

Tuesday, 12 Dec, 2023

Market Optimism to Persist With New Leads

Market Review

Malaysia: The FBM KLCI (+0.31%) closed higher snapping a 5-day losing streak, as investors tracked the positive performance from Wall Street last week. On the broader market, the Utilities sector (+2.80%) rose, continuing the momentum backed by YTL-related counters, while the Energy sector (-0.42%) was the sole decliner.

Global markets: Wall Street ended higher ahead of the inflation data and the 2-day FOMC meeting; investors are optimistic on the inflation path and expectations of a potential halt to interest rate hikes. The European stock market ended higher, while Asia ended mostly higher after Chinese inflation data cooled more-than-expected.

The Day Ahead

The FBM KLCI rebounded on the support and snapped a 5-day losing streak with the emergence of broad market bargain hunting activities. Meanwhile, the US stock markets continued with the upward momentum ahead of the important inflation data and the 2-day FOMC meeting this week. We believe the narrative on the CPI is significant to determine the interest rates direction going forward; thus if the US CPI is cooling more-than-expectation, the Fed may turn less hawkish next year and potential rate cut could materialise during 1H2024. At this juncture, we believe the buying interest may continue to spillover towards stocks on the local front. On the commodity markets, the Brent oil prices extended its rebound despite the demand concerns and worry on OPEC+ cuts may not be enough to keep the inventories low.

Sector focus: As expected, the YTL-related companies trended positively following the data centre collaboration news with NVIDIA and may spur trading interest in the Technology sector. Besides, the plans to revive KL-SG HSR provide buying interest towards the Construction, Property, Building Material as well as Renewable Energy sectors. Meanwhile, with the rebound in Brent oil prices, we may expect trading interest to build up within the O&G sector.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI rebounded from a 5-day losing streak. The technical readings on the key index are still negative. The MACD Histogram extended another negative bar, while the RSI is still hovering below the 50 level, with a slight up-tick. 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	36,404.93	0.43
S&P 500	4,622.44	0.39
NASDAQ	14,432.49	0.20
FBM KLCI	1,446.39	0.31
FBM Small Cap	15,104.14	0.42
FBM ACE	5,109.16	0.05
Construction	183.63	0.09
Consumer	550.52	0.24
Energy	792.89	-0.42
Financial Services	16,364.35	0.19
Healthcare	1,782.88	0.69
Ind Products	170.69	0.58
Plantation	6,977.80	0.30
Property	844.09	0.94
REITs	779.24	0.15
Technology	62.24	0.83
Telco & Media	548.77	0.64
Transport & Logist	910.26	-0.35
Utilities	1,277.97	2.80
Trading Vol (m)	3,820.82	27.65
Trading Val (RM m)	2,473.53	24.14
Gainers/ Losers rat	124%	
FKLI	1,448.50	0.21
FCPO (RM)	3,755.00	0.37
Brent oil (USD)	75.84	0.34
Gold (USD)	1,981.95	-1.13
USD	4.6832	-0.41
GBP	5.8789	-0.37
EURO	5.0415	-0.28
SGD	3.4848	-0.04

Trading participation 5-day trend and value (m)	
Institution	Foreign
193.0	83.0
	-276.0

Source: Bloomberg, Bursa Market Place



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Company Brief

DRB-Hicom Bhd has entered into an agreement to form a joint-venture (JV) company with China's auto giant Zhejiang Geely Holding Group Co Ltd for the overall operation and management of the development and construction of the Automotive Hi-Tech Valley (AHTV) project in Tanjung Malim, Perak. DRB-Hicom said it will hold a 50.1% stake in the JV company, while its Chinese partner Geely Holding will hold the remaining stake. According to DRB-Hicom, the JV agreement outlines the key principles of the strategic collaboration, alignment on objectives, and terms of the partnership. (The Edge)

Shares in **YTL Power International Bhd** continued their upward momentum on Monday towards a fresh high since the company's listing in 1997, after it announced its partnership with US-tech giant Nvidia Corp to build an artificial intelligence (AI) data centre in Johor. The counter opened seven sen or 2.89% higher at RM2.49, before peaking to a fresh record high of RM2.57. YTL Power then pared some gains to close nine sen or 3.72% higher at RM2.51. Shares in its parent company YTL Corp Bhd also surged in tandem to a new all-time high of RM1.87, with the stock emerging as one of the top actively-traded stocks in the local bourse on Monday. (The Edge)

Hong Leong Industries Bhd (HLI) has sold its investment holding firm HLI Trading Ltd (HLIT) to Guoline International Ltd (GIL) for US\$7.78m (RM36.22m) in a related-party cash transaction. HLI said its major shareholders Tan Sri Quek Leng Chan, Kwek Leng Beng and Kwek Leng Kee are also the major shareholders of GIL, which is a wholly-owned subsidiary of GuoLine Capital Assets Ltd. The group noted that based on HLIT's audited financial statements for the financial year ended June 30, 2023, the firm's net assets amounted to RM35.68m, while it posted a net profit of RM1.44m. (The Edge)

Supermax Corp Bhd said shareholders without any management role or position in the company's board of directors have no authority to make any official statement on its behalf. This follows an article published by The Star last week, which quoted Supermax co-founder Datuk Wira Cheryl Tan Bee Geok, who owns a 38.38% indirect stake in the company, as saying that there is a need for a "balanced board with more independent directors with the right mindset to provide checks and balances" to drive the group forward. In its statement on Monday, Supermax said "neither the company nor its management, or any of the board members of Supermax are in any way responsible for any claims made in the article or the correctness of the content therein". (The Edge)

Sentral Real Estate Investment Trust (Sentral REIT) said on Monday that it has completed the acquisition of Menara CelcomDigi in Petaling Jaya from **Malaysian Resources Corp Bhd** (MRCB) for RM450m. MRCB is the single largest unitholder of Main Market-listed Sentral REIT, with a 27.94% equity interest. Sentral REIT had on July 25 struck a deal with MRCB's wholly-owned unit Puncak Wangi Sdn Bhd to acquire Menara CelcomDigi, a 27-storey office building. The acquisition was funded with cash raised through a combination of equity and debt funding exercises. (The Edge)

Diversified group **Sime Darby Bhd**'s wholly owned subsidiary Sime Darby Enterprise Sdn Bhd (SDESB) has on Monday (Dec 11) issued Tranche 1 of its sukuk murabahah programme at an issue size of RM3bn in nominal value. The first tranche, which will mature a year later on Dec 11, 2024, is to partly finance the acquisition of industrial conglomerate **UMW Holdings Bhd**. SDESB had established an unrated Islamic commercial papers (ICPs) and Islamic medium-term notes (IMTNs) programme, based on the shariah principle of murabahah, for the issuance of sukuk murabahah of up to RM10bn, which is irrevocably and unconditionally guaranteed by Sime Darby. (The Edge)



Censof Holdings Bhd has secured a RM9.46m contract from the Road Transport Department (JPJ) for the maintenance, verification and calibration services of 48 weighing instruments at JPJ enforcement stations. The three-year contract expires in December 2026, with no option for extension upon expiry. (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	0.960	-4.0%	Initiate on 8/11/2023
2	SLVEST	21-Nov	1.290	1.350	1.360	1.400	1.230	1.210	1.230	-4.7%	Initiate on 21/11/2023
3	ITMAX	8-Dec	1.800	1.900	1.920	2.000	1.680	1.650	1.780	-1.1%	Initiate on 8/12/2023
4	NATGATE	11-Dec	1.380	1.440	1.450	1.510	1.300	1.280	1.430	3.6%	Initiate on 11/12/2023

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	1.700	9.7%	Initiate on 2/10/2023
2	HIAPTEK	2-Oct	0.435	0.500	0.535	0.400	0.365	0.355	0.425	-2.3%	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	0.605	9.0%	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	1.200	1.400	1.450	1.100	1.050	1.030	1.330	10.8%	Initiate on 2/10/2023
7	PUF	2-Oct	0.655	0.950	1.000	0.825	0.790	0.780	0.760	16.0%	Initiate on 2/10/2023
8	RAMSSOL	2-Oct	0.495	0.545	0.605	0.425	0.395	0.385	0.390	-21.2%	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	0.435	-9.4%	Initiate on 2/10/2023
11	TUNEPRO	2-Oct	0.435	0.485	0.515	0.420	0.405	0.395	0.400	-8.0%	Initiate on 2/10/2023
12	ULICORP	2-Oct	1.510	1.750	1.900	1.420	1.330	1.310	1.460	-3.3%	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	355
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)	56.9%
FBM KLCI (Since 30/12/2022)	-3.3%
FBM Small Cap (Since 30/12/2022)	7.9%
Malaysia GDP Growth (1H23)	4.2%

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