

Significant selldown on Nasdaq

Market Review

Malaysia: The FBM KLCI (+0.48%) closed higher due to bargain hunting activities as investors took cue after the rebound move on global stock markets. On the broader market, the Industrial Products & Services Sector (+0.74%) gained, while the Construction sector (-0.53%) declined.

Global markets: Wall Street ended lower after Alphabet missed earnings estimates, coupled with the US Treasury yields rose after new home sales data and mortgage rates reached 23-year highs. The European markets ended mixed, while the Asian stock markets mostly improved.

The Day Ahead

The FBM KLCI rebounded, snapping a 4-day losing streak, while the buying support continues to be observed within the small cap and lower liners. However, Wall Street reversed after the brief rebound move earlier this week following the earnings disappointment from Alphabet, coupled with the 10-year Treasury yield revisiting previous high. Also, as the investors pricing in higher-for-longer interest rate environment, it may dampen the demand for equities. Besides, the uncertainty in the Middle East may persist as Israel intensified its overnight bombing of southern Gaza, the Brent oil price spiked above USD90/bbl. Similarly, the CPO traded nearer towards RM3,700/MT.

Sector focus: We expect the selling pressure to pick up within the Technology sector following the sharp selldown on Wall Street. Besides, traders may position into the Energy sector following the spike in Brent oil prices amid prolong Middle East tension. Meanwhile, as the USD strengthen against MYR, investors could focus on the export-related industries such as gloves and furniture stocks. For defensive theme, we reckon investors to accumulate stocks within the Telco and Utilities sectors with solid net cash and stable dividend payout.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,035.93	-0.32
S&P 500	4,486.77	-1.43
NASDAQ	12,821.22	-2.43
FBM KLCI	1442.51	0.48
FBM Small Cap	15,890.86	0.35
FBM ACE	5,067.48	0.40
Construction	184.54	-0.53
Consumer	553.25	0.31
Energy	872.03	-0.21
Financial Services	16,236.18	0.34
Healthcare	1661.91	0.33
Ind Products	172.38	0.74
Plantation	6,882.58	0.37
Property	848.55	0.13
REITs	775.66	-0.04
Technology	62.33	0.68
Telco & Media	566.61	0.43
Transport & Logist	926.10	0.40
Utilities	1,100.03	0.49
Trading Vol (m)	2,827.84	-3.68
Trading Val (RM m)	1,776.78	-8.51
Gainers/ Losers rat	126%	
FKLI	1436.00	-0.17
FCPO (RM)	3,697.00	0.49
Brent oil (USD)	90.13	2.34
Gold (USD)	1979.72	0.11
USD	4.7805	0.08
GBP	5.7931	1.12
EURO	5.0526	0.72
SGD	3.4889	0.38

Trading participation 5-day trend and value (m)

Institution	Foreign
526.0	-441.2

Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended higher, forming a flag formation breakout. The technical readings on the key index are slightly positive, with the MACD Histogram turning flat, while the RSI has hooked above 50. The resistance is envisaged around 1,450-1,460 and the support is located around 1,420-1,430.

Company Brief

Gamuda Bhd, together with its joint venture partner in Taiwan, has bagged a design and build contract for the construction of Taiwan's Kaohsiung Mass Rapid Transit (MRT) metropolitan line from Kaohsiung City government for RM3.45bn. This latest project marks its third railway project in Taiwan and second project in Kaohsiung. Gamuda built the Kaohsiung MRT Orange Line back in 2008. In 2022, Gamuda also secured the RM2.13bn TaoYuan City underground railway project (Package CJ18 PingZhen Commuter Station) in Taipei. (The Edge)

Hong Leong Group, a conglomerate controlled by billionaire Tan Sri Quek Leng Chan, is considering selling its majority stake in **Southern Steel Bhd** and seeking a valuation of as much as US\$200m (RM944m) for the unit, people familiar with the matter said. The company is working with advisers on the planned divestment of its 70% stake in the Kuala Lumpur-listed arm, the people said. A deal could value Southern Steel Bhd between US\$100m to US\$200m, the people said. At the top of the range, it would be more than double the firm's current market capitalisation of about US\$76m. (The Edge)

AEON Credit Service (M) Bhd said it has obtained financial regulators' approval for the initial shareholding structure of its Islamic digital bank venture. AEON Credit, together with parent AEON Financial Service Co Ltd (AFS) and US-based fintech firm MoneyLion Inc, originally led a consortium to win one of the five digital banking licences from Bank Negara Malaysia (BNM). However, MoneyLion pulled out of the consortium after the licence was awarded, leaving AEON Credit and AFS to form the Islamic digital bank entity – ACS Digital Bhd – with equal shareholdings of 50% each. (The Edge)

JAG Capital Holdings Sdn Bhd, the investment vehicle for businessman and Umno politician Datuk Seri Johari Abdul Ghani, has increased its stake in **MyNews Holdings Bhd** to 13.85% from 10.02% in mid-July. MyNews showed that JAG Capital acquired 240,000 MyNews shares in the open market on Oct 23, and an additional 28.5m shares the following day, through off-market transactions. JAG Capital emerged as the second largest shareholder of MyNews in mid-July. (The Edge)

Gadang Holdings Bhd nearly doubled its net profit for the first quarter ended Aug 31, 2023 (1QFY2024) from a year ago, thanks to stronger property sales coupled with the commencement of commercial operations of its nine-megawatt (MW) mini hydropower plant in Lintau, Indonesia. Net profit grew to RM6.21m or 0.85 sen per share for 1QFY2024 from RM3.24m or 0.45 sen for 1QFY2023 while revenue rose 1.6% to RM129.48m from RM127.42m. Apart from the full commissioning of the mini hydropower plant in Indonesia, Gadang said the utility business also benefited from favourable foreign exchange translation effect. (The Edge)

Annum Bhd said it is unable to release its annual report for the financial year ended June 30, 2023 (FY2023) by the Oct 31 deadline as required under the listing rules, as the group has been unable to find a suitable auditor since the resignation of the previous auditor. The plywood product manufacturer said it had approached 31 potential auditors, but their responses were negative with a majority of them citing resource constraints. (The Edge)

DXN Holdings Bhd's net profit for the second quarter ended Aug 31, 2023 (2QFY2024) rose by a marginal 0.3% to RM76.02m from RM75.79m a year ago. However, revenue increased 15.7% to RM458.31m from RM396.21m a year ago, mainly due to continuing sales growth in Latin America, India and the Middle East, attributed to the return of members' activities and positive market sentiment post Covid-19, as well as a larger product range in the regions. DXN declared a second interim dividend of 0.9 sen per share payable on Nov 30. (The Edge)

Careplus Group Bhd said its subsidiary has secured a licence from the Ministry of Investment, Trade and Industry (Miti) to manufacture and assemble energy efficient vehicles. The licence granted to Nexv Manufacturing Sdn Bhd (NMSB), a 51:49 joint venture (JV) between Careplus and GoAuto Group Sdn Bhd, applies to passenger vehicles, commercial vehicles and electric motorcycles. The glove maker and GoAuto intend to build an electric vehicle (EV) manufacturing and assembly hub on a 74-acre (29.95-hectare) piece of land in Chembong, Negeri Sembilan owned by Careplus. Both companies signed a term sheet in June to look into selling and manufacturing EVs as JV partners. (The Edge)

UMW Holdings Bhd president and group chief executive officer Datuk Seri Ahmad Fuaad Mohd Kenali will be stepping down from his positions next Tuesday (Oct 31) upon tenure expiry. Ahmad Fuaad was appointed to helm UMW in November 2020 following the demise of his predecessor, Badrul Feisal Abdul Rahim, in June that year. The group, which is in the midst of being merged with Sime Darby Bhd, told Bursa Malaysia that Ahmad Fuaad will also cease to be an executive director of UMW. (The Edge)

CapitaLand Malaysia Trust's (CLMT) net property income (NPI) climbed 52.6% to RM58.32m for the third quarter ended Sept 30, 2023 from RM38.21m a year earlier on higher revenue, boosted by income contributions from Queensbay Mall and more revenue contributions from its retail properties. Distributable income for the quarter under review grew 29% to RM28.7m from RM22.25m while distribution per unit improved to 1.05 sen from 1.01 sen. CLMT's NPI for the cumulative nine months ended Sept 30, 2023 increased by 38.2% to RM154.39m from RM111.71m in the same period a year ago, as nine-month revenue expanded 38.6% to RM286.88m from RM206.92m. (The Edge)

Astro Malaysia Holdings Bhd's wholly-owned unit Measat Broadcast Network Systems Sdn Bhd (MBNS) has secured a term loan facility of up to RM160m from AmBank (M) Bhd. The pay-TV provider said the facility will be used to finance and reimburse MBNS' costs relating to the production, purchase and licensing of content, programmes or channels as well as its capital expenditure, including asset acquisition for broadcast and transmission and acquisition of software and platforms. (The Edge)

Malaysia Airports Holdings Bhd (MAHB) has disposed of its 11% equity interest in GMR Hyderabad International Airport Ltd (GHIAL) for US\$100m (RM478.85m) cash. The airport operator told Bursa Malaysia on Wednesday that its wholly-owned subsidiary MAHB (Mauritius) Private Ltd had entered into a sale and purchase agreement with GMR Airports (Singapore) Private Ltd for the disposal of its entire 41.58m shares in GHIAL. MAHB is expected to net a gain of US\$23.7m from the disposal. At present, GHIAL manages the operations of the Rajiv Gandhi International Airport in Hyderabad, India, and the Bidar Airport in Karnataka, India. (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	1.810	1.1%	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	0.915	13.7%	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	0.695	-4.8%	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	PWF	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	0.425	-14.1%	Initiate on 2/10/2023
9	SLVEST	2-Oct	1.320	1.450	1.520	1.250	1.200	1.180	1.250	-5.3%	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	0.410	-5.7%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.530	1.750	1.900	1.420	1.330	1.310	1.790	17.0%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.560	4.7%	Initiate on 2/10/2023
Average Return										1.1%	

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)	-3.5%
FBM Small Cap (Since 30/12/2022)	6.5%
Malaysia GDP Growth (1H23)	4.2%

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