

Market turning more bullish

Market Review

Malaysia: The FBM KLCI (+0.31%) closed higher as sentiment turned positive after the Fed maintained the interest rates after the FOMC meeting, while the BNM kept the OPR unchanged at 3%. On the broader market, the Utilities Sector (+2.97%) soared for the 2nd session after YTLPOWR acquired around 19% of RANHILL.

Global markets: Wall Street extended the rebound as investors were optimistic that the interest rate have peaked, causing the US Treasury yields to eased, coupled with better-than-expected batch of corporate earnings. The European markets and Asian stock markets ended higher, following the Fed rate pause.

The Day Ahead

Following the rate pause by the Fed after the FOMC meeting and BNM keeping the OPR at 3%, the FBM KLCI ended on a positive note. Also, the global markets were traded actively higher following the jump in Wall Street as the Dow rebounded more than 4% over the past 5 days, with the help of better-than-expected corporate earnings. We believe this buying interest could spillover towards stocks on the local front, especially on the Small Cap and lower liners. Despite the BNM maintained the OPR, the ringgit has strengthened against the USD for the session, trading at RM4.75/USD (recent lowest was RM4.7925/USD). On the commodity markets, the Brent oil prices rebounded near to 3% after the USD declined.

Sector focus: Given the better batch of corporate earnings in the US led by Apple Inc, we expect the Technology sector to get a boost in trading activities today. Meanwhile, we are still positive on the Utilities sector as follow-through buying support could be seen after the YTLPOWR-RANHILL deal. Besides, the spike in oil prices may provide trading opportunities within the O&G sector.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended higher, and is still hovering within a flag formation, awaiting a breakout move. The technical readings on the key index are mixed, with the MACD Histogram flattish around zero, while the RSI is slightly above 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	33,839.08	1.70
S&P 500	4,317.78	1.89
NASDAQ	13,294.19	1.78
FBM KLCI	1439.77	0.31
FBM Small Cap	5,951.45	0.90
FBM ACE	5,023.98	0.51
Construction	185.97	0.38
Consumer	560.43	0.32
Energy	870.81	1.53
Financial Services	16,235.51	0.21
Healthcare	1,655.38	0.01
Ind Products	170.65	0.38
Plantation	6,907.90	0.32
Property	845.94	0.71
REITs	777.30	0.26
Technology	6122	1.06
Telco & Media	563.25	0.80
Transport & Logist	922.84	-0.06
Utilities	1,186.57	2.97
Trading Vol (m)	3,384.97	20.95
Trading Val (RM m)	1932.80	7.41
Gainers/ Losers rat	198%	
FKLI	1447.50	0.35
FCPO (RM)	3,784.00	0.00
Brent oil (USD)	86.85	2.62
Gold (USD)	1,985.78	-0.06
USD	4.7505	0.44
GBP	5.7884	0.07
EURO	5.0469	-0.26
SGD	3.4812	-0.02

Trading participation 5-day trend and value (m)

Institution	Foreign
122.2	13.3
-135.5	

Source: Bloomberg, Bursa Market Place

Company Brief

Berjaya Corp Bhd (BCorp) has emerged as a substantial shareholder of **Salcon Bhd**, after acquiring a 5.43% stake on Thursday. Following the acquisition of the stake comprising 55m shares, BCorp is the third largest shareholder of the water and wastewater engineering company. The largest shareholder of Salcon is its executive deputy chairman Tan Sri Tee Tiam Lee, with a direct interest of 5.785% and indirect interest of 6.761% via Infra Tropika Sdn Bhd. This is followed by non independent and non executive director Datin Goh Phaik Lynn with a 10.58% stake. (The Edge)

AirAsia X Bhd (AAX) has submitted an appeal against Bursa Securities' recent decision to reject the medium- and long-haul budget carrier's application to exit Practice Note 17 (PN17) status. In a statement on Thursday, the airlines said its foremost short-term goal is to emerge from the PN17 status as smoothly and swiftly as possible to boost the post-pandemic upward trajectory for future sustainable and profitable growth.

Meanwhile, AAX has bagged a contract worth RM29.7m to operate charter flights to transport the Malaysian Battalion (Malbatt) 850 forces to Lebanon and back, as part of the United Nations Interim Force in Lebanon's (Unifil) peacekeeping mission. AAX said it had signed a passenger and ancillary services agreement with AirAsia Bhd. The low-cost carrier is primarily involved in chartering flights between the Royal Malaysian Air Force (RMAF) air base in Subang and Beirut for four flights per year. (The Edge)

MSM Malaysia Holdings Bhd has agreed to discontinue the legal proceedings against Gas Malaysia Energy and Services Sdn Bhd over a disputed sum of RM10.32m relating to gas supply to its wholly-owned unit MSM Sugar Refinery (Johor) Sdn Bhd. The sugar refinery company told Bursa on Thursday that notices of discontinuance were filed to the Kuala Lumpur High Court on Nov 1 to signify the conclusion of the writ action with each party to bear its own costs and without liberty to file afresh. (The Edge)

Pentamaster Corp Bhd's net profit grew 17.1% to RM23.5m or 3.3 sen per share in the third quarter ended Sept 30, 2023(3Q2023) from RM20.07m or 2.82 sen per share a year ago, as it saw improvements across its business segments, mainly its factory automation solutions (FAS) segment. Revenue climbed 16.2% to RM180.74m from RM155.6m. (The Edge)

Plytec Holdings Bhd's 30.3m new shares involved in the public portion of its initial public offering have been oversubscribed by 6.72 times. The construction engineering solution provider said that the public portion had received 3,451 applications for 233.87m shares. (The Edge)

Yoong Onn Corporation Bhd has proposed to acquire a 60% stake in Singapore-based TC Homeplus for a total cash consideration of S\$10.95m (approximately RM38.16m). According to the group, TC Homeplus is principally involved in the business of trading, distributing and retailing curtains, pillow cases, bed sheets and bed spreads. (The Edge)

TMC Life Sciences Bhd (TMCLS) through its healthcare platform plans to expand its referral centres in Vietnam and Indonesia to further boost medical tourism. Executive director and group chief executive officer Nadiah Wan said the increasing number of Indonesian patients from Singapore coming into Malaysia due to lower healthcare cost is seen as an advantage for the group to broaden its marketing wing. (The Edge)

Atrium Real Estate Investment Trust's (Atrium REIT) asset manager Atrium REIT Managers Sdn Bhd (ABSB) has acquired buildings and leasehold land in Shah Alam, Selangor from a related party, Amazing Blitz Sdn Bhd (ABSB), for RM41m cash. In a filing with Bursa on Thursday, the REIT said the purchase consideration represents a marginal discount of RM500,000 or 1.2% to the appraised market value of RM41.5m as appraised by an independent valuer on Oct 3, 2023. The land, measuring 24,295.208 sq m, is surrounded by a mixture of residential, commercial, and industrial developments and is near i-City, a notable landmark. (The Edge)

Stella Holdings Bhd received shareholders' approval to buy construction firm Pembinaan Teguh Maju Sdn Bhd (PTM) in an extraordinary general meeting (EGM) on Thursday. In a statement on Thursday, Stella said the acquisition – which comes with a profit guarantee of RM120m for the financial year ending June 30, 2024 (FY2024), FY2025, and FY2026 on an aggregate basis – is especially noteworthy, due to PTM's RM1.16bn worth of outstanding orders in areas such as roadworks, building construction, and mechanical and electrical projects. Moreover, PTM has submitted quotations, and is in discussions for contracts totalling approximately RM1.78bn, amplifying the earnings potential over the next three financial years, read the statement. (The Edge)

Mitsui & Co Ltd is investing US\$58m (RM275.6m) in Axiata Digital & Analytics Sdn Bhd (ADA) through ADA's holding company, Axiata Digital Services Sdn Bhd (ADS), which is in turn a wholly-owned subsidiary of **Axiata Group Bhd**. Mitsui's additional investment values ADA – Asia's largest independent data and AI company – at US\$550m and increases its stake in ADS from 3.29% to 20%, resulting in an effective 12.69% stake in ADA. Notably, Mitsui, a Japanese conglomerate, has been working closely with ADS and ADA following its initial investment in 2019, and is now intensifying efforts to deliver data and AI solutions to partners and clients in the Asia-Pacific region. (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	1.710	-4.5%	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	0.430	-1.1%	Initiate on 2/10/2023
3	HSSEB	2-Oct	0.805	0.895	0.940	0.725	0.670	0.660	0.980	21.7%	Initiate on 2/10/2023
4	LHI	2-Oct	0.555	0.610	0.640	0.520	0.500	0.490	0.655	18.0%	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	1.210	0.0%	Initiate on 2/10/2023
7	PUF	2-Oct	0.653	0.950	1.000	0.825	0.790	0.780	0.745	14.1%	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	1.280	-3.0%	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	0.415	-4.6%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.530	1.750	1.900	1.420	1.330	1.310	1.870	22.2%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.570	5.4%	Initiate on 2/10/2023
Average Return										3.5%	

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)	-3.7%
FBM Small Cap (Since 30/12/2022)	6.9%
Malaysia GDP Growth (1H23)	4.2%

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