

Selling pressure persisted

Market Review

Malaysia: Despite Malaysia's positive PPI data, the FBM KLCI (-0.13%) closed lower as investors were cautious of the negative sentiment in global markets after the US Treasury Yields rebounded to 4.95%. On the broader market, the Construction Sector (+1.24%) gained, while the Telco & Media sector (-0.49%) declined.

Global markets: Wall Street closed lower due to the selling pressure in mega cap companies as most of the earnings missed expectations. Meanwhile, the strong economic data may indicate that the Fed is likely to maintain the interest rates for a longer period. Similarly, both the European and Asian stock markets ended lower.

The Day Ahead

The FBM KLCI ended softer in tandem with the weaker regional sentiment. Also, weaker-than-expected results from the US corporations were contributing to the softer Wall Street movements. We expect the sentiment could stay negative at this juncture given the stronger GDP data, where the investors may price in a higher-for-longer interest rate environment, which may dampen the appetite for stock markets. Likely, the selling may spillover to the local front, limiting the upside potential on Bursa exchange. On the oil market, the Energy Information Administration reported that the US oil inventories rose by 1.4m barrels last week, suggesting lighter-than-expected demand, and the Brent oil price fell below USD88/bbl.

Sector focus: Given the weaker trading tone abroad, we believe it may exert pressure within the Technology sector. Meanwhile, we think the USD strengthening against the Malaysian ringgit will provide upside potential for the export-related segment, where gloves, and furniture stocks may benefit in the near term. We reckon stocks with defensive characteristics within the Telco and Utilities sectors, coupled with solid net cash position and stable dividend payout will be decent for long term investors to accumulate.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended slightly lower, forming a flag formation breakout. The technical readings on the key index are slightly positive, with the MACD Histogram turning flat, while the RSI maintains 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	32,784.30	-0.76
S&P 500	4,137.23	-1.18
NASDAQ	12,595.61	-1.76
FBM KLCI	1,440.60	-0.13
FBM Small Cap	15,962.64	0.45
FBM ACE	5,049.59	-0.35
Construction	186.82	1.24
Consumer	55149	-0.32
Energy	870.66	-0.16
Financial Services	16,242.79	0.04
Healthcare	1,664.38	0.15
Ind Products	17186	-0.30
Plantation	6,875.48	-0.10
Property	849.25	0.08
REITs	775.44	-0.03
Technology	62.10	-0.37
Telco & Media	563.84	-0.49
Transport & Logist	928.60	0.27
Utilities	1,107.32	0.66
Trading Vol (m)	3,233.02	14.33
Trading Val (RM m)	1,986.78	118.2
Gainers/ Losers rat	112%	
FKLI	1,437.50	-0.10
FCPO (RM)	3,742.00	-0.53
Brent oil (USD)	87.93	-2.44
Gold (USD)	1,984.71	0.04
USD	4.787	-0.15
GBP	5.7873	0.10
EURO	5.0486	0.08
SGD	3.4914	-0.07
Trading participation 5-day trend and value (m)		
Institution	572.5	
Foreign	-116.3	
	-456.2	

Source: Bloomberg, Bursa Market Place

Company Brief

Fire protection equipment supplier **Fitters Diversified Bhd** is disposing of an 8.05-hectare piece of freehold land in Cameron Highlands for RM15m, with an estimated gain on disposal of RM12.35m. The disposal of the land to Cameron Highlands Floriculture Sdn Bhd is part of Fitters' ongoing initiative to rationalise its assets and focus its resources on more promising areas of its operations. (The Edge)

Vitrox Bhd's net profit for the third quarter ended Sept 30, 2023 (3QFY2023) dropped by 34.6% to RM33.25m compared with RM50.84m in the corresponding quarter the year before (3QFY2022) due to softer customer demand and unfavourable product mix. Quarterly revenue declined by 19.2% to RM149.97m from RM185.58m in 3QFY2022, underpinned by softer demand from Automated Board Inspection. (The Edge)

DRB-Hicom Bhd's wholly-owned subsidiary, Edaran Otomobil Nasional Bhd (EON), has made an investment in Genie Malaysia, a subsidiary of Carro, Southeast Asia's largest online used-car platform. The investment is aligned to the group's move to enhance its automotive distribution ecosystem. (The Edge)

Citaglobal Bhd has acquired a 30% stake in submarine cable systems company iFACTORS Sdn Bhd for RM25.2m. The stake acquisition comes with a two-year profit guarantee of RM21m and to date, iFACTORS has an order book of RM528m. Meanwhile, the group also highlighted that it has an option to purchase another 21% stake in iFACTORS once the profit guarantee of RM21m has been met. (The Edge)

Pavilion Real Estate Investment Trust's (Pavilion REIT) net property income (NPI) for the third quarter ended Sept 30, 2023 (3QFY2023) rose 34.5% to RM121.35m from RM90.22m a year earlier, following the inclusion of income from newly-acquired Pavilion Bukit Jalil. Quarterly revenue gained 43.4% to RM199.21m from RM138.94m, mainly due to income from Pavilion Bukit Jalil. Distributable income for 3QFY2023 stood at RM78.31m, up 23.4% from RM63.46m a year ago while distribution per unit (DPU) grew to 2.15 sen from 2.08 sen. (The Edge)

Oil palm player **Sarawak Plantation Bhd** has secured a RM40m Islamic facility to partly finance the development costs of its oil palm plantations throughout Sarawak. More specifically, the facility will be used to partly finance the development cost of oil palm plantations and replanting cost on lands located in Sarikei, Mukah, Sibul, Niah and Miri, upgrading the Niah Palm Oil Mill and Mukah Palm Oil Mill, as well as for the construction of estate building(s) and infrastructure in the oil palm plantations. (The Edge)

Lotte Chemical Titan Holding Bhd (LCT) narrowed its net loss to RM55.58m or 2.44 sen per share for the third quarter ended Sept 30, 2023 (3QFY2023) due to reversal of inventory write-down as well as improved margin spreads resulting from lower feedstock costs. In comparison, LCT posted a huge net loss of RM355.5m or 15.61 sen per share in 3QFY2022. It has been loss making for six straight quarters. Quarterly revenue fell 17.42% to RM1.96bn in 3QFY2023 from RM2.37bn a year earlier amid lower average product selling price. (The Edge)

Nestle (M) Bhd net profit in the third quarter ended Sept 30, 2023 rose 18.7% to RM133.7m from RM112.65m on the back of a 5.3% increase in revenue to RM1.77bn from RM1.68bn. The food and drink processing group said the earnings were supported by sales growth and continuous focus on internal efficiencies and saving initiatives to offset the impact of volatile commodity prices and unfavourable exchange rates. Nestle declared an interim dividend of 70 sen per share to be paid on Dec 14, 2023. (The Edge)

Cypark Resources Bhd's Datuk Daud Ahmad has retired and will not continue as a member of the board of directors, after shareholders voted not to re-elect him at the company's 18th AGM. However, when contacted, the company's spokesperson said Daud remains as the group chief executive officer. Daud did not respond at press time when contacted. (The Edge)

Luxchem Corp Bhd's net profit for the third quarter ended Sept 30, 2023 (3QFY2023) rose 3.3% to RM9.07m from RM8.78m a year ago, due to the manufacturing segment. However, the plastic materials and resin manufacturer's revenue slipped 2.8% to RM165.78m from RM170.55m, attributable to the trading segment, said the group in a filing with Bursa Malaysia on Thursday. No dividends were declared for the current quarter under review. (The Edge)

Unisem (M) Bhd's net profit in the third quarter ended Sept 30, 2023 slumped 70% to RM18.01m from RM61.73m a year earlier, on the back of lower revenue of RM356.19m versus RM439.69m. The semiconductor assembly and test services provider said the decrease in revenue and net profit was primarily attributable to lower sales volume in line with softer market demand. Unisem declared a third interim dividend of two sen per share to be paid on Nov 24. (The Edge)

Genomics and biopharmaceutical company **Malaysian Genomics Resource Centre Bhd** (MGRC) said it has on Wednesday received a notice from an independent non-executive director on his intention to apply for leave of court to commence derivative proceedings in the company's name against individual directors and management of the company. The name of the independent non-executive director was not disclosed. (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	1.820	1.7%	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	1.440	-7.7%	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	0.615	10.8%	Initiate on 2/10/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.720	-1.4%	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	0.720	10.3%	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	1.270	-3.8%	Initiate on 2/10/2023
10	T7GLOBAL	2-Oct	0.480	0.525	0.555	0.475	0.455	0.445	0.470	-2.1%	Initiate on 2/10/2023
11	TUNEPRO	2-Oct	0.435	0.485	0.515	0.420	0.405	0.395	0.405	-6.9%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.530	1.750	1.900	1.420	1.330	1.310	1.810	18.3%	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										1.4%	

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

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