

Bargain hunting activities may extend

Market Review

Malaysia: The FBM KLCI (-0.19%) closed slightly lower in line with mixed regional markets due to softer investor's confidence from the widening of geopolitical tension in the Middle East and the negative cue from Wall Street overnight. On the broader market, the Plantation Sector (+0.14%) was the sole gaining sector.

Global markets: Wall Street ended higher lifted by stronger-than-expected earnings from McDonalds, despite heading into the 2-day FOMC meeting week. Also, the US Treasury yield was slightly below the 5% mark. Nevertheless, The European market ended higher, while Asia ended mixed ahead of China Manufacturing PMI data.

The Day Ahead

Tracking the softer closing on Wall Street last Friday, the FBM KLCI ended softer for the session amid the mixed regional markets' sentiment. However, the US stock markets have gained strongly after a solid start for the corporate earnings and bargain hunting activities emerged. Given the 10-year US Treasury yield was below the 5% mark, the overall buying support on the equities remains strong. However, we expect the traders to turn cautious nearer to the 2-day FOMC meeting which will be held on 31-Oct-to-1-Nov. A few important data that traders may focus on will be the (i) China Manufacturing PMI, (ii) US ISM Manufacturing PMI, and (iii) jobs data. Despite the widening of the geopolitical tension, the Brent oil prices have eased more than 3% for the session towards USD87.45.

Sector focus: Given the strong rebound on Wall Street, we expect buying support to spillover towards the local exchange within the Technology stocks. Also, we believe the strong earnings from McDonald's could give rise towards buying support within the Consumer sector at least for the near term. Besides, we think poultry-related stocks will get a boost once the details on the floating price are announced.

FBMKLCI Technical Outlook



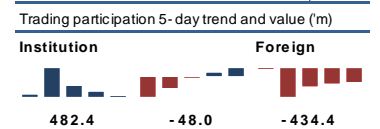
Bloomberg

The FBM KLCI ended slightly lower, but still hovering within the flag formation. The technical readings on the key index are slightly positive, with the MACD Histogram extending rebounding off the zero level, while the RSI is slightly below 50. The resistance is pegged around 1,450-1,460 and the support is at 1,420-1,430.

Research Team
research@msec.com.my
(603) 2201 2100

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	32,928.96	+1.58
S&P 500	4,166.82	+1.20
NASDAQ	12,789.48	+1.16
FBM KLCI	1439.20	-0.19
FBM Small Cap	5,841.67	-0.70
FBM ACE	5,005.60	-0.65
Construction	85.04	-0.90
Consumer	551.13	-0.43
Energy	863.64	-1.25
Financial Services	16,212.20	-0.13
Healthcare	1,656.65	-0.50
Ind Products	172.12	-0.35
Plantation	6,898.68	0.14
Property	838.52	-1.04
REITs	773.69	-0.17
Technology	60.98	-1.10
Telco & Media	556.50	-1.34
Transport & Logist	928.08	-0.68
Utilities	1,102.94	-0.58
Trading Vol (m)	2,808.10	3.11
Trading Val (RM m)	15,162.29	-10.56
Gainers/ Losers rat	39%	
FKLI	144150	-0.03
FCPO (RM)	3,694.00	-1.15
Brent oil (USD)	87.45	-3.35
Gold (USD)	1,996.10	-0.03
USD	4,762.22	0.32
GBP	5,777	0.38
EURO	5,039.4	0.15
SGD	3,486.8	0.06



Source: Bloomberg, Bursa Market Place

Company Brief

MyEG Services Bhd has received a three-year contract extension from the Road Transport Department (JPJ) of its appointment as a collecting agent for the provision of vehicle registration services, driver and vehicle licensing, and electronic payment of summons services. This comes just two weeks after the e-government service provider was granted a two-year extension of its immigration-related services contract. (The Edge)

Ranhill Utilities Bhd plans to team up with China Energy International Group Co Ltd (CEIG) for the proposed development of a public-private regional drinking water supply facility project in Indonesia. Ranhill said it had inked a Memorandum of Understanding with CEIG to jointly pursue the Ir H Djuanda/Jatiluhur II water supply project, as well as co-develop and cooperate on other potential projects in Southeast Asia. (The Edge)

Chin Teck Plantations Bhd's net profit for the full year ended Aug 31, 2023 (FY2023) dropped 50.36% to RM53.37m, compared with RM107.52m in the previous year, underpinned by higher administrative expenses and lower revenue. Annual revenue fell by 20.98% to RM205.67m, from RM260.29m previously, largely due to a significant decrease in average selling prices of crude palm oil, palm kernel and fresh fruit bunches. (The Edge)

Practice Note 17 (PN17) company **Barakah Offshore Petroleum Bhd**'s independent auditor has issued a disclaimer of opinion on the group's application of the "going concern" assumption in preparing its financial statements for the fiscal year ended June 30, 2023 (FY2023) despite incurring a net loss of RM4m for the year. Barakah said auditor HLB Ler Lum Chew PLT also noted that the group's current liabilities exceeded its current assets by RM18.21m, and that it had a deficit of shareholders' funds of RM15.05m. According to Barakah's latest annual report, its total borrowings increased to RM52m from RM49m in FY2022, due to fluctuations in foreign exchange rates, as the group's borrowings are mainly in US dollars. (The Edge)

British American Tobacco (Malaysia) Bhd's (BAT Malaysia) net profit declined 20.89% to RM59.54m or 20.9 sen per share for the third quarter ended Sept 30, 2023 (3QFY2023) compared with RM75.25m or 26.4 sen per share in the previous year's corresponding quarter as investment in tobacco heating and vapour products more than offset price adjustments – its first since 2018. Quarterly revenue was down by 9.01% to RM606.8m from RM666.9m in 3QFY2022. BAT Malaysia attributed the lower earnings for 3QFY2023 to increased investment in launching tobacco heating and vapour products that provide reduced-risk alternatives to adult smokers while also implementing a modest price increase in its Premium and AP segments due to rising inflation and increased business costs, marking the group's first price adjustment in five years. (The Edge)

Penang-based medical device company **UMediC Group Bhd** has proposed to undertake a special issue of up to 24.93m new shares, equivalent to 6.67% of its total issued shares to Bumiputera investors to be identified and/or approved by the Ministry of International Trade and Industry (Miti) at an issue price to be determined later. The company was listed on the ACE Market of Bursa Malaysia in July 2022 under the condition that it will allocate 12.5% of its enlarged issued shares to Bumiputera investors to be approved by Miti within one year after achieving the profit requirement for companies seeking listing on the Main Market or five years after being listed on the ACE Market, whichever is earlier. UMediC had achieved an audited consolidated net profit of RM10.32m for the most recent financial year ended July 31, 2023 (FY2023), and an aggregate combined/consolidated net profit of RM21.83m for FY2021, FY2022 and FY2023. (The Edge)

Berjaya Corp Bhd (BCorp) has raised its stake in Berjaya Food Bhd (BFood), whose share price has fallen by a third year to date, to 57.43% from 55.31% after buying 37.25m shares. BCorp paid RM26.59m in total or 71.4 sen per share for the block of shares purchased. BFood, which operates the Starbucks coffee chain in Malaysia, closed at 68.5 sen on Monday, giving it a market capitalisation of RM1.33bn. Following the latest transaction, BCorp now holds a total of about 1.01bn shares, or a 57.43% stake, in BFood. (The Edge)

A day prior to its current deadline to submit its regularisation plan, PN17 outfit **KNM Group Bhd** has submitted an application to extend the submission deadline by a year. The oil and gas engineering group submitted the extension of time application to Bursa Securities on Monday, seeking a one-year extension till Oct 30, 2024 to submit its regularisation plan. (The Edge)

Educational materials publisher **Sasbadi Holdings Bhd** narrowed its net loss to RM1.48m in its fourth financial quarter ended Aug 31, 2023 (4QFY2023) from RM2.25m a year earlier, largely due to a reduction in provision of inventories writedown whereby RM3.04m was recognised in the current quarter compared with RM3.45m recognised in 4QFY2022. Quarterly revenue was flat at RM16.79m in 4QFY2023 compared with RM16.71m a year ago. (The Edge)

Mitrajaya Holdings Bhd's unit, Pembinaan Mitrajaya Sdn Bhd accepted an RM84.5m contract for the construction of a 31-storey block development in Mukim Batu, Kuala Lumpur. The unit clinched the two-year contract from GDP X Properties Sdn Bhd and the project is expected to be completed by December 2025. (The Edge)

Dagang NeXchange Bhd's (DNeX) 90%-owned subsidiary Ping Petroleum Sdn Bhd has secured a contract from Petroliam Nasional Bhd (Petronas) in relation to the production of petroleum and abandonment of petroleum facilities. DNeX said the abandonment (decommissioning) work will cover petroleum facilities located in the Abu Cluster – about 250km off the east coast of peninsular Malaysia. DNeX's filing did not disclose a value on the contract it secured from the national oil and gas giant. (The Edge)

Information and communications technology (ICT) system and solutions provider **SNS Network Technology Bhd** is teaming up with Seagate Technology to provide enterprise data storage solutions in Malaysia. To formalise the collaboration, SNS Network had recently signed an agreement with Seagate, which will see SNS Network offering Seagate enterprise data storage solutions as part of its ICT services and solutions, according to a statement on Monday. The collaboration with Seagate – a global leader in mass-capacity data storage solutions – marked a significant milestone for the SNS group to enhance its capability as a leading ICT system and solutions provider to deliver comprehensive products and services to its existing and potential customers from small and medium enterprises, public companies and government agencies in Malaysia, SNS Network executive director Kelvin Pah said on the collaboration. (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	1.770	-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	1.430	-8.3%	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	0.920	14.3%	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	1.180	-2.5%	Initiate on 2/10/2023
7	PUF	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	0.420	-15.2%	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	0.480	0.0%	Initiate on 2/10/2023
11	TUNEPRO	2-Oct	0.435	0.485	0.515	0.420	0.405	0.395	0.400	-8.0%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.530	1.750	1.900	1.420	1.330	1.310	1.770	15.7%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.530	2.7%	Initiate on 2/10/2023
Average Return										0.3%	

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)	-3.8%
FBM Small Cap (Since 30/12/2022)	6.1%
Malaysia GDP Growth (1H23)	4.2%

Disclaimer

Research analyst(s) of MSSB whom produced this report hereby certifies that the views expressed in this report accurately reflect his/her personal opinions about all of the subject corporation(s) and securities in this report. He/She does not carry out, whether for himself/herself or on behalf of MSSB or any other persons did not receive and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. As of the report date, the analyst whom prepared this report does not have any interest in the following securities covered in this report, unless otherwise stated.