

## Cautious sentiment to remain

### Market Review

**Malaysia:** The FBM KLCI (-0.47%) closed lower, due to profit taking activities in-line with the mixed regional markets performance, as investors are trading cautiously ahead of the US core PCE data this week. The Utilities sector (+0.69%) gained, while the Energy sector (-1.19%) ended lower as the Brent oil retraced lower.

**Global markets:** Wall Street snapped a four-day losing streak despite the concern over the higher-for-longer interest rate environment, coupled with the potential government shutdown. The European markets dropped as German 10-year bond yield hits 12-year high, while Asian markets were mixed.

### The Day Ahead

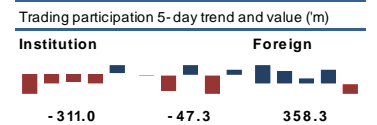
The FBM KLCI ended lower in tandem with the negative performance from the overnight US stock markets, coupled with heavier profit taking activities within the index heavyweights. Despite Wall Street snapped its 4-day losing streak, we believe traders may remain cautious ahead of the release of the (i) US GDP data (28-Sep), (ii) Jerome Powell speech (29-Sep), (iii) US Core PCE data (29-Sep) as well as (iv) China PMI manufacturing data. Nevertheless, the downside risk should be limited on our local front with the focus on the upcoming Budget 2024. Commodities wise, the Brent crude oil has continued to trade around the USD93/bbl level, while the CPO prices remained below the RM3,700/MT level.

**Sector focus:** Given the sentiment turning more cautious ahead of the release of economic data, we believe traders could look at more defensive sectors such as Utilities, while stocks with higher dividend may be favoured. Meanwhile, we expect trading activities should build up within the construction and building material ahead of the Budget 2024 with the anticipation of mega infrastructure projects to be announced.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,006.88	0.13
S&P 500	4,337.44	0.40
NASDAQ	13,271.32	0.45
FBM KLCI	1,443.45	-0.47
FBM Small Cap	16,318.51	-0.08
FBM ACE	5,187.88	-0.41
Construction	186.25	0.34
Consumer	556.17	-0.21
Energy	896.15	-1.19
Financial Services	16,182.65	-0.23
Healthcare	1,702.83	-0.11
Ind Products	174.18	-0.37
Plantation	6,905.20	-0.32
Property	886.05	-0.19
REITs	773.63	-0.23
Technology	62.83	-0.63
Telco & Media	583.81	-0.33
Transport & Logist	920.58	-0.49
Utilities	1,140.14	0.69
Trading Vol (m)	3,333.78	6.49
Trading Val (RM m)	2040.86	(170)
Gainers/ Losers rat	73%	
FKLI	1,440.00	0.14
FCPO (RM)	3,688.00	(0.75)
Brent oil (USD)	93.29	0.02
Gold (USD)	1915.92	0.04
USD	4.6865	0.06
GBP	5.7309	0.17
EURO	4.9841	0.09
SGD	3.4309	0.08



Source: Bloomberg, Bursa Market Place

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended lower, falling below the 1,450 psychological level. Also, the technical readings on the key index were negative with the MACD Histogram forming the 2nd negative bar and the RSI dropped below 50. The resistance is located around 1,465-1,470 and the support is envisaged around 1,430-1,440.

## Company Brief

**SAM Engineering & Equipment (M) Bhd** is acquiring aircraft structure parts and precision engineering components manufacturer Aviatron (M) Sdn Bhd for US\$43.4m (approximately RM203.2m), cash. The acquisition of Aviatron – the manufacturer of nacelle beams for Boeing and Airbus – is a related party transaction (RPT) as SAM Engineering is buying the stake from its major shareholder Singapore Aerospace Manufacturing Pte Ltd (SAMPL), which controls 62.49% of SAM Engineering. To fund the acquisition, SAM Engineering also proposed a renounceable one-for-four rights involving 135.397m new shares at an indicative issue price of RM4.12, to raise RM557.84m. Its counter closed at RM4.70 on Monday. Proceeds not used to fund the acquisition will be used by SAM Engineering to repay advances from SAMPL and to repay its bank borrowings. (The Edge)

PN17 outfit **KNM Group Bhd** will hold a court-convened creditors meeting in relation to its proposed scheme of arrangement (SOA) on Oct 12, days prior to an extraordinary general meeting (EGM) to decide on the fate of its board. (The Edge)

Higher operating costs and unfavourable foreign exchange (forex) loss dragged **Astro Malaysia Holdings Bhd**'s net profit down by 75.98% in the second quarter ended July 31, 2023 (2QFY2024) to RM23.65m, from RM98.47m a year earlier. This came in tandem with a 5.56% decline in quarterly revenue of RM869.82m, as compared with RM921.12m previously, due to a decrease in subscription revenue and merchandise sales. In the quarter, Astro saw finance costs swell 61.44% to RM74.1m from RM45.9m in 2QFY2023, due to unfavourable unrealised forex loss arising from unhedged lease liabilities. (The Edge)

**FM Global Logistics Holdings Bhd**, a logistics solutions provider, has acquired Singapore-based CAC Logistics Services Pte Ltd for RM18.86m (S\$5.5m) cash, as it looks to expand its footing regionally. CAC currently operates 236,496 sq ft of warehousing space in Singapore. FM Global's indirect wholly owned subsidiary, FM Global Logistics Ventures Sdn Bhd, inked a sale and purchase agreement with the vendors Anthony Ng Koon Leng and Randy Cheong Yew Fei on Monday for the acquisition. (The Edge)

**TSH Resources Bhd** will be admitted to the official list of the Singapore Exchange Securities Trading Limited (SGX-ST) on Sept 26, under the stock code "TSH". Trading in the shares on the Main Board of the SGX-ST will commence on a "ready" basis with effect from 9am (Singapore time) on the same day. According to the eligibility-to-list on the Main Board of the SGX-ST (ETL), the latest price of TSH at market close on Monday was RM1 per share (approximately S\$0.2918 per share), the oil palm plantation company said. (The Edge)

**Dialog Group Bhd**, via its wholly owned indirect subsidiary Dialog Malic Sdn Bhd, will build, own and operate a RM374.8m speciality chemical plant producing malic acid in Gebeng, Kuantan, Pahang. The plant, located within the integrated chemical site operated by BASF Petronas Chemicals Sdn Bhd, marks the group's first foray into production of specialty chemicals. Malic acid is a specialty chemical that is mainly used as a food additive in the food and beverage (F&B) industry, and has a steady market demand. (The Edge)

**Senheng New Retail Bhd** is acquiring its currently leased central distribution centre (CDC) for a purchase consideration of RM75.8m to strengthen the group's supply chain. Senheng's wholly-owned subsidiary Senheng Electric (KL) Sdn Bhd entered into a sale and purchase agreement with SDM Assets III Sdn Bhd (SDM), a wholly-owned subsidiary of Sime Darby Property MIT Development Sdn Bhd, to secure ownership of the CDC. The acquisition will result in significant annual gross rental savings of RM4.2m for the group. (The Edge)

Ernst and Young PLT (EY) has resigned as auditors for **MPHB Capital Bhd** and its subsidiaries after being appointed as the group's auditor since its incorporation in 2012. The group said the resignation of EY is based on mutual consent of both parties as the group wishes to appoint another audit firm as its auditors. (The Edge)

The Kedah government's investment holding company **Bina Darulaman Bhd** (BDB), via its newly set up renewable energy unit BDB Energy Sdn Bhd, is teaming up with a local solar energy firm Pumar Solar Power Sdn Bhd to jointly pursue solar energy opportunities in the country, marking BDB's first venture into the renewable energy sector. BDB said BDB Energy has inked a memorandum of understanding (MOU) with Pumar Solar Power, which outlines the terms of their collaboration, with a specific focus on exploring opportunities in Kedah, besides other potential states. (The Edge)

**Bumi Armada Bhd**'s wholly-owned Armada Akia BV has signed a production sharing contract (PSC) with the Ministry of Energy and Mineral Resources of Indonesia for exploration in the Tarakan Basin of the North Kalimantan province of Indonesia (Akia PSC). The oil and gas service provider said its co-bidder for the project, Pexco Tarakan NV, has also entered into the exploration agreement. The production sharing contract covers an area of 8,394 sq km and contains the Aster and Tulip oil and gas discoveries. (The Edge)

The Employees Provident Fund has emerged as a substantial shareholder of automotive light emitting diode (LED) maker **D&O Green Technologies Bhd**, with a 5.06% stake. The pension fund purchased 1.07m shares or a 0.09% stake on Sept 20, which pushed its shareholding to 62.61m shares or a 5.06% stake – beyond the 5% threshold necessary to be deemed a substantial shareholder. (The Edge)

Paper products manufacturer **NTPM Holdings Bhd** reported an 84.7% decline in net profit for its first quarter ended July 31, 2023 (1QFY2024) to RM165,000 from RM1.08m in the same period the previous year, despite slightly higher revenue, no thanks to higher interest, advertising and income tax expenses. While quarterly revenue rose a marginal 3.1% to RM223.9m from RM217.2m – on improved contributions from both its tissue paper products segment and personal care products segment, primarily driven by higher average selling prices – the increase was offset by higher interest expenses, advertising costs and general inflationary pressure on administrative expenses. (The Edge)

**Cypark Resources Bhd** co-founder and group chief executive officer Datuk Daud Ahmad has remerged as a substantial shareholder of the renewable energy and solid waste management company, only days after his status ceased. According to its bourse filing on Monday, Daud acquired 12m shares or a 1.5% stake in Cypark on Sept 22 via the company's employees' share option scheme (ESOS), which raised his stake to 6.31%. The company said Daud forked out RM4.56m to exercise the share options. Shares in Cypark closed five sen or 4.59% lower at RM1.04, giving the group a market capitalisation of RM817.36m. (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	0.310	-12.7%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.920	25.2%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	1.070	31.3%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.700	20.1%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.250	19.0%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.450	4.3%	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	0.960	0.0%	On-going
9	TEOSENG	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	1.090	18.5%	On-going
10	UCHITEC	4-Jul	3.530	3.700	3.850	3.420	3.320	3.240	3.390	-4.0%	On-going
11	WASCO	4-Jul	0.890	0.985	1.100	0.860	0.810	0.785	1.060	19.1%	On-going
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.795	25.2%	On-going
13	YTLPOWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	2.100	60.3%	On-going
Average Return										15.5%	

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)	-3.5%
FBM Small Cap (Since 30/12/2022)	9.3%
Malaysia GDP Growth (1H23)	4.2%

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