

Challenging environment

Market Review

Malaysia: The FBM KLCI (+0.15%) closed slightly higher amid bargain hunting activities after the recent pullback, but remained below 1,450. The Transportation & Logistics sector (+0.35%) gained, while the Telecommunications & Media sector (-0.88%) declined after Astro delivered weaker results.

Global markets: Wall Street ended significantly lower after the latest US home sales and consumer confidence index fell below consensus estimates and the 10-year US Treasury hit fresh 16-year high. The European markets stayed negative, while the Asian markets traded mixed.

The Day Ahead

The FBM KLCI had a slight rebound at the end of the session as bargain hunting activities resurfaced. Meanwhile, Wall Street was significantly lower as investors were concerned that the elevated interest rate environment could dampen the economic outlook. Also, the 10-year US Treasury yield climbed to a fresh 16-year high. With the Aug new home sales and US Sep consumer confidence index came in below estimates, we believe the overall market conditions may persist in the negative tone, and likely to spill over to stocks on the local bourse. Commodities wise, the Brent crude oil has rebounded and traded near the USD94/bbl level, while the CPO prices were trading near the RM3,700/MT level.

Sector focus: With the trading environment turning more cautious, we expect selling pressure to build up within the technology stocks, taking cues from Nasdaq overnight negative performance. However, we like defensive sectors such as Utilities that have stable cash flow and dividends. Meanwhile, traders may continue to position around the mega infrastructure theme within the Construction, Building Material and Property sectors ahead of the Budget 2024.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended higher, but still hovering below the 1,450 psychological level. Also, the technical readings on the key index were negative with the MACD Histogram turning lower and the RSI is below 50. The resistance is located around 1,465-1,470 and the support is envisaged around 1,430-1,440.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,618.88	-1.14
S&P 500	4,273.53	-1.47
NASDAQ	13,063.61	-1.57
FBM KLCI	1445.55	0.15
FBM Small Cap	16,239.90	-0.48
FBM ACE	5,497.83	0.19
Construction	185.28	-0.52
Consumer	557.49	0.24
Energy	888.83	-0.82
Financial Services	16,188.52	0.04
Healthcare	1698.96	-0.23
Ind Products	174.21	0.02
Plantation	6,907.26	0.03
Property	882.39	-0.41
REITs	775.77	0.28
Technology	62.79	-0.06
Telco & Media	578.66	-0.88
Transport & Logist	923.76	0.35
Utilities	1,134.96	-0.45
Trading Vol (m)	3,156.58	(5.32)
Trading Val (RM m)	1952.98	(4.31)
Gainers/ Losers rat	69%	
FKLI	1439.50	(0.17)
FCPO (RM)	3,699.00	0.19
Brent oil (USD)	93.96	0.72
Gold (USD)	1900.65	0.03
USD	4.6895	(0.06)
GBP	5.7165	0.25
EURO	4.9699	0.29
SGD	3.4303	0.02

Trading participation 5-day trend and value (m)

Institution	Foreign
- 256.2	- 31.8
288.0	

Source: Bloomberg, Bursa Market Place

Company Brief

Khazanah Nasional Bhd has continued offloading its stake in Penang-based automated test equipment (ATE) maker **TT Vision Holdings Bhd**, this time selling a 1.92% stake for RM10.8m. The sovereign fund via Malaysian Technology Development Corp Sdn Bhd offloaded 6 million shares or a 1.28% stake on Sept 22, and 3 million shares or a 0.64% stake a day prior. The disposals pared Khazanah Nasional's stake in TT Vision to 16.94% or 79.26m shares. (The Edge)

Berjaya Corp Bhd (BCorp) has disposed of a 2.24% stake in **Berjaya Land Bhd** (BLand), ahead of its end-September deadline to comply with a public shareholding spread requirement of 20%. BCorp disposed of 110m shares in BLand held under Juara Sejati Sdn Bhd via a direct business transaction on Sept 22. (The Edge)

Renewable energy specialist **Samaiden Group Bhd** is partnering with hospitality group **Meta Bright Group Bhd** (MBGB) to pursue business opportunities and accelerate the growth of renewable energy solutions, particularly for the mining sector, within the Asia-Pacific (APAC) region. The two companies have inked a partnership agreement for the collaboration that aims to establish a strategic relationship focused on mutual advancement in the clean energy sector. (The Edge)

MyNews Holdings Bhd continued to bleed in the third quarter ended July 31, 2023 (3QFY2023) after it posted a wider net loss of RM2.16m compared with RM1.45m reported in the same period last year, mainly due to higher selling and distribution costs. Quarterly revenue, however, rose by 9.16% to RM185.79m from RM170.2m, fuelled by the increase in number of outlets and improvement in overall in-store sales. (The Edge)

Poh Kong Holdings Bhd's net profit plummeted 83.3% to RM4.98m or 1.21 sen per share in the fourth quarter ended July 31, 2023 (4QFY2023), from RM29.84m or 7.27 sen per share a year ago, due to a fall in sales volume and increased operating expenses. Quarterly revenue fell 23.9% to RM315.66m, compared to RM414.66m posted a year earlier, mainly due to weak market sentiment and a decrease in demand for gold jewellery products. The board recommended a final single tier dividend of 2 sen, subject to shareholders' approval at the forthcoming annual general meeting. (The Edge)

Electronic manufacturing services (EMS) provider **VS Industry Bhd** closed its financial year 2023 (FY2023) on a stronger note than FY2022, following an 85.7% jump in its net profit for the fourth quarter ended July 31 to RM66.08m from RM35.59m in the previous year's corresponding quarter, as it recorded a higher revenue on increased sales orders from existing customers. Quarterly revenue climbed 15.7% to RM1.16bn from RM1bn previously. Earnings per share (EPS) for the quarter rose to 1.72 sen, from 0.93 sen. (The Edge)

FGV Holdings Bhd has appointed former Ministry of Foreign Affairs secretary general Tan Sri Rastam Mohd Isa as the plantation giant's chairman effective immediately. Rastam succeeds Datuk Shahrol Anuwar Sarman who has been redesignated as a non-independent and non-executive director. Rastam's career in the foreign ministry spans three decades, where he headed various missions overseas – including Pakistan, Bosnia-Herzegovina, and Indonesia. (The Edge)

AEON Credit Service (M) Bhd's net profit for the second quarter ended Aug 31, 2023 (2QFY2024) soared 59% to RM120.19m from RM75.65m reported in the same period last year, supported by higher transaction and financing volume. Quarterly revenue surged 18.2% to RM471.73m compared to RM399.17m, mainly attributable to stronger loan and financing growth. Meanwhile, the group also declared an interim dividend of 28.5 sen per share, to be paid on Nov 2. (The Edge)

Analysts covering **Astro Malaysia Holdings Bhd** have cut target prices (TPs) and earnings forecasts for the pay-TV provider, following disappointing results for the second quarter ended July 31, 2023 (2QFY2024). Astro shares hit an all-time low in the early session on Tuesday, after the results. The counter opened two sen lower at 49 sen and hit its all-time low of 46.5 sen, before paring losses to trade at 47.5 sen, still down 3.5 sen or 6.86% in the early session. It closed down 4.5 sen or 8.82% at 46.5 sen, with a market capitalisation of RM2.4bn. (The Edge)

Ecoscience International Bhd has secured a RM38.02m contract for the construction of a building and substation in Kerling, Selangor. The company's wholly-owned unit Ecoscience Manufacturing & Engineering Sdn Bhd has accepted the letter of award from Thens Architect, which issued the contract on behalf of non-governmental organisation Maitreya Moral Society Malaysia. Ecoscience said the construction comprises a six-storey building with a two-storey basement, an electrical substation and others. (The Edge)

Sarawak Cable Bhd has had its proposed scheme of arrangement rejected by creditors. The power cable and wire maker held a court-convened creditor meeting on Tuesday, where creditors rejected two of the group's ten debt settlement schemes. However, it noted that as the proposed scheme of arrangement is inter-conditional, the whole scheme is deemed rejected as a whole. As at end-May 2023, Sarawak Cable's borrowings stood at RM400.37m, while cash only stood at RM34.96m. Shares in Sarawak Cable closed 1 sen or 13.33% lower at 6.5 sen, giving the company a market capitalisation of RM24.31m. (The Edge)

Sedania Innovator Bhd's major shareholder Sedania Corp Sdn Bhd (SCSB) has filed an application at the High Court here to set aside and stay (postpone) the court's order to compensate RM14.52m to two individuals claiming to own a 49% stake in Sedania's consumer healthcare products business. Shares in Sedania finished half a sen or 2.56% higher at 20 sen, giving the company a market capitalisation of RM67.73m. (The Edge)

The Ministry of Local Government Development (MLGD) has conditionally approved **Tomei Consolidated Bhd**'s request for pawnbroker licences, as well as allowed the jeweller to conduct online money lending business activities. In a bourse filing on Tuesday, Tomei said that five of its subsidiaries secured conditional approval from the ministry for pawnbroker licences to operate as pawnbrokers. Shares in Tomei closed two sen or 1.74% higher at RM1.17, giving the company a market capitalisation of RM162.16m. (The Edge)

Evergreen Max Cash Capital Bhd (EMCC), which debuted on the ACE Market on Tuesday, said it expects demand for pawnbroking to increase amid escalating costs of living. In a press conference following the listing ceremony, EMCC executive director Low Kai Loon said the company is looking to grow its market share to 10% in the next few years, from slightly over 3% currently. The company, which has set aside RM20m from its initial public offering (IPO) to open up five new pawnshops, will prioritise its existing markets in Kuala Lumpur, Selangor, Negeri Sembilan and Pahang, which house its 22 existing "Pajaking" pawnshops, Low said. (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	0.320	-9.9%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.935	27.2%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	1.080	32.5%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.680	19.5%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.240	18.1%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.410	2.6%	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	0.935	-2.6%	On-going
9	TEOSENG	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	1.080	17.4%	On-going
10	UCHITEC	4-Jul	3.530	3.700	3.850	3.420	3.320	3.240	3.410	-3.4%	On-going
11	WASCO	4-Jul	0.890	0.985	1.100	0.860	0.810	0.785	1.040	16.9%	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	2.060	57.3%	On-going
Average Return										15.0%	

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)	-3.3%
FBM Small Cap (Since 30/12/2022)	8.8%
Malaysia GDP Growth (1H23)	4.2%

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