

Wednesday, 06 Dec, 2023

## Could Be Due For a Rebound

### Market Review

**Malaysia:** The FBM KLCI (-0.11%) closed marginally lower in tandem with the weaker regional markets as the HSI dropped to 52-week low, which prompted investors to take a cautious stance ahead of the US employment data. On the broader market, the Property sector (+0.56%) gained, while the Energy sector (-0.37%) fell.

**Global markets:** Wall Street ended mixed following the softer employment data, which may indicate that the Feds could cut interest rates sooner than expected. The European stock market ended higher, while Asia ended lower despite Japan & South Korea posting cooler-than-expected inflation data.

### The Day Ahead

The FBM KLCI declined for another session amid profit taking activities. In the US, trading tone was mixed with the Dow and S&P 500 ended slightly lower, while the Nasdaq rose for the session. The JOLTS report suggested that the US jobs opening was the lowest level since early 2021 in October, and the market's narrative for the Fed is it has ended with the interest rates upcycle and could be looking at a rate cut as early as March next year. Thus, with the expectation of an interest rate cut next year, we think it may provide buying support to the local equities. On the commodity markets, the Brent oil prices dropped another 1.5% to trade below USD77/bbl amid unimpressed OPEC+ supply cut and demand concerns.

**Sector focus:** As the Technology-heavy Nasdaq rose against the weaker backdrop in the US, we believe the buying interest may build up in the Technology sector on Bursa exchange. Meanwhile, we think traders may avoid the O&G sector on the back of weak Brent crude oil price. Following the November reporting month, we opine that traders will reassess the earnings, we favour selected stocks within the REIT, Construction, Property, Building Materials and Technology sectors.

### FBMKLCI Technical Outlook



Bloomberg

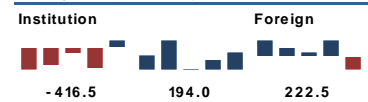
The FBM KLCI ended marginally lower, continuing in the consolidation phase. The technical readings on the key index are mixed, with the MACD Histogram forming a rounding bottom formation, while the RSI is threading below the 50 level. The resistance is pegged around 1,460-1,465 and the support is at 1,430-1,440.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	36,124.56	-0.22
S&P 500	4,567.18	-0.06
NASDAQ	14,229.91	0.31
FBM KLCI	1449.46	-0.11
FBM Small Cap	16,047.57	0.01
FBM ACE	5,078.81	-0.72
Construction	183.03	0.04
Consumer	55127	0.01
Energy	809.22	-0.37
Financial Services	16,340.29	-0.15
Healthcare	1,807.89	0.25
Ind Products	169.83	-0.26
Plantation	6,988.90	0.08
Property	841.18	0.56
REITs	783.63	0.07
Technology	62.03	0.16
Telco & Media	55135	-0.16
Transport & Logist	915.58	-0.10
Utilities	1223.51	0.46
Trading Vol (m)	3,538.20	12.06
Trading Val (RM m)	1,998.15	6.52
Gainers/ Losers rat	53%	
FKLI	1450.50	0.00
FCPO (RM)	3,760.00	-0.56
Brent oil (USD)	77.20	-1.06
Gold (USD)	2,019.36	0.01
USD	4.6635	-0.13
GBP	5.8938	0.14
EURO	5.0512	0.28
SGD	3.4862	0.09

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place



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## Company Brief

**Advancecon Holdings Bhd** has secured another earthworks contract from Sime Darby Property Bhd for the Bandar Bukit Raja project in Klang. The latest contract is valued at RM35.58m. Last month, Advancecon won a RM22.8m earthworks job from Sime Darby Property (Pagoh) Sdn Bhd for its industrial park project at Bandar Universiti Pagoh, Johor. (The Edge)

**Malaysia Building Society Bhd** (MBSB) has appointed Malaysian Industrial Development Finance Bhd (MIDF) chairman Tan Sri Abd Rahman Mamat and director Datuk Dr Yasmin Mahmood to the group's board. MBSB had completed its acquisition of MIDF from Permodalan Nasional Bhd in October for RM1.01bn. Abd Rahman, 71, will serve as MBSB's independent and non-executive director. (The Edge)

**Sunway Bhd** has bought back and cancelled RM200m in perpetual sukuk issued under the sixth series of its RM5bn Perpetual Islamic Medium Term Note Programme. It noted that the perpetual sukuk was previously held through authorised depository institutions for its founder and executive chairman Tan Sri Jeffrey Cheah Fook Ling. Post-buyback and redemption, there is no outstanding perpetual sukuk under the programme, according to the company. (The Edge)

Reach Energy Holdings Sdn Bhd has ceased to be a substantial shareholder in **Reach Energy Bhd** after disposing of a 3.61% stake in the oil and gas services group via a direct business transaction. The stake, comprising 76.93m shares, was disposed of on Dec 1, according to a bourse filing on Tuesday. The identity of the buyer is not immediately known. Following the disposal of the stake, Reach Energy Holdings, which was the second largest shareholder of Reach Energy, is left with 50.87m shares or a 2.4% stake in the group. (The Edge)

The Securities Commission Malaysia (SC) has approved ACE Market-listed **Cnergenz Bhd**'s proposed transfer to the Main Market. The electronics manufacturing solutions provider said the SC approved the proposed transfer under Section 214(1) – grant of approval – of the Capital Markets and Services Act 2007 and under the Bumiputera equity requirement for public-listed companies. In a previous bourse filing, the company said that it is deemed to have met the requirements for the transfer – namely, profit, financial position and public shareholding spread requirements. (The Edge)

**Magni-Tech Industries Bhd**'s net profit slipped 12.8% to RM21.78m in the second quarter ended Oct 31, 2023 (2QFY2024), from RM24.98m a year earlier, on the back of lower revenue and other income from both its garments and packaging business segments. Quarterly revenue fell 16.2% to RM287.6m, from RM343.03m in the previous corresponding period, attributed to lower sales orders received. The garment segment, which accounted for about 94.5% of the group's revenue and profit from operations, recorded a 15.6% decrease in revenue to RM266.12m for 2QFY2024 compared with RM315.58m a year ago. (The Edge)

**Carlsberg Brewery Malaysia Bhd** said it has entered into a deal with Japan's Sapporo Breweries Ltd to produce the Sapporo Premium Beer for distribution in Malaysia and Singapore. The group said it secured the licence from Sapporo, which is listed on the Tokyo Stock Exchange with over 140 years of beer brewing history globally, to brew and manufacture Japan's pioneer beer in Malaysia, effective Jan 1, 2024, for five years, with an automatic renewal for a further three years. The group will produce and sell the beer across all channels in the country, including duty-free zones. (The Edge)



**Haily Group Bhd** has secured a contract to build landed homes at Mah Sing Group Bhd's township in Johor Bahru for RM64m. The construction outfit said its wholly-owned subsidiary Haily Construction Sdn Bhd accepted a letter of award from Meridin East Sdn Bhd to construct 327 units of double-storey terrace houses as well as two substations in Parcel 2G of Mah Sing's township. Meridin East is wholly-owned by Mah Sing, with its namesake the Meridin East township being the property developer's largest township by acreage spanning 1,313 acres. (The Edge)

Nik Rizal Kamil Nik Ibrahim Kamil, who is set to depart from RHB Bank Bhd by the end of this month, is slated to assume the role of chief financial officer at **Axiata Group Bhd**. Nik Rizal will replace Lila Azmin Abdullah, who has been acting CFO since March this year in addition to her role as group chief corporate development officer. (The Edge)

**AirAsia X Bhd** has signed an aircraft lease agreement with Asia Aviation Capital Ltd in a related party transaction for a one-year lease of an aircraft bearing MSN1596, with the total contract value – including lease rental and maintenance reserves – estimated at RM30.54m. Asia Aviation is a wholly-owned subsidiary of AirAsia Bhd, which is in turn a wholly-owned subsidiary of Capital A Bhd. (The Edge)

**Kinergy Advancement Bhd** (KAB) has been appointed as a sub-contractor to undertake electrical, telephone, and extra low voltage services for the M Nova residential development in Kepong, Kuala Lumpur, worth RM31.04m. The one-stop sustainable energy and engineering solutions specialist said that it had accepted a letter of award issued by Myvilla Development Sdn Bhd, a subsidiary of property developer Mah Sing Group Bhd, for the appointment. KAB added that this project is an additional contribution to the group's order book and will further reinforce its expertise as an electrical specialist. (The Edge)

**EcoFirst Consolidated Bhd** has awarded a RM389m contract to China State Construction Engineering (M) Sdn Bhd for the superstructure works of serviced apartment KL48 in Chan Sow Lin, Sungai Besi. The partnership was sealed through a signing ceremony between EcoFirst and China State Construction Engineering in Kuala Lumpur on Tuesday. (The Edge)

**Kuala Lumpur Kepong Bhd** (KLK) secured its first sustainability-linked loan (SLL) of RM500m for the group's general working capital requirements from Maybank, marking a significant milestone for both groups in pursuit of their sustainable development practices. Maybank said the SLL is structured to align KLK's financial strategy with its commitment to environmentally and socially responsible practices, as outlined in its recently announced sustainability commitments. The loan features a pricing adjustment mechanism that is benchmarked against the achievement of predetermined sustainability performance targets. (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	WASCO	8-Nov	1.000	1.050	1.090	1.150	0.960	0.950	0.980	-2.0%	Initiate on 8/11/2023
2	SLVEST	21-Nov	1.290	1.350	1.360	1.400	1.230	1.210	1.220	-5.4%	Initiate on 21/11/2023



## 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	1.555	1.700	1.820	1.450	1.360	1.340	1.660	6.8%	Initiate on 2/10/2023
2	HIAPTEK	2-Oct	0.435	0.500	0.535	0.400	0.365	0.355	0.435	0.0%	Initiate on 2/10/2023
3	HSSEB	2-Oct	0.805	0.895	0.940	0.725	0.670	0.660	0.955	18.6%	Initiate on 2/10/2023
4	LHI	2-Oct	0.555	0.610	0.640	0.520	0.500	0.490	0.625	12.6%	Initiate on 2/10/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.785	7.5%	Initiate on 2/10/2023
6	PECCA	2-Oct	1.210	1.400	1.450	1.100	1.050	1.030	1.330	9.9%	Initiate on 2/10/2023
7	PUF	2-Oct	0.653	0.950	1.000	0.825	0.790	0.780	0.775	18.7%	Initiate on 2/10/2023
8	RAMSSOL	2-Oct	0.495	0.545	0.605	0.425	0.395	0.385	0.380	-23.2%	Initiate on 2/10/2023
9	SLVEST	2-Oct	1.320	1.450	1.520	1.250	1.200	1.180	1.220	-7.6%	Initiate on 2/10/2023
10	T7GLOBAL	2-Oct	0.480	0.525	0.555	0.475	0.455	0.445	0.445	-7.3%	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	1.513	1.750	1.900	1.420	1.330	1.310	1.420	-6.1%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.700	14.1%	Initiate on 2/10/2023
Average Return										2.8%	

Technical Focus Tracker Summary	
Total recommendations	353
Total winners	216
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)	58.7%
FBM KLCI (Since 30/12/2022)	-3.1%
FBM Small Cap (Since 30/12/2022)	7.5%
Malaysia GDP Growth (1H23)	4.2%

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