

## Shifting focus towards earnings season

### Market Review

**Malaysia:** Despite most of the key indices closing higher, the FBM KLCI (-0.17%) closed marginally lower for the fourth session in a row as investors were still waiting for a fresh catalyst to drive the market. On the broader market, the Construction Sector (+1.45%) gained momentum, while the Plantation sector (-0.24%) declined.

**Global markets:** Wall Street ended higher as corporate earnings of major companies beat consensus expectations. In the meantime, traders will be looking forward to the September's housing market and Personal Consumption Expenditure data. The European markets and the overall Asian stock markets improved.

### The Day Ahead

The FBM KLCI ended lower for the fourth session, but the overall market conditions improved with the buying support within the small cap and lower liners. Meanwhile, Wall Street's sentiment turned positive as the investors turned their focus on the earnings season as some of the mega cap corporates beat estimates, coupled with a stronger guidance from the management. Given the oversold environment, the US 10-year Treasury yields continue to decline, and investors will be shifting their focus back on the earnings amid the heightened inflationary pressure, we believe overall trading mood will remain positive at least for the near term. Commodities wise, the Brent crude oil declined towards USD87/bbl zone as Israel continues to hold off from an invasion of the Gaza Strip, while the CPO traded below RM3,700/MT.

**Sector focus:** With the buying interest resumed on Wall Street, it might spillover to stocks on the local front, especially the Technology sector. Besides, the Brent oil prices have declined significantly as traders could be pricing in lower war premium, the Energy stocks may be impacted negatively in the near term. Meanwhile, we like the Construction, Property, and Utilities sectors as the momentum has returned.

### FBMKLCI Technical Outlook



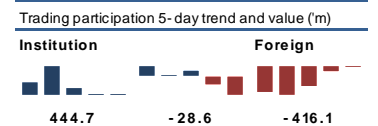
Bloomberg

The FBM KLCI ended lower, but formed a hammer candle, maintaining above the 1,430 level. The technical readings on the key index were negative with the MACD Histogram turning flat and could be turning negative, coupled with the RSI being slightly below 50. The resistance is envisaged around 1,450-1,460 and the support is located around 1,420-1,430.

**Research Team**  
[research@msec.com.my](mailto:research@msec.com.my)  
(603) 2201 2100

### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,141.38	0.62
S&P 500	4,247.68	0.73
NASDAQ	13,139.88	0.93
FBM KLCI	1435.65	-0.17
FBM Small Cap	15,834.68	1.21
FBM ACE	5,047.31	0.45
Construction	185.52	1.45
Consumer	55153	-0.14
Energy	873.85	0.68
Financial Services	16,181.11	-0.14
Healthcare	1656.43	0.52
Ind Products	171.11	0.51
Plantation	6,857.24	-0.24
Property	847.48	0.91
REITs	775.98	0.23
Technology	6191	0.96
Telco & Media	564.19	0.34
Transport & Logisti	922.44	0.70
Utilities	1094.64	0.92
Trading Vol (m)	2,935.81	-13.09
Trading Val (RM m)	1942.04	-2.76
Gainers/ Losers rat	150%	
FKLI	1435.00	0.14
FCPO (RM)	3,684.00	0.46
Brent oil (USD)	88.07	-1.96
Gold (USD)	1970.97	0.00
USD	4.7845	0.19
GBP	5.8577	-0.57
EURO	5.0891	-0.21
SGD	3.5022	-0.32



Source: Bloomberg, Bursa Market Place

## Company Brief

**LPI Capital Bhd**'s net profit in the third quarter ended Sept 30, 2023 (3QFY2023) climbed 22.96% to RM97.37m from RM79.18m in the previous corresponding quarter, partly due to the absence of the one-off Prosperity Tax that was imposed last year. Quarterly revenue increased by 14.8% to RM498.4m against RM434.05m, driven by performance of its general insurance segment. (The Edge)

**K-One Technology Bhd** has been appointed the distributor of Norwegian fish oil products in Malaysia by Norwegian Fish Oil AS. The products include Omega-3 Forte, Omega-3 Liquid, Omega-3 High Concentrated, Omega-3 Chewable, Krill & Omega-3 Oil, Salmon Oil and Cod Liver Oil. The group said its wholly-owned subsidiary K-One Wellness Sdn Bhd had entered into an agreement with Norwegian Fish Oil AS to distribute the latter's products. (The Edge)

**Wasco Bhd**'s (formerly known as Wah Seong Corp Bhd) wholly-owned W S Engineering & Fabrication Pte Ltd has secured a US\$33.89m (RM161.86m) contract for the supply of prefabricated buildings for a project in Africa. The group said it secured the 17-month contract from Schneider Electric France. The scope of work involves engineering, procurement and construction of prefabricated buildings. (The Edge)

Two former top officials of **GIIB Holdings Bhd**, namely former executive director Wong Ping Kiong and former CEO Tai Boon Wee, were on Tuesday discharged and acquitted by the High Court of charges related to furnishing of fake documents to the company's auditor Grant Thornton Malaysia PLT over the sale of RM2.95m worth of machinery that allegedly did not exist. Judge Datuk Azhar Abdul Hamid granted the defence's motion to acquit the duo. (The Edge)

**Globetronics Technology Bhd** said it expects a decline in profitability for the financial year ending Dec 31, 2023 (FY2023), after net profit slipped 25.43% to RM9.53m or 1.42 sen per share for the third quarter ended Sept 30, 2023 (3QFY2023) from RM12.78m or 1.91 sen per share a year prior. Quarterly revenue also declined by 25.23% to RM34.63m for 3QFY2023 from RM46.32m last year, mainly due to lower volume loadings from certain groups of customers and lower foreign exchange gain of RM400,000 recognised in the quarter under review. (The Edge)

**AirAsia X Bhd** (AAX) achieved a passenger load factor of 80% for the third quarter of 2023 (3Q2023), up 7% y-o-y while seat capacity surged over nine times, hitting 1.01m seats flown. The performance was attributed to a 10 times y-o-y increase in the number of passengers with over 807,000 passengers carried in 3Q2023 compared with nearly 80,500 passengers in the same period last year. (The Edge)

**Atrium Real Estate Investment Trust**'s (REIT) net profit for the third quarter ended Sept 30, 2023 (3QFY2023) fell 4.1% y-o-y on higher expenses owing to an increase in finance costs amid the elevated interest rate environment. The industrial property-focused REIT said managers' and trustees' fees were also higher in the quarter, as its net asset value increased following a private placement and special issuance to raise funds. (The Edge)

**Privasia Technology Bhd** has clinched a RM42.09m contract to provide information and communications technology (ICT) equipment rental services in school computer labs in Perlis, Kedah and Penang. The group said its wholly-owned Privasia Sdn Bhd accepted the contract from the Ministry of Education on Tuesday. The services are expected to comply with green requirements, and will be provided on a lease-to-use basis. The contract is for 65 months, with the commencement date of Oct 26. (The Edge)

**Duopharma Biotech Bhd** has secured another six-month contract extension for the new approved products list (APPL) to supply pharmaceutical and non-pharmaceutical products to government hospitals and clinics. The group's wholly-owned Duopharma (M) Sdn Bhd received the letter of extension from Pharmaniaga Logistics Sdn Bhd (PLSB). PLSB is a wholly-owned subsidiary of Pharmaniaga Bhd, which is under Practice Note 17 (PN17) status. Duopharma first secured the APPL contract in 2017, which initially covered three years till Nov 30, 2019. It was then extended three times till June 30, 2023. The contract contributes approximately 20% of Duopharma's annual revenue. (The Edge)

Surface engineering service provider **Frontken Corp Bhd**'s net profit fell 23% to RM26.75m in the third quarter ended Sept 30, 2023 (3QFY2023) from RM34.73m a year before amid higher tax payments and lower foreign exchange gains. It recorded an increase in withholding tax amounting to RM5.6m in the current quarter as compared with RM1.9m paid last year. The withholding tax is in relation to dividends the group received from its Taiwan subsidiary. (The Edge)

Plantation and healthcare outfit **TDM Bhd** is acquiring an entire stake in Hospital Bersalin Razif Sdn Bhd for RM15m, cash. TDM said its wholly-owned Kumpulan Medic Iman Sdn Bhd (KMI) has inked a share sale agreement with the joint-owners of the private maternity hospital – Datuk Dr Mohd Razif Abdul Aziz and Datin Dr Norana Yacob – for the proposed acquisition. KMI is principally in the business of investment holdings and provision of consultancy and management services for private healthcare facilities. (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	0.400	-11.1%	Cut loss on 20/10/2023
2	SLVEST	6-Oct	1.340	1.430	1.480	1.550	1.300	1.280	1.250	-6.7%	Cut loss on 20/10/2023
3	MI	23-Oct	1.790	1.910	2.000	2.050	1.650	1.630	1.840	2.8%	Initiate on 23/10/2023

## 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	1.400	-10.3%	Initiate on 2/10/2023
2	HIAPTEK	2-Oct	0.435	0.500	0.535	0.400	0.365	0.355	0.415	-4.6%	Initiate on 2/10/2023
3	HSSEB	2-Oct	0.805	0.895	0.940	0.725	0.670	0.660	0.860	6.8%	Initiate on 2/10/2023
4	LHI	2-Oct	0.555	0.610	0.640	0.520	0.500	0.490	0.625	12.6%	Initiate on 2/10/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.710	-2.7%	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	PUF	2-Oct	0.653	0.950	1.000	0.825	0.790	0.780	0.730	11.8%	Initiate on 2/10/2023
8	RAMSSOL	2-Oct	0.495	0.545	0.605	0.425	0.395	0.385	0.420	-15.2%	Initiate on 2/10/2023
9	SLVEST	2-Oct	1.320	1.450	1.520	1.250	1.200	1.180	1.260	-4.5%	Initiate on 2/10/2023
10	T7GLOBAL	2-Oct	0.480	0.525	0.555	0.475	0.455	0.445	0.475	-1.0%	Initiate on 2/10/2023
11	TUNEPRO	2-Oct	0.435	0.485	0.515	0.420	0.405	0.395	0.400	-8.0%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.530	1.750	1.900	1.420	1.330	1.310	1.800	17.6%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.560	4.7%	Initiate on 2/10/2023
Average Return										0.6%	

Technical Focus Tracker Summary	
Total recommendations	348
Total winners	215
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)	3.0%
Accuracy (2023)	62.1%
FBM KLCI (Since 30/12/2022)	-4.0%
FBM Small Cap (Since 30/12/2022)	6.1%
Malaysia GDP Growth (1H23)	4.2%

## Disclaimer

Research analyst(s) of MSSB whom produced this report hereby certifies that the views expressed in this report accurately reflect his/her personal opinions about all of the subject corporation(s) and securities in this report. He/She does not carry out, whether for himself/herself or on behalf of MSSB or any other persons did not receive and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. As of the report date, the analyst whom prepared this report does not have any interest in the following securities covered in this report, unless otherwise stated.