

Wednesday, 20 Dec, 2023

## Window Dressing and Rate Cut Optimism Rally

### Market Review

**Malaysia:** The FBM KLCI (+0.03%) closed marginally higher with a 7-day winning streak amid positive regional markets, and supported by YTL (+7.0 sen) & YTLPOWER (+9.0 sen). On the broader market, the Utilities sector (+1.30%) was the top gainer, while the Healthcare sector (-1.26%) fell, dragged by profit taking in glove counters.

**Global markets:** Wall Street ended higher as investors were still upbeat on the potential rate cuts next year and optimistic on the upcoming 3<sup>rd</sup> quarter US GDP and PCE data. The European stock market ended higher, while Asia ended mostly higher after the Bank of Japan chose to maintain current interest rate levels.

### The Day Ahead

The FBM KLCI traded mixed as profit taking activities kicked in after a significant rally last week, but the Properties and Utilities performed on a stronger tone. In the US, following the dovish tone from the Fed, signalling at least 3 rate cuts next year, the stock markets continued to charge higher for the 9<sup>th</sup> session. This week, the market will be watching the important economic data releases such as the US GDP and PCE price index, should there be any disappointment in the data, it might affect the market sentiment. On the local front, we believe window dressing activities may persist throughout the next few trading sessions, similar to the previous years. On the commodity markets, Brent oil prices rebounded nearer to the USD80/bbl zone amid the heightened tension in the Red Sea.

**Sector focus:** Given the strong rally in the US, we could be anticipating buying interest to spillover towards the Technology sector on the local front. Meanwhile, we have noticed trading interest building up within the Property segment amid the new MM2H programme. Besides, commodity related segments namely the O&G and Gold sectors could stay relatively strong amid the softer dollar trend going forward. In the recent Glove industry rally, we expect profit taking activities to emerge.

### FBMKLCI Technical Outlook



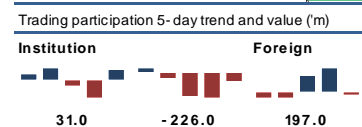
Bloomberg

The FBM KLCI ended flat after a significant rally. The technical readings on the key index were positive, with the MACD Histogram extending the 3<sup>rd</sup> 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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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,557.92	0.68
S&P 500	4,768.37	0.59
NASDAQ	15,003.22	0.66
FBM KLCI	1465.67	0.03
FBM Small Cap	16,300.10	0.02
FBM ACE	5,183.13	0.42
Construction	187.95	0.21
Consumer	557.89	0.25
Energy	818.45	0.62
Financial Services	16,505.70	-0.12
Healthcare	1918.75	-1.26
Ind Products	17164	-0.45
Plantation	7,004.60	-0.39
Property	856.72	1.13
REITs	78141	0.02
Technology	62.71	-0.67
Telco & Media	562.93	0.30
Transport & Logist	926.71	-0.07
Utilities	1297.43	1.30
Trading Vol (m)	3,715.29	-22.80
Trading Val (RM m)	2,415.95	-19.97
Gainers/ Losers rat	84%	
FKLI	147100	0.14
FCPO (RM)	3,792.00	0.99
Brent oil (USD)	77.95	1.68
Gold (USD)	2,040.35	0.71
USD	4.6783	0.34
GBP	5.9407	0.11
EURO	5.1187	0.15
SGD	3.511	0.46



Source: Bloomberg, Bursa Market Place



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## Company Brief

**Dataprep Holdings Bhd** has proposed to acquire a 70% stake in DACS Network Solutions Sdn Bhd (DNS) for RM10.5m from **Cloudaron Group Bhd**. The purchase consideration will be satisfied via the issuance of 82.68m shares in the group at 12.7 sen per share. DNS is principally involved in the provision and management of network connectivity services, operating as a telecommunications industry dealer. (The Edge)

Shafiq Abdul Jabbar is set to leave as group chief financial officer (CFO) of Astro Malaysia Holdings Bhd to assume the same post at **AMMB Holdings Bhd**, effective Feb 15. Shafiq is slated to take over AMMB's CFO post from incumbent Jamie Ling Fou-Tsong, who was appointed to succeed Datuk Sulaiman Mohd Tahir as the bank's chief executive officer last month. (The Edge)

**Advance Information Marketing Bhd's** three-for-one rights issue with free warrants has been oversubscribed by 32.9%. The group said it received valid acceptances and excess applications for a total of 388.94m rights shares in respect of the 292.66m shares available for subscription. The rights shares are expected to be listed on the ACE Market of Bursa Securities on Dec 28. (The Edge)

**TT Vision Holdings Bhd** said its wholly-owned subsidiary, TT Vision Technologies Sdn Bhd, has secured several purchase orders for its solar cell inspection equipment totaling RM7.51m from an undisclosed buyer. The Penang-based automated test equipment maker did not disclose information about the buyer, citing non-disclosure agreements signed. The group said the contract is expected to be fulfilled within the next three to four months. (The Edge)

**Poh Kong Holdings Bhd's** net profit for the first quarter ended Oct 31, 2023 (1QFY2024) rose 21.29% to RM19m from RM15.67m in the previous year's corresponding quarter despite lower revenue, largely driven by an uptrend in gold prices. Quarterly revenue dipped 3.88% to RM355.98m from RM370.36m on lower demand for gold jewelry products amid weaker market sentiment. Compared with the immediate preceding quarter, the group's net profit is about four times the RM4.98m it made in 4QFY2023 while revenue climbed 12.77% from RM315.66m. (The Edge)

Shares in **Apollo Food Holdings Bhd** spiked to a seven-year high of RM5.78 on Tuesday's morning trade session, after it announced that Scoop Capital Sdn Bhd, the franchisee of Baskin-Robbins, is acquiring a controlling stake in the company. The counter pared its gains to end the day 37 sen or 6.9% higher at RM5.77, making it the fifth top gainer on Bursa Malaysia. Year to date, the share price has risen 48.70%. At RM5.74, its market capitalisation stood at RM459.2m. (The Edge)

Two subsidiaries of **Prolexus Bhd**, who collectively own 10.01% in South Malaysia Industries Bhd (SMI), are suing SMI and its board of directors for allegedly violating their rights as shareholders after SMI sought for more time to hold its annual general meeting. The suit was filed after the Companies Commission of Malaysia (CCM) granted SMI until March 31, 2024 to hold its 52nd AGM, from the previous cut-off date of Dec 31, 2023, following an application from SMI to extend the deadline. (The Edge)

**Cahya Mata Sarawak Bhd** (CMS) has appointed Mandar Shrikrishna Namjoshi as chief financial officer (CFO) with immediate effect. In a filing with Bursa Malaysia, CMS said Mandar, 47, will succeed Mukhnizam Mahmud, 58, who has ceased his position as the acting group CFO and will continue to perform his management duties in Cahya Mata Professionals Sdn Bhd. (The Star)



## 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	0.995	-0.5%	Initiate on 8/11/2023
2	SLVEST	21-Nov	1.290	1.350	1.360	1.400	1.230	1.210	1.260	-2.3%	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	1.450	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	0.400	6.7%	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	1.640	5.8%	Initiate on 2/10/2023
2	HIAPTEK	2-Oct	0.435	0.500	0.535	0.400	0.365	0.355	0.440	1.1%	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	0.595	7.2%	Initiate on 2/10/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.770	5.5%	Initiate on 2/10/2023
6	PECCA	2-Oct	1.200	1.400	1.450	1.100	1.050	1.030	1.350	12.5%	Initiate on 2/10/2023
7	PWF	2-Oct	0.655	0.950	1.000	0.825	0.790	0.780	0.730	11.5%	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	1.260	-4.5%	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	1.510	0.0%	Initiate on 2/10/2023
13	WELLCAL	2-Oct	1.490	1.600	1.680	1.380	1.310	1.290	1.680	12.8%	Initiate on 2/10/2023
Average Return										2.7%	

### 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)	5.5%
Accuracy (2023)	56.1%
FBM KLCI (Since 30/12/2022)	-2.0%
FBM Small Cap (Since 30/12/2022)	9.2%
Malaysia GDP Growth (1H23)	4.2%

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