mi Technovation said the proposed investment represents a strategic business collaboration between MiSE Singapore and the intellectual groups of Xi'an and Hangzhou Cities, adding that the collaboration will enable its Semiconductor Solution Business Unit to be involved in the China domestic ecosystem, namely the semiconductor wide bandgap renewal energy segment. Barring any unforeseen circumstances, the first production line from the proposed investment is expected to be completed and commence operation by the end of 2024 as planned. (The Edge)

**Bina Puri Holdings Bhd** has redesignated Chai Chan Tong as its group managing director from the position of executive director. The construction group said the change, which took effect yesterday, saw Chai, 35, succeeding Tan Sri Tee Hock Seng, 74, who had since been redesignated to the position of executive deputy chairman of the group. (The Star)

## 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	1.270	-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	0.425	-2.3%	Initiate on 2/10/2023
3	HSSEB	2-Oct	0.805	0.895	0.940	0.725	0.670	0.660	0.850	5.6%	Initiate on 2/10/2023
4	LHI	2-Oct	0.555	0.610	0.640	0.520	0.500	0.490	0.615	10.8%	Initiate on 2/10/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.700	-4.1%	Initiate on 2/10/2023
6	PECCA	2-Oct	1.210	1.400	1.450	1.100	1.050	1.030	1.210	0.0%	Initiate on 2/10/2023
7	PFW	2-Oct	0.653	0.950	1.000	0.825	0.790	0.780	0.660	1.1%	Initiate on 2/10/2023
8	RAMSSOL	2-Oct	0.495	0.545	0.605	0.425	0.395	0.385	0.435	-12.1%	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	0.410	-5.7%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.530	1.750	1.900	1.420	1.330	1.310	1.760	15.0%	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										-0.3%	

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)	3.7%
Accuracy (2023)	60.3%
FBM KLCI (Since 30/12/2022)	-3.5%
FBM Small Cap (Since 30/12/2022)	7.0%
Malaysia GDP Growth (1H23)	4.2%

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