

Friday, 08 Dec, 2023

Likely To Be Due For Bargain Hunting Activities

Market Review

Malaysia: The FBM KLCI (-0.21%) closed lower in line with the regional market performances on the back of the lacklustre economic outlook from China and negative Wall Street's overnight performance. On the broader market, the Finance sector (+0.14%) rose, while the Energy sector (-1.73%) fell amid soft Brent price.

Global markets: Wall Street ended higher as investors are awaiting the outcome of the non-farm payroll later tonight, after a tick up in the initial job claims data and softer job openings. Both The European & Asian stock markets ended lower, the latter dragged by Chinese trade data missing expectations.

The Day Ahead

The FBM KLCI continued to decline for the fourth session as profit taking activities persisted. Meanwhile, the US stock markets ended on a positive note with the help of Alphabet after announcing Gemini, a new AI model which is expected to compete against OpenAI, and AMD jumped more than 9% after launching a new generation of AI chips. However, the non-farm payroll will be very crucial for the market to sustain another upward move, as the narrative can switch easily from overheating to recession fears if the non-farm payroll declines significantly. On the local front, we expect bargain hunting activities to emerge following the 4-day losing streak. On the commodity markets, the Brent oil prices continue to trade around USD74/bbl as it lacks fresh catalyst to spur the positive trade.

Sector focus: In view of another new wave of AI-driven catalysts, coupled with Nvidia's boss Jensen Huang visiting Malaysia today, we expect the buying support to return within the Technology sector. Also, the YTL-related stocks could be seen benefiting under this scenario as they are linked to data-centre as well. Meanwhile, we opine that O&G counters may remain weak amid the softer Brent oil prices.

FBMKLCI Technical Outlook



Bloomberg

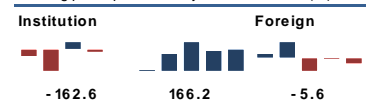
The FBM KLCI drifted lower for the fourth session. The technical readings on the key index were negative, with the MACD Histogram stayed flattish around the 0 level, while the RSI is dipped further below the 50 level. The resistance is pegged around 1,460-1,465 and the support is at 1,430-1,440.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	36,117.38	0.17
S&P 500	4,585.59	0.80
NASDAQ	14,339.99	1.37
FBM KLCI	1442.85	-0.21
FBM Small Cap	15,967.35	-0.62
FBM ACE	5,064.73	-1.50
Construction	182.58	0.12
Consumer	548.88	-0.11
Energy	788.12	-1.73
Financial Services	16,335.74	0.14
Healthcare	1,772.29	-1.23
Ind Products	168.49	-0.85
Plantation	6,954.41	-0.32
Property	833.94	-0.66
REITs	780.06	-0.22
Technology	6162	-0.74
Telco & Media	548.16	-0.30
Transport & Logist	913.86	-0.02
Utilities	1218.43	-0.70
Trading Vol (m)	3,012.00	7.66
Trading Val (RM m)	198187	9.56
Gainers/ Losers rat	82%	
FKLI	1446.50	0.38
FCPO (RM)	3,750.00	1.30
Brent oil (USD)	74.30	0.17
Gold (USD)	2,028.47	0.12
USD	4.6742	-0.13
GBP	5.8845	-0.03
EURO	5.0388	-0.03
SGD	3.491	-0.25

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place



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Company Brief

LFE Corp Bhd has seen a change in the ownership of an 8.87% stake in the construction and mechanical and electrical (M&E) services group held through Resolute Accomplishment Sdn Bhd. LFE executive chairman Chuah Chong Ewe acquired the stake, comprising 98.37mil shares on Monday, while another filing showed that Audrey Chua Mei Ling had disposed of the same amount of LFE shares held through Resolute Accomplishment. Based on the closing price of 18.5 sen on Monday, the transaction would be worth RM18.19mil. Audrey Chua acquired the shares on May 25 when LFE issued new shares to partially fund the acquisition of the remaining 49% stake in its 51%-owned construction firm Cosmo Property Management Sdn Bhd. (The Edge)

The share price of **Berjaya Food Bhd**, which operates the Starbucks franchise in Malaysia, has tumbled 16% over the last two months, bringing its year-to-date decline to 42.3%. The F&B retailer's share price closed at 60 sen on Thursday after 9.1mil shares were traded, up half a sen from Wednesday's close but down 11.5 sen from its closing price of 71.5 sen on Oct 6. Its current share price gives the group a market capitalisation of RM1.17bn. Since the start of the Israel-Hamas conflict on Oct 7, some Malaysians have pledged to boycott companies with alleged ties to Israel with reports claiming that the boycott also targeted Starbucks. (The Edge)

Vizione Holdings Bhd has secured a RM490m contract as a turnkey contractor to build three blocks of apartments in the Kota Kinabalu district in Sabah. The group said its wholly-owned subsidiary, Bina Permai Sdn Bhd, was awarded the project – located at Jalan Sepangar Menggatal – by Hardie Development Sdn Bhd. The contract, slated to be completed within 36 months, is not expected to have any effect on the group's issued share capital and substantial shareholders' shareholdings, said Vizione. (The Edge)

Critical Holdings Bhd, which is set to make its ACE Market debut on Dec 18, announced on Thursday that the public portion of its IPO has been oversubscribed by 88.08 times. The mechanical, electrical and process utilities engineering company said in a statement that it received 13,038 applications for 1.66bn shares, for the 18.59m new shares that were available for public subscription. Out of the 13,038 application, 7,379 were for 739.26m shares for the Bumiputera portion, while 5,659 applications were for 916.55m shares under the remaining portion. The Bumiputera portion recorded an oversubscription rate of 78.55 times, while the remaining public portion was oversubscribed by 97.62 times. (The Edge)

Chin Hin Group Bhd has filed its establishment of a perpetual medium-term note (MTN), in a bid to raise up to RM500m, with the Securities Commission Malaysia. The group said proceeds raised from the issuance of the perpetual MTN shall be utilised for capital expenditures to finance acquisitions, refinance existing financing or borrowings or future financing, working capital, other general corporate purposes and defraying fees, as well as costs and expenses related to this programme. The perpetual MTN programme is not rated. AmInvestment Bank Bhd is the principal adviser, lead arranger, lead manager and facility agent for the perpetual MTN programme. (The Edge)

Main Market debutante **CPE Technology Bhd** opened at 90 sen on Thursday, a 17 sen or 15.89% discount over its initial public offering price of RM1.07, with an opening volume of 6.31m shares. TA Securities Holdings Bhd has valued the company at RM1.13 a share, followed by Apex Securities Bhd at RM1.25 and Public Investment Bank Bhd at RM1.27. CPE is involved in the manufacturing of precision-machine parts and components, and provision of computer numerical control machining services. Its main customers include those in the semiconductor, life science and medical devices, and sports equipment industries, with key clients in the US, Singapore and Malaysia. (The Edge)



Less than five months after completing a private placement in July, **Jentayu Sustainables Bhd** is planning another placement – this round to raise up to RM62.96mn – for the clean energy solutions provider to fund its pre-development expenditures, new projects and working capital. The second placement exercise came after the group issued 96.94m shares in July that saw it raise RM11.1m for its pre-development spending. Announced in June last year, the July placement was initially planned to raise as much as RM47.07m by placing out up to 142.63m shares that represented not more than 30% of its issued shares at the time. Based on an illustrative issue price of RM1.22 per share – a 10% discount to the five-day volume weighted average market price of Jentayu shares – the latest private placement is expected to raise up to RM62.96m. (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	0.955	-4.5%	Initiate on 8/11/2023
2	SLVEST	21-Nov	1.290	1.350	1.360	1.400	1.230	1.210	1.200	-7.0%	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	0.410	-5.7%	Initiate on 2/10/2023
3	HSSEB	2-Oct	0.805	0.895	0.940	0.725	0.670	0.660	0.990	23.0%	Initiate on 2/10/2023
4	LHI	2-Oct	0.555	0.610	0.640	0.520	0.500	0.490	0.600	8.1%	Initiate on 2/10/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.775	6.2%	Initiate on 2/10/2023
6	PECCA	2-Oct	1.210	1.400	1.450	1.100	1.050	1.030	1.340	10.7%	Initiate on 2/10/2023
7	PWF	2-Oct	0.653	0.950	1.000	0.825	0.790	0.780	0.750	14.9%	Initiate on 2/10/2023
8	RAMSSOL	2-Oct	0.495	0.545	0.605	0.425	0.395	0.385	0.370	-25.3%	Initiate on 2/10/2023
9	SLVEST	2-Oct	1.320	1.450	1.520	1.250	1.200	1.180	1.200	-9.1%	Initiate on 2/10/2023
10	T7GLOBAL	2-Oct	0.480	0.525	0.555	0.475	0.455	0.445	0.415	-13.5%	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	1.410	-6.8%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.750	17.4%	Initiate on 2/10/2023
Average Return										1.4%	

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)	-3.5%
FBM Small Cap (Since 30/12/2022)	7.0%
Malaysia GDP Growth (1H23)	4.2%

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