

Buying support to emerge

Market Review

Malaysia: The FBM KLCI (-0.47%) closed lower as sentiment turned negative ahead of the Fed's interest rate decision, coupled with the disappointing S&P Malaysia's PMI data. On the broader market, the Utilities Sector (+3.26%) soared after YTLPOWR acquired around 19% of RANHILL.

Global markets: Despite weaker set of corporate earnings were released, Wall Street extended the rebound again after the Fed kept the interest rates unchanged, and the benchmark 10-year Treasury yields fell to a two-week low. The European markets and Asian stock markets ended mostly higher.

The Day Ahead

The FBM KLCI turned lower following the softer PMI data in October, despite sentiment across the regional markets being more positive. Meanwhile, the US stock markets gained further overnight as the Federal Reserve kept the interest rate unchanged and the 10-year Treasury yield eased further. Given the positive trading tone from Wall Street, the buying interest may spillover towards stocks on the local front. However, we expect softer trading activities ahead of the BNM MPC meeting, where the Monetary Policy Statement will be released by 3pm, providing clues on the interest rate direction. On the commodity markets, the Brent oil prices reversed earlier gains from USD87 to below USD85.

Sector focus: As the sentiment has turned more positively in the global scene, we expect buying interest to spill over on the Technology sector. Besides, the news on YTLPOWR-RANHILL may spur trading activities within the Utilities sector. As we are heading into the reporting season, we favour the Construction and Property sectors amid more manageable building material costs as compared to previous years.

FBMKLCI Technical Outlook



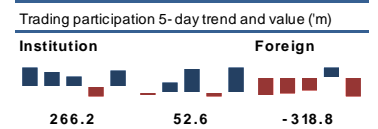
Bloomberg

The FBM KLCI ended lower, but might be pending a flag formation breakout. The technical readings on the key index are negative, with the MACD Histogram extending a positive bar only slightly off the zero level, while the RSI has dipped below 50. The resistance is pegged around 1,450-1,460 and the support is at 1,420-1,430.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,274.58	0.67
S&P 500	4,237.86	1.05
NASDAQ	13,061.47	1.64
FBM KLCI	1,435.33	-0.47
FBM Small Cap	5,809.10	-0.34
FBM ACE	4,998.52	-0.38
Construction	185.26	-0.53
Consumer	548.68	-0.37
Energy	857.65	-1.23
Financial Services	16,201.74	-0.31
Healthcare	1,655.22	-0.88
Ind Products	170.01	-1.39
Plantation	6,886.06	-0.26
Property	839.94	-0.84
REITs	775.28	0.12
Technology	60.58	-1.03
Telco & Media	558.76	-0.22
Transport & Logist	923.39	-0.22
Utilities	1,52.34	3.26
Trading Vol (m)	2,798.54	-6.34
Trading Val (RM m)	1,799.42	-2.63
Gainers/ Losers rat	60%	
FKLI	1,438.00	0.28
FCPO (RM)	3,706.00	0.49
Brent oil (USD)	84.63	-0.46
Gold (USD)	1,982.53	0.04
USD	4.7715	-0.17
GBP	5.7927	0.25
EURO	5.0337	0.96
SGD	3.4805	0.26



Source: Bloomberg, Bursa Market Place

Company Brief

Boustead Heavy Industries Corp Bhd (BHIC) and Minister of Finance Inc (MOF Inc) have mutually agreed to extend the conditional period for the disposal of a 20.77% stake in Boustead Naval Shipyard Sdn Bhd (BNS) to MOF Inc by another one month till Dec 1. BHIC said that the parties "require additional time for the fulfilment of the conditions precedent" to finalise the conditional agreement. (The Edge)

Heitech Padu Bhd has accepted a RM29.68m contract for strengthening the IT technology system for the Ministry of Domestic Trade and Cost of Living. The group said the 36-month contract will commence from November 2023 till October 2026. (The Edge)

Rapid Synergy Bhd's external auditor KPMG PLT has issued a qualified opinion on the precision tool-making company's financial statements for the 18-month period that ended June 30, 2023 (FPE2023), due to insufficient disclosures over RM4.43m rental income, a RM2.32m gain from the disposal of property and deposits paid for acquisition of properties, that were recognised during the financial period. In an independent auditors report on Wednesday, KPMG said it could not confirm the appropriateness and veracity of Rapid Synergy's RM4.43m rental income recognised for FPE2023. The rental income is in relation to the renting of two properties to an entity, which was a former subsidiary of the group. (The Edge)

HIL Industries Bhd has proposed to acquire a three-acre piece of land in Kuala Lumpur for RM47m cash to undertake a condominium development. The moulded plastic products maker and property developer said the freehold land is surrounded by landmarks such as Garden International School, Plaza Mont Kiara, 163 Retail Park, Hartamas Shopping Centre and Sri Hartamas Commercial Area. HIL said its indirect wholly-owned unit Amverton Prop Sdn Bhd is acquiring the land from A & M Modern Homes Sdn Bhd, a wholly-owned subsidiary of Amverton Bhd. (The Edge)

Independent power producer **YTL Power International Bhd** has become a substantial shareholder of smaller rival **Ranhill Utilities Bhd**, after acquiring 243.33m shares, equivalent to an 18.87% stake, in Ranhill. YTL Power said the transaction was made on Wednesday. (The Edge)

Capital A Bhd is seeking to float its AirAsia brand royalty business and aircraft leasing unit in the US by injecting these operations into a Nasdaq-listed special purpose acquisition company (SPAC), aiming for an indicative valuation of US\$1bn (RM4.77bn) as part of its plans to regularise its financials. The plan came after sister company AirAsia X Bhd's application for relief from having to submit and implement a regularisation plan for its Practice Note 17 status was rejected by Bursa Securities. While the specifics of the restructuring were never disclosed, it was understood that the restructuring would have involved a share swap and a valuation of goodwill of Capital A's airlines. (The Edge)

Datuk Seri Mahmud Abu Bekir Taib, the son of Sarawak Yang di-Pertua Negeri Tun Abdul Taib Mahmud, has ceased to be a substantial shareholder of **KNM Group Bhd**, after he disposed of a 0.03% stake or 1.1m shares in the group. The disposal comes less than a month after Abu Bekir emerged as a substantial shareholder of the group on Oct 9. Following the stake disposal, he now has a 4.99% stake or 202.37m shares in the oil and gas engineering firm. (The Edge)

Salutica Bhd has stated that while there are no undisclosed corporate developments, rumours or reports explaining the unusual market activity (UMA) of its shares, the ongoing legal suit involving its subsidiary and Apple Malaysia is a potential contributing factor. (The Edge)

Carlsberg Brewery Malaysia Bhd's net profit for the third quarter ended Sept 30, 2023 (3QFY2023) fell marginally to RM75.94m from RM76.39m a year earlier, largely due to a weaker trading environment and softer consumer sentiment. Quarterly revenue declined by 10.18% to RM513.44m from RM571.63m a year ago, underpinned by soft market sentiment and affordability pressure caused by rising cost of living. The group declared a third interim dividend of 19 sen per share. (The Edge)

Malakoff Corp Bhd has signed a solar power purchase agreement with DRB-Hicom Bhd to develop, operate and maintain solar photovoltaic systems at 14 locations in Selangor, Perak, Melaka and Pahang. According to the group's statement on Wednesday, its subsidiary Malakoff Radiance Sdn Bhd had entered into the deal with 10 companies under the DRB-Hicom banner for the project, which has a total capacity of 20.78 MWP and total electricity generation of 26,546.45 MWh per annum. (The Edge)

Manganese ore and ferroalloy producer **OM Holdings Ltd**'s unit is disposing of 90% of its 100% stake in OM Materials (Qinzhou) Co Ltd (OMQ) for US\$25m (RM119.49m). OM Holdings said its wholly-owned OM Materials (S) Pte Ltd (OMS) is selling the 90% equity interest in OMQ to Beijing Kunpeng Hongsheng Metal Co Ltd, which is involved in the trading of ores and alloys in China. Upon completion of the sale – slated to be completed by Nov 30 – Beijing Kunpen and OMS will hold the equity shares in OMQ on a ratio of 90:10. (The Edge)

Former beauty queen Datin Seri Jacqueline Ngu Hia Kee has ceased to be a substantial shareholder in **Malaysian Genomics Resource Centre Bhd** (MGRC) after disposing of 201,200 shares, bringing her stake to 4.98%, below the regulatory threshold of 5% that requires timely disclosures to changes in shareholdings. MGRC told Bursa Malaysia that the transaction occurred on Wednesday without disclosing the transacted price. (The Edge)

Cybersecurity company **LGMS Bhd** has signed a partnership agreement with Finland's WithSecure to develop innovative and user-friendly cybersecurity solutions specifically for local small and medium enterprises (SMEs). The partnership's objective is to protect SMEs from cyber threats, in line with the country's digital transformation, and in support of the upcoming national cybersecurity bill that is set to be unveiled by the unity government early next year. (The Edge)

IJM Land Bhd signed a memorandum of understanding (MOU) with OCBC Bank (Malaysia) Bhd on Wednesday to offer a Green Home Financing scheme that consists of competitive financing rates, fast turnaround upon approval, and a cashback programme to encourage green homeownership among homebuyers. The scheme will be available until end-January next year, and will be open to all of IJM Land's GreenRE-certified residential developments, according to a press statement on Wednesday. (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	1.720	-3.9%	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	1.450	-7.1%	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	0.975	21.1%	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	0.700	-4.1%	Initiate on 2/10/2023
6	PECCA	2-Oct	1.210	1.400	1.450	1.100	1.050	1.030	1.200	-0.8%	Initiate on 2/10/2023
7	PFW	2-Oct	0.653	0.950	1.000	0.825	0.790	0.780	0.740	13.3%	Initiate on 2/10/2023
8	RAMSSOL	2-Oct	0.495	0.545	0.605	0.425	0.395	0.385	0.415	-16.2%	Initiate on 2/10/2023
9	SLVEST	2-Oct	1.320	1.450	1.520	1.250	1.200	1.180	1.230	-6.8%	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										1.6%	

Technical Focus Tracker Summary	
Total recommendations	348
Total winners	214
Total losers	136
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)	60.3%
FBM KLCI (Since 30/12/2022)	-4.0%
FBM Small Cap (Since 30/12/2022)	5.9%
Malaysia GDP Growth (1H23)	4.2%

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