

Friday, 15 Dec, 2023

Bullish Tone In The US

Market Review

Malaysia: The FBM KLCI (+0.57%) closed higher driven by the positive cue from the overnight Wall Street performance after the US PPI data came in within expectations and the Fed's dovish stance on interest rates next year. On the broader market, the Healthcare sector (+3.52%) was the top gainer supported by the glove counters.

Global markets: Wall Street ended higher as the buying interest was still positive after the retail sales data came in stronger in November, coupled with this week's lower inflation data and the Fed's dovish comments. The European stock market ended higher, while Asia ended mostly mixed.

The Day Ahead

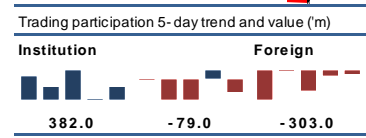
The FBM KLCI continues to rebound for the fourth session, lifted by QL, PETGAS and PMETAL as well as better sentiment in Hong Kong market. Again, Wall Street gained momentum, with the Dow closing at record close for the second session, while S&P500 and Nasdaq rose 0.26% and 0.19%, as retail sales grew by 0.3% in the month of November, coupled with the optimism that the Fed will stay in a dovish stance to lower down the interest rates at least by 3 times next year. Given the anticipation of the lower interest rate environment going forward, the market was more positive in the real estate segment. On the commodity markets, Brent oil prices extended the rebound above USD76/bbl as dollars fell after the dovish Fed's statements.

Sector focus: With this bullish tone in the US markets, we expect buying interest to spillover towards stocks on the local front, especially the Technology sector. We also favour the Healthcare - amid improving outlook on glove ASP, Energy – IEA bumps up the 2024 demand outlook, Construction, Building Material & Property – potential revival of KL-SG HSR. Besides, we like the stability in the Banking and Telco sectors.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,248.35	0.43
S&P 500	4,719.55	0.26
NASDAQ	14,761.56	0.19
FBM KLCI	1456.26	0.57
FBM Small Cap	16,209.33	0.32
FBM ACE	5,139.32	-0.22
Construction	186.33	0.65
Consumer	553.51	0.16
Energy	804.23	1.89
Financial Services	16,430.05	0.34
Healthcare	1899.35	3.52
Ind Products	1717.3	0.58
Plantation	7,000.82	0.10
Property	843.12	0.67
REITs	779.25	0.16
Technology	62.90	0.51
Telco & Media	553.40	0.30
Transport & Logist	917.69	0.75
Utilities	1281.89	1.01
Trading Vol (m)	4,246.76	12.85
Trading Val (RM m)	2,778.44	15.73
Gainers/ Losers rat	132%	
FKLI	1460.00	0.14
FCPO (RM)	3,725.00	1.00
Brent oil (USD)	74.26	3.15
Gold (USD)	2,036.36	0.00
USD	4.6725	0.75
GBP	5.9184	-0.36
EURO	5.0942	-0.35
SGD	3.5133	-0.28



Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended with a bullish candle after being consolidated over the past 5 days in a narrow range between 1,441-1,450. The technical readings on the key index, have turned positive with the MACD Histogram forming a rounding bottom formation, while the RSI breaching above the 50 level. The resistance is envisaged around 1,465-1,470 and the support is set at 1,430-1,440.



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Company Brief

Sapura Energy Bhd has been granted a second extension till May 31 next year to submit its Practice Note 17 (PN17) regularisation plan, which was supposed to be due on Nov 30, 2023. The group on Wednesday received confirmation from the Corporate Debt Restructuring Committee for a proposed debt restructuring scheme from at least 75% of its financiers of approximately RM10.3 billion multi-currency financing facilities. (The Edge)

Yinson Holdings Bhd posted a record net profit of RM248m or 7.3 sen per share for the third quarter ended Oct 31, 2023 (3QFY2024), up 60% from RM155m or 4.2 sen per share a year earlier as revenue grew 62% to RM2.81bn from RM1.74bn. For the first nine months of FY2024, net profit rose 64.11% to RM686m from RM418m, mainly due to a doubling of revenue to RM8.94bn from RM4.36bn, thanks to an increase in engineering, procurement, construction, installation and commissioning (EPCIC) revenue. (The Edge)

Hiap Teck Venture Bhd slipped back into the red with a net loss of RM9.43m or 0.54 sen per share for its first quarter ended Oct 31, 2023 (1QFY2024), dragged by its losses from a joint venture entity. Revenue shrank quarter-on-quarter to RM407.5m due to sluggish market demand, from the RM453.79m it recorded in 4QFY2023 when the group made a net profit of RM42.6m. The group said it is exercising caution amid fluctuations in steel prices, uncertainties in financial markets and geopolitical tensions. (The Edge)

Crest Builder Holdings Bhd has secured a RM314.5m contract from UEM Land Bhd to construct 1,334 units of serviced apartments in two 53-storey blocks in Cheras, Kuala Lumpur. The project also comprises a level of sub-basement car park, elevated podium car parks, commercial retail and office spaces and a level of recreation facilities. Construction would take approximately 39 months beginning from its scheduled site possession date of June 1, 2024. (The Edge)

Astro Malaysia Holdings Bhd posted its maiden net loss of RM47.05m for its third quarter ended Oct 31, 2023 (3QFY2024) compared with a net profit of RM5.8m in 3QFY2023. This is largely due to the voluntary separation scheme (VSS) exercise to reduce its headcount by 20% that cost the group RM52m. Quarterly revenue fell 10.54% to RM828.55m from RM926.18m a year prior, as the group exited its home-shopping business. For the nine months ended Oct 31 (9MFY2024), Astro booked a net loss of RM7.51m against a net profit of RM204.29m as the VSS cost added to higher operating costs and forex losses. Revenue dipped 5.62% to RM2.52bn from RM2.67bn. (The Edge)

Eco World Development Group Bhd (EcoWorld) net profit for the fourth quarter ended Oct 31, 2023 (4QFY2023) nearly doubled to RM3.29m from RM1.77m a year ago, with quarterly revenue up 50.98% to RM844.45m from RM559.28m driven by the completion of a 92-acre land sale in Eco Business Park II. For FY2023, the group's net profit increased by 20.4% to RM189.3m from RM157.2m in FY2022, with revenue reaching RM22.26bn. It declared a final dividend of 2 sen per share in 4QFY2023, bringing total dividends declared for FY2023 to 6 sen per share. (The Edge)

Scientex Bhd net profit for the first financial quarter ended Oct 31, 2023 (1QFY2024) rose 28.6% to RM137.84m from RM107.18m a year earlier, driven by its property division. Quarterly revenue rose 7.4% to RM1.11bn in 1QFY2024 from RM1.03bn a year earlier. The property developer's share of results from its Malaysian joint ventures included contributions from Eco Grandeur, Eco Business Park V, Eco Ardence, Bukit Bintang City Centre (BBCC) and Eco Horizon. (The Edge)



Pestech International Bhd said its 60%-owned joint venture has secured an electrical substation construction project in Entinggan, Kuching, Sarawak from Syarikat SESCO Bhd for RM109.98m. The award “signifies that Pestech remains active and competitive in the procurement of new projects”, Pestech said. It added that the project should contribute to the group in stages in the financial year ending Sept 30, 2024 (FY2024) and FY2025. (The Edge)

Ranhill Utilities Bhd is undertaking a project under a related party transaction to reduce non-revenue water (NRW) in Johor for RM283.89m. The project was awarded by Ranhill’s 80%-owned unit Ranhill SAJ Sdn Bhd to another indirect wholly-owned unit Ranhill Technologies Sdn Bhd – the latter’s seventh NRW project in Johor – following a competitive tender process. (The Edge)

Kuala Lumpur Kepong Bhd (KLK) and its Singapore subsidiary, KLK Plantations and Trading Pte Ltd have proposed to acquire more than 90% stakes in two Indonesian palm oil companies for RM276.55m in a related party transaction, from Whitmore Holdings Sdn Bhd, a unit of Batu Kawan Bhd. Batu Kawan owns 47.72% in KLK. (The Edge)

ACE Market-bound **Critical Holdings Bhd** posted a net profit of RM6.21m for its first quarter ended Sept 30, 2023 (1QFY2024) on revenue of RM49.68m. Earnings per share for the quarter stood at 1.67 sen, based on the company’s bourse filing on Thursday. No comparative figures were available, as it was the first interim financial report announced by the company. The quarterly net profit makes up nearly 64.75% of the company’s total profit after tax (PAT) for FY2023, which amounted to RM9.59m, according to the company’s prospectus summary. In a separate statement, Critical Holdings said its MEP (mechanical, electrical and process) engineering solutions segment continues to be the primary revenue driver, contributing RM47.1m or around 94.8% of its total revenue. Within this segment, plantrooms accounted for 75.78%, followed by data centres at 18.23%, and cleanrooms at 0.79%, with MEP maintenance and services contributing the remaining 5.2%. (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	1.250	-3.1%	Initiate on 21/11/2023
3	ITMAX	8-Dec	1.800	1.900	1.920	2.000	1.680	1.650	1.800	0.0%	Initiate on 8/12/2023
4	NATGATE	11-Dec	1.380	1.440	1.450	1.510	1.300	1.280	1.420	2.9%	Initiate on 11/12/2023
5	MYEG	12-Dec	0.825	0.855	0.860	0.900	0.785	0.780	0.820	-0.6%	Initiate on 12/12/2023
5	SCGBHD	14-Dec	0.375	0.395	0.400	0.450	0.350	0.340	0.390	4.0%	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	1.770	14.2%	Initiate on 2/10/2023
2	HIAPTEK	2-Oct	0.435	0.500	0.535	0.400	0.365	0.355	0.415	-4.6%	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	0.595	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	1.340	11.7%	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	1.250	-5.3%	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	0.405	-6.9%	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	1.670	12.1%	Initiate on 2/10/2023
Average Return										2.8%	



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)	3.0%
Accuracy (2023)	56.1%
FBM KLCI (Since 30/12/2022)	-2.6%
FBM Small Cap (Since 30/12/2022)	8.6%
Malaysia GDP Growth (1H23)	4.2%

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