

Wednesday, 13 Dec, 2023

## US CPI Came In Within Expectation

### Market Review

**Malaysia:** The FBM KLCI (+0.05%) closed flat as investors were trading cautiously prior to the release of US CPI data, and assessing the impact of the Cabinet reshuffling. On the broader market, the Telco & Media sector (+0.91%) rose, while the Healthcare sector (-1.14%) declined, dragged by glove counters.

**Global markets:** Wall Street ended higher after the US CPI data came in within expectation, growing at 3.1% YoY. Thus, the market may expect the Fed to announce a more dovish stance on interest rates in the upcoming 2-day FOMC meeting. The European stock market ended lower, while Asia ended higher.

### The Day Ahead

The FBM KLCI extended its rebound marginally higher, ending with a 2-day winning streak supported by Telco and Construction sectors. Over in the US, Wall Street maintained its upward tone, closing at 2023 fresh highs after inflation data, the US CPI came in within expectations at 3.1% YoY (excluding food and energy costs rising at 4.0% YoY). Since the expectation on the CPI will be on a downward projection, the market could position for a less hawkish tone by the Fed and will be looking at a rate as early as May-24. With that, we expect buying support to persist on the US and local stock exchange. On the commodity markets, the Brent oil prices retraced after hitting resistance along USD76-77 amid demand concerns in China despite rising geopolitical tension after Iran-backed Yemeni militants attacked a tanker in the Red Sea.

**Sector focus:** With Wall Street headed for new 2023 new highs, and noticed Broadcom's all time high position has lifted INARI and the buying interest should spillover towards the Technology sector. Meanwhile, with the Malaysia cabinet reshuffling event, there will be positive anticipation within the Telco and Construction sectors. Meanwhile, traders may avoid again on the O&G stocks with the volatile move in the Brent oil prices.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended flat, maintained above the EMA60 level. The technical readings on the key index, however are still negative. The MACD Histogram extended a less negative bar, while the RSI is hovering below the 50 level, albeit edging higher. The resistance is envisaged around 1,460-1,465 and the support is set at 1,430-1,440.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	36,577.94	0.48
S&P 500	4,643.70	0.46
NASDAQ	14,533.40	0.70
FBM KLCI	1,447.12	0.05
FBM Small Cap	16,128.44	0.15
FBM ACE	5,131.03	0.43
Construction	184.59	0.52
Consumer	551.19	0.12
Energy	795.47	0.33
Financial Services	16,376.27	0.07
Healthcare	1,762.52	-1.14
Ind Products	170.10	-0.35
Plantation	6,973.58	-0.06
Property	838.36	-0.68
REITs	776.11	-0.40
Technology	62.44	0.32
Telco & Media	553.74	0.91
Transport & Logist	909.59	-0.07
Utilities	1,267.40	-0.83
Trading Val (m)	3,282.36	-14.09
Trading Val (RM m)	2,379.11	-3.82
Gainers/ Losers rat	124%	
FKLI	1,449.50	0.21
FCPO (RM)	3,697.00	-1.02
Brent oil (USD)	76.03	-3.59
Gold (USD)	1,979.54	-0.12
USD	4.684	-0.02
GBP	5.8859	-0.12
EURO	5.0564	-0.29
SGD	3.4905	-0.16
Trading participation 5-day trend and value (m)		
Institution	259.0	
Foreign	3.0	
	-262.0	

Source: Bloomberg, Bursa Market Place



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## Company Brief

**Bermaz Auto Bhd** reported a 37.19% jump in net profit for its second quarter ended Oct 31, 2023 (2QFY2024) to RM90.1m, from RM65.67m in the corresponding quarter a year ago, as it registered stronger revenue, along with better share of results from associates and forex gains. The group declared a second interim dividend of 5 sen per share, to be paid on Jan 5, 2024. This brings its total dividends declared year-to-date to 10 sen per share, up from 6.5 sen per share a year ago. The group's revenue grew 28.61% to RM1.01bn in 2QFY2024 from RM782.97m in 2QFY2023, driven by the better performance from its Mazda operations in Malaysia, with the CX-30 CKD model continuing to chart higher sales since it was unveiled in March. (The Edge)

**CapitaLand Malaysia Trust Bhd** (CLMT) said it has converted its loan facility of RM693m from CIMB Bank Bhd into a sustainability-linked loan facility for the funding of the acquisition of Queensbay Mall in Penang. CLMT said the facility marks its largest loan facility to-date and is linked to the sustainability performance targets of Queensbay Mall. CIMB will offer CLMT interest rate rebates on the committed term loan facility. These rebates will be based on pre-determined sustainability performance targets that have been set for Queensbay Mall. "These include obtaining green building certification and achieving targeted reductions in energy consumption and are subjected to stringent third-party verifications," the trust said. (The Edge)

**Unitrade Industries Bhd** has proposed to enter the metal recycling market by acquiring a 51% stake in Intergreen Metals Sdn Bhd for RM66.3m, in a move aimed at complementing the group's core operations in building materials wholesaling. The acquisition of the stake from Intergreen Holdings Sdn Bhd (IHSB), Intergreen Corp (M) Sdn Bhd (ICSB), and Pong Wing Seng comes with a guarantee that Intergreen Metals will achieve a profit after tax of RM45m over three years. Intergreen Metals, established in 2003, specialises in collecting and processing metal waste to be recycled into input feedstock for steel manufacturers. (The Edge)

Following his appointment to the Cabinet as the Plantation and Commodities Minister on Tuesday, Datuk Seri Johari Abdul Ghani has relinquished his chairman's post at **CI Holdings Bhd** with immediate effect. The chairman's post vacated by Johari, who is also the Titiwangsa Member of Parliament, will be filled by Megat Joha Megat Abdul Rahman, who has been redesignated as CI Holding's new group chairman. According to the group, Megat Joha, 60, is also a board member of KUB Malaysia Bhd, Marine & General Bhd as well as Central Cable Bhd. (The Edge)

**Malakoff Corp Bhd**, through its wholly-owned subsidiary, Malakoff Radiance Sdn Bhd has secured a solar agreement with Railway Assets Corp (RAC) and Keretapi Tanah Melayu Bhd (KTMB) for the development, operation and maintenance of carport and rooftop solar systems at railway stations, depots and a park and ride terminal in Perak, Penang, Selangor, Johor and Negeri Sembilan. Malakoff's MD & Group CEO Anwar Syahrin Abdul Ajib said the group is targeting 1,400MW of renewable energy (RE) capacity by 2031 through collective efforts. (The Edge)

Sustainable energy and engineering solution specialist **Kinergy Advancement Bhd** (KAB) is collaborating with leading fertiliser supplier Agromate Holdings Sdn Bhd to spearhead bioenergy or renewable energy generation across palm oil mills. KAB said through the collaboration, the parties aim to capitalise on a largely under-tapped market with huge recurring income potential, as Malaysia is the world's second-largest palm oil producer, supported by its 447 palm oil mills, with total processing capacity of 119.5m tonnes per year. (The Edge)



**Sarawak Consolidated Industries Bhd** (SCIB) has entered into a memorandum of understanding (MOU) for a potential joint venture residential development project in Bintulu, Sarawak, with a projected gross development value of RM250m. The group's wholly owned subsidiary SCIB Properties Sdn Bhd inked the MOU with Kemena City Development Sdn Bhd and Smart Borneo Properties Sdn Bhd. (The Edge)

**Sarawak Cable Bhd** (SCB), a Practice Note 17 (PN17) company, announced that it had found a white knight in Serendib Capital Ltd to undertake a "resuscitation exercise" to revive the loss-making manufacturer. SCB revealed in a statement filed with Bursa Malaysia that UK-based Serendib Capital had prepared a war chest of RM250m to help pare down its debts, and to recapitalize the cable manufacturer "to cater to growing customer demand for infrastructure grid development and high-voltage cables". However, SCB did not disclose in detail whether the RM250m will be given as a loan or an equity injection. (The Edge)

**Yinson Holdings Bhd's** Singapore unit Yinson Production Offshore Pte Ltd announced in a statement on Tuesday that it has sealed the deal on a five-year corporate facility loan of up to US\$500m (RM2.34bn). The Singapore branch of Natixis will serve as the coordinator, as well as the mandated lead arranger, and bookrunner (MLAB) of the facility loan, together with Affin Bank Bhd, AmlInvestment Bank Bhd, CIMB Islamic Bank Bhd, ING Bank NV's Singapore branch, and United Overseas Bank Ltd (UOB). The company added that a general syndication process is anticipated to commence in January 2024, by which the facility loan is earmarked for refinancing certain existing debt, as well as for general corporate purposes. (The Edge)

**Barakah Offshore Petroleum Bhd** has proposed to undertake an auction to seek a buyer for its vessel for at least US\$11.4m (RM53.28m) in cash. The Practice Note 17 company said it decided on the move after four proposals over the past 12 months from interested buyers for the Kota Laksamana 101 barge "had not materialised". Moreover, considering the group's financial standing and the barge's condition, retaining the barge would result in the group having to incur resources for the vessel to undergo scheduled maintenance, certification validity and physical or sea trials, said Barakah. The group said the original cost of investment for the barge was RM334.61m. (The Edge)

**Classic Scenic Bhd** has proposed to acquire a 51% stake in a shoes and clothing company to reduce the group's dependence on its existing wooden picture frame moulding business. The group also announced a proposed 30% private placement and the change of its corporate name to Hextar Retail Bhd. In a filing with Bursa Malaysia on Tuesday, the group said it is acquiring the 51% stake in Redina Malaysia Sdn Bhd for RM35.7m in cash from Perdanis Distribution (M) Sdn Bhd. Redina is an importer, general merchant and dealer in, among others, shoes, clothing and articles with a focus on apparels and undergarments. It is the brand licensee for Renoma, Jockey, Moto Guzzi, Alfa Romeo, Valentino Creations, Nautica, Crocodile, Arnold Palmer and Beverly Hills Polo Club. (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	0.970	-3.0%	Initiate on 8/11/2023
2	SLVEST	21-Nov	1.290	1.350	1.360	1.400	1.230	1.210	1.240	-3.9%	Initiate on 21/11/2023
3	ITMAX	8-Dec	1.800	1.900	1.920	2.000	1.680	1.650	1.830	1.7%	Initiate on 8/12/2023
4	NATGATE	11-Dec	1.380	1.440	1.450	1.510	1.300	1.280	1.380	0.0%	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	1.770	14.2%	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	0.945	17.4%	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	0.810	11.0%	Initiate on 2/10/2023
6	PECCA	2-Oct	1.200	1.400	1.450	1.100	1.050	1.030	1.320	10.0%	Initiate on 2/10/2023
7	PWF	2-Oct	0.655	0.950	1.000	0.825	0.790	0.780	0.740	13.0%	Initiate on 2/10/2023
8	RAMSSOL	2-Oct	0.495	0.545	0.605	0.425	0.395	0.385	0.385	-22.2%	Initiate on 2/10/2023
9	SLVEST	2-Oct	1.320	1.450	1.520	1.250	1.200	1.180	1.240	-6.1%	Initiate on 2/10/2023
10	T7GLOBAL	2-Oct	0.480	0.525	0.555	0.475	0.455	0.445	0.440	-8.3%	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	1.450	-4.0%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.660	11.4%	Initiate on 2/10/2023
Average Return										2.4%	

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)	-3.2%
FBM Small Cap (Since 30/12/2022)	8.1%
Malaysia GDP Growth (1H23)	4.2%

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