

## Time For A Retracement

### Market Review

**Malaysia:** The FBM KLCI (-0.08%) closed marginally lower as profit taking activities emerged after the 7-day winning streak, while investors await the US 3<sup>rd</sup> quarter GDP and PCE data. On the broader market, the Telco & Media sector (+0.89%) gained, but the Healthcare sector (-1.45%) fell, dragged by glove counters.

**Global markets:** Wall Street ended lower as investors were taking profits from the recent rally, despite the better-than-expected home sales and consumer confidence data. The European stock market ended higher, while Asia ended mostly higher after the Bank of Japan's dovish comments and China kept the interest rates unchanged.

### The Day Ahead

The FBM KLCI snapped a 7-day winning streak after hitting the resistance around 1,470 as profit taking activities were noticed within the banking heavyweights. Similarly, Wall Street upward momentum was interrupted, halting a 9-day surge despite consumer confidence index increased to a five-month high in December amid growing optimism about the current and future business conditions. The stronger consumer behaviour may provide clues that the economy may avoid a recession next year. Meanwhile, the traders will monitor the upcoming data such as the US GDP and PCE price index to determine the market's direction going forward. At this juncture, we expect local market movements to turn negative amid profit taking activities from Wall Street. On the commodity markets, Brent oil prices traded near USD80/bbl as traders priced in the elevated tension in the Red Sea.

**Sector focus:** As the retracement started in the US, we expect the Technology sector to take a breather at least for today. Meanwhile, following the cabinet reshuffle that includes a new "Minister of Digital", oversee by Gobind Singh Deo, the Telco & Media sector has been rising for the 9<sup>th</sup> session, hence we see more upside potential over the near to mid-term. In view of KL-SG HSR to be revived next year, we like the Construction, Building Material and Property sectors.

### Research Team

[research@msec.com.my](mailto:research@msec.com.my)  
(603) 2201 2100

### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,082.00	-127
S&P 500	4,698.35	-147
NASDAQ	14,777.94	-150
FBM KLCI	1,464.56	-0.08
FBM Small Cap	16,249.75	-0.31
FBM ACE	5,833.87	0.21
Construction	188.89	0.50
Consumer	559.10	0.22
Energy	87.72	-0.09
Financial Services	16,451.95	-0.33
Healthcare	1,890.93	-1.45
Ind Products	17,190	0.15
Plantation	6,998.55	-0.09
Property	854.59	-0.25
REITs	784.37	0.38
Technology	63.00	0.46
Telco & Media	567.95	0.89
Transport & Logist	922.92	-0.41
Utilities	1,288.90	-0.66
Trading Vol (m)	3,841.85	3.41
Trading Val (RM m)	2,674.86	10.72
Gainers/ Losers rat	113%	
FKLI	1,470.00	0.10
FCPO (RM)	3,796.00	0.48
Brent oil (USD)	79.23	-0.10
Gold (USD)	2,031.39	-0.44
USD	4.658	0.44
GBP	5.9059	0.59
EURO	5.1073	0.22
SGD	3.5045	0.19
Trading participation 5-day trend and value (m)		
Institution	-33.0	
Foreign	-265.0	
	298.0	

Source: Bloomberg, Bursa Market Place

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended marginally lower after the strong rally. However, the technical readings on the key index were positive, with the MACD Histogram extending another positive bar, while the RSI maintains above the 60 level. The resistance is envisaged around 1,470-1,480 and the support is set at 1,440-1,450.



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## Company Brief

Infrastructure utilities engineering services provider **Jati Tinggi Group Bhd** debuted at 30.5 sen on the Bursa Malaysia ACE market on Wednesday, a 12.96% or 3.5 sen premium to its issue price of 27 sen. Jati Tinggi is involved in the provision of underground and overhead utility engineering services and solutions, engineering, procurement, construction and commissioning of electricity substations (EPCC) as well as trading of substation equipment and street lighting. The group's major customers are mainly the main contractors appointed by Tenaga Nasional Bhd, which are involved in electricity supply projects. (The Edge)

**Mlabs Systems Bhd**, which provides video conferencing and mobile application solutions, has inked a master sales agreement with LG Electronics (M) Sdn Bhd to distribute the latter's products in Malaysia. The new agreement, which supersedes and replaces the MOU, outlines the obligations and responsibilities of the signing parties in the distribution of LG products here. The company recently reported a higher net loss of RM3.52m for its first quarter ended Sept 30, 2023 compared with RM2.41m in the previous year's corresponding quarter, despite revenue rising to RM5.28m from RM4.51m, which it blamed on higher asset depreciation and a fair value loss on quoted shares. The group has largely been loss making since its ACE Market debut in 2005. (The Edge)

**LKL International Bhd** through its wholly-owned subsidiary LKL Advance Metaltech Sdn Bhd (LKLAM), is selling a piece of freehold land in Seri Kembangan, Selangor, to 8 Food Avenue Sdn Bhd (Avenue) for RM6.9m. The medical and healthcare bed manufacturer announced that LKLAM entered into a sale and purchase agreement (SPA) with Avenue on Wednesday for the proposed disposal. The group said that the net proceeds after deducting all fees and expenses related to the proposed disposal will be used for financing working capital and/or investments, and utilised within 12 months from the completion of the transaction. (The Edge)

**Top Glove Corp Bhd**'s net loss for the first quarter ended Nov 30, 2023 (1QFY2024) narrowed to RM57.71m from a net loss of RM157.62m a year earlier (1QFY2023) on the back of improved operational, quality and cost optimisation efforts. The world's largest glove maker said revenue for the quarter dipped to RM493.56m from RM632.53m. On a quarter-on-quarter basis, the company said it also saw an improvement in its 1QFY2024 net loss of RM47m, representing a 90% reduction from its 4QFY2023 net loss, which included a one-off impairment of RM392m. Top Glove did not declare any dividend. (The Edge)

**VS Industry Bhd**'s net profit fell 19.31% to RM48.98m for the first quarter ended Oct 31, 2023 (1QFY2024) from RM60.71m in the previous year's corresponding quarter due to lower orders from key customers in Malaysia, China and Indonesia, which affected the group's overall utilisation rate of production capacity. Revenue for the quarter declined by 10.91% to RM1.15bn from RM1.29bn, a filing by the electronics manufacturing services (EMS) provider showed on Wednesday. Despite the lower quarterly earnings, VS Industry declared a first interim dividend of 0.3 sen per share, payable on March 8, 2024. (The Edge)

**Sunzen Biotech Bhd** has entered into two conditional share sale agreements to acquire the remaining 30% stakes each in its subsidiaries Ecolite Biotech Manufacturing Sdn Bhd for RM18m and Yanming Resources Sdn Bhd for RM6m. The company told the stock exchange it has entered into a conditional share sale agreement with Koh Lee Fong, Lim Wee Chun, Fam Jian Yap and G Five Holdings Ltd for the acquisition of 2.25m ordinary shares in Ecolite Biotech Manufacturing Sdn Bhd. The acquisition would be satisfied via a combination of cash amounting to RM1.8m and an issuance of 54.9m new ordinary shares in Sunzen at an issue price of 29.5 sen. (The Edge)



**Teck Guan Perdana Berhad's** net profit for the third quarter ended Oct 31, 2023 (3QFY2024) slumped by 84% to RM3.64m from RM22.54m a year ago, primarily due to a decrease in operating margin. Quarterly revenue decreased by 33% to RM91.25m from RM136.24m in the corresponding quarter of the previous year, mainly attributed to a decrease in selling prices. The group did not declare any dividend for the quarter under review. (The Edge)

**Ecobuilt Holdings Bhd's** wholly owned subsidiary Eko Bina Sdn Bhd has been awarded RM23.16m after it obtained an adjudication decision in its favour in its case against Golden Wave Sdn Bhd. Eko Bina initiated the legal action on Aug 10 over a payment dispute relating to a serviced apartment and retail units project in Kota Kinabalu, Sabah. (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	0.990	-1.0%	Initiate on 8/11/2023
2	SLVEST	21-Nov	1.290	1.350	1.360	1.400	1.230	1.210	1.280	-0.8%	Initiate on 21/11/2023
3	ITMAX	8-Dec	1.800	1.900	1.920	2.000	1.680	1.650	1.810	0.6%	Initiate on 8/12/2023
4	NATGATE	11-Dec	1.380	1.440	1.450	1.510	1.300	1.280	1.450	5.1%	Closed at R2 on 18/12/2023
5	MYEG	12-Dec	0.825	0.855	0.860	0.900	0.785	0.780	0.830	0.6%	Initiate on 12/12/2023
5	SCGBHD	14-Dec	0.375	0.395	0.400	0.450	0.350	0.340	0.420	12.0%	Initiate on 14/12/2023

## Market Chat Tracker

4Q23 Stock Picks											
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	GTRONIC	2-Oct	1.550	1.700	1.820	1.450	1.360	1.340	1.630	5.2%	Initiate on 2/10/2023
2	HIAPTEK	2-Oct	0.435	0.500	0.535	0.400	0.365	0.355	0.420	-3.4%	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	0.595	7.2%	Initiate on 2/10/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.755	3.4%	Initiate on 2/10/2023
6	PECCA	2-Oct	1.200	1.400	1.450	1.100	1.050	1.030	1.300	8.3%	Initiate on 2/10/2023
7	PWF	2-Oct	0.655	0.950	1.000	0.825	0.790	0.780	0.715	9.2%	Initiate on 2/10/2023
8	RAMSSOL	2-Oct	0.495	0.545	0.605	0.425	0.395	0.385	0.375	-24.2%	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	0.435	-9.4%	Initiate on 2/10/2023
11	TUNEPRO	2-Oct	0.435	0.485	0.515	0.420	0.405	0.395	0.395	-9.2%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.510	1.750	1.900	1.420	1.330	1.310	1.490	-1.3%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.670	12.1%	Initiate on 2/10/2023
Average Return										1.2%	

### Technical Focus Tracker Summary

Total recommendations	356
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)	6.2%
Accuracy (2023)	56.1%
FBM KLCI (Since 30/12/2022)	-2.1%
FBM Small Cap (Since 30/12/2022)	8.9%
Malaysia GDP Growth (1H23)	4.2%

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