

Wednesday, 27 Dec, 2023

## Upward Rally Continues in the US

### Market Review

**Malaysia:** The FBM KLCI (-0.25%) closed lower due to further profit taking activities within the banking heavyweights and in the absence of fresh leads. On the broader market, the Healthcare sector (+0.99%) gained on the back of the glove counters rally, while the Plantation sector (-0.54%) fell.

**Global markets:** Wall Street ended higher in line with the 'Santa Claus Rally' expectations, and the investors are anticipating a rate cut in March next year which is fuelling the buying optimism in the market. The European stock market ended higher, while the Asia markets ended mixed.

### The Day Ahead

The FBM KLCI extended the consolidation phase with further profit taking activities emerging within the index heavyweights. However, the US stock markets continued to charge higher led by the technology sector in anticipation of at least 3 rate cuts by the Federal Reserves in 2024. This is in line with our view that given the US GDP is still growing in 3Q23 and the inflation data namely the CPI, PPI and PCE came in within expectations last month, we believe the Fed will be staying less hawkish for the near term. Meanwhile, closer to home, we remain optimistic in the final trading week of the year that window dressing activities may emerge and push the FBM KLCI higher. On the commodity markets, Brent oil prices traded higher above the USD80/bbl mark.

**Sector focus:** We are still expecting buying support to return within the Technology sector in view of the strong rally in the US. Also, we like the Johor-theme coupled with the potential revival of the mega infrastructure projects next year, which may provide an upside move towards the Construction, Properties, Building Materials as well as the Utilities sectors. We favour the Consumer sector in view of normalising costs and the ongoing recovery theme post Covid-19 environment.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended marginally lower, consolidating for the fourth session. The technical readings on the key index were however negative, with the MACD Histogram turned negative, while the RSI dips below the 50 level. The resistance is envisaged around 1,470-1,480 and the support is set at 1,440-1,450.

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

### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,545.33	0.43
S&P 500	4,774.75	0.42
NASDAQ	15,074.57	0.54
FBM KLCI	1,450.78	-0.25
FBM Small Cap	16,338.97	0.33
FBM ACE	5,218.97	0.05
Construction	19102	0.68
Consumer	555.46	-0.14
Energy	819.43	0.10
Financial Services	16,191.44	-0.34
Healthcare	19,118.6	0.99
Ind Products	172.54	-0.13
Plantation	6,998.13	-0.54
Property	863.92	0.52
REITs	782.08	0.00
Technology	63.45	-0.11
Telco & Media	569.71	0.03
Transport & Logist	925.38	-0.28
Utilities	1,294.87	0.94
Trading Vol (m)	2,934.17	-106
Trading Val (RM m)	1,968.29	6.98
Gainers/ Losers rat	98%	
FKLI	1,454.00	0.10
FCPO (RM)	3,775.00	0.32
Brent oil (USD)	79.07	2.45
Gold (USD)	2,067.81	0.72
USD	4.6388	-0.22
GBP	5.887	-0.26
EURO	5.1094	-0.32
SGD	3.5043	-0.28
Trading participation 5-day trend and value ('m)		
Institution	-151.0	
Foreign	-117.0	268.0

Source: Bloomberg, Bursa Market Place



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## Company Brief

**Marine & General Bhd** through its wholly-owned subsidiary TKH Marine (L) Ltd has disposed of a vessel, JM Sutera 7, to Narsimhaa Shipping Inc, Liberia, for a cash consideration of US\$5.8m (RM27.2m). The offshore marine support services provider said that the disposal of the vessel, acquired in 2018, was reached on a willing buyer and willing seller basis, and will enable the group to realise its original investment in the vessel. The proceeds from the disposal will allow the group to reinvest in revitalising its fleet, thereby enhancing its ability to better serve customers, it said. (The Edge)

**Malaysia Airports Holdings Bhd** (MAHB) saw a 22.3% year-on-year (y-o-y) increase in passenger movement in both its Malaysian and Turkish airport network, reaching 9.6m passengers in November, compared to 7.86m in the same month the previous year. In its monthly passenger traffic snapshot to Bursa Malaysia, MAHB disclosed that Malaysia accounted for 6.6m passengers, while the remaining three came from the Istanbul Sabiha Gökçen International Airport (SGIA). Local airports in Malaysia registered 3.4m passengers for international sectors and 3.9m for domestic sectors in November, despite the off-peak travel season and minor structural changes in the domestic landscape. (The Edge)

Independent adviser BDO Capital Consultants Sdn Bhd recommended that shareholders of **Ajiya Bhd** accept the unconditional voluntary takeover bid by Chin Hin Group Bhd and other joint offerors, deeming the offer price of RM1.53 per share as "not fair, but reasonable". In a circular filed by Ajiya with Bursa Malaysia, BDO Capital said the offer price per share is unfair as it represents a discount of 40 sen or 20.73% for each Ajiya share, based on revalued net asset value approach. However, it deemed the offer as reasonable especially for those holding a significant number of Ajiya shares, considering it provides an opportunity to realise their investments. (The Edge)

**Bina Puri Holdings Bhd**, whose share price more than doubled this year, fell as much as 15.79% to a low of eight sen on Tuesday, following its proposal to raise up to RM75.62m through a private placement after undertaking a consolidation of every five shares into one share. The loss-making civil and building construction firm was the day's fourth most active stock on Bursa Malaysia, with a trading volume of 95.69m shares, surpassing its 200-day average volume of 7.96m shares. (The Edge)

**Gabungan AQRS Bhd** is claiming RM89.74m from **Econpile Holdings Bhd** for what it alleged was wrongful termination of a sub-contract under Package SUKE-CA3 of the Sungai Besi-Ulu Kelang Elevated Expressway (SUKE) project in 2016. The sub-contract, worth RM389.07m, was to complete the foundation for the SUKE project. It was awarded by AQRS' unit Gabungan Strategik Sdn Bhd (GSSB) to Econpile (M) Sdn Bhd (EMSB) and its joint venture (JV) partner China Communication Construction Company (M) Sdn Bhd (CCCC) back in December 2016.

However, in January 2022, CCCC issued a notice of termination to GSSB for fundamental breach and/or refusal to perform their fundamental obligations under the sub-contract, of which GSSB has accepted and reserved their rights to damages following the terminations. Econpile noted that EMSB has completed its scope of work as stipulated in the JVA as of the date of the termination. "CCCC and EMSB have submitted the final claim for the work done under the sub-contract amounting to RM485.93m with a balance due amounting to RM143.38m and requested payment thereof by way of their letter dated Nov 10, 2023 to GSSB," Econpile said in its filing. But GSSB is now seeking a damage and/or compensation in the sum of RM89.74m or such other amount as assessed by the arbitral tribunal, jointly and severally from CCCC and EMSB with interest and costs. (The Edge)



**SSF Home Group Bhd** booked its first net loss since its listing in October after it posted a net loss of RM3.64m in the second quarter ended Oct 31, 2023, mainly due to one-off listing expenses of approximately RM3.2m incurred for the current quarter. The home improvement retailer reported revenue of RM31.23m. There are no comparative figures for the preceding corresponding quarter as this is the first interim financial statement announced by the group. In the immediate preceding quarter, the group registered a net profit of RM2.65m on revenue of RM39.31m. (The Edge)

**Green Packet Bhd** has announced the resignation of its executive director Leong Seng Wui effective Dec 29. Leong, 43, tendered his resignation as director on Dec 1 "to pursue other interests", the digital solutions provider said. Leong, who has held the position since February 2022, ceased to become a substantial shareholder in the group after he disposed of all his shares in March. (The Edge)

**Ho Hup Construction Co Bhd** said its unit will challenge an adjudication decision requiring the company to pay RM23.16m to **Ecobuilt Holdings Bhd**'s wholly-owned subsidiary, Eko Bina Sdn Bhd. Golden Wave Sdn Bhd, 52.5%-owned by Ho Hup, is involved in a payment dispute with Eko Bina concerning a serviced apartment and commercial units project in Kota Kinabalu, Sabah. In a bourse filing on Tuesday, Ho Hup said Golden Wave has filed a lawsuit in the Kota Kinabalu High Court seeking to set aside the entire adjudication decision under the Construction Industry Payment and Adjudication Act, citing concerns of natural justice and impartiality. (The Edge)

**TCS Group Holdings Bhd** is making a cash call to raise working capital for its existing construction projects. The construction firm has proposed to undertake a renounceable rights issue of up to 243.6m new shares at 12 sen per share, coupled with free warrants to raise up to RM29.23m, according to its filing with Bursa Malaysia. The issue price of 12 sen is at a 27% discount over its Tuesday's closing of 16.5 sen. In a bourse filing, the company said the rights issue with warrants entails the issuance of two rights shares for every five existing TCS shares held on an entitlement date to be announced later. The rights issues come with 146.16m free detachable warrants on the basis of three warrants for every five rights shares subscribed for the proposed exercise. (The Edge)

**Mercury Securities Group Bhd** has declared its maiden dividend of 0.5 sen per share or RM4.47m, after revenue for the three months ended Oct 31, 2023 (3QFY2024) rose 19.9% quarter-on-quarter on higher brokerage fees, underwriting and placement fees. Quarterly revenue rose to RM8.71m, from RM7.26m in 2QFY2024. Profit before tax prior to one-off listing expenses stood at RM4.6m, down from RM4.91m q-o-q, due to credit loss provisions and higher headcounts as part of efforts to enhance capacity. Including listing expenses of RM3.93m, Mercury Securities booked a net loss of RM422,000 or 0.15 sen per share in 3QFY2024, compared with a net profit of RM3.73m or 0.51 sen per share in 2QFY2024. (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	1.000	0.0%	Initiate on 8/11/2023
2	SLVEST	21-Nov	1.290	1.350	1.360	1.400	1.230	1.210	1.290	0.0%	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
5	MYEG	12-Dec	0.825	0.855	0.860	0.900	0.785	0.780	0.805	-2.4%	Initiate on 12/12/2023
5	SCGBHD	14-Dec	0.375	0.395	0.400	0.450	0.350	0.340	0.425	13.3%	Initiate on 14/12/2023



## Market Chat Tracker - 4Q23 Stock Picks

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	1.610	3.9%	Closed on 26/12/2023
2	HIAPTEK	2-Oct	0.435	0.500	0.535	0.400	0.365	0.355	0.430	-1.1%	Closed on 26/12/2023
3	HSSEB	2-Oct	0.805	0.895	0.940	0.725	0.670	0.660	0.955	18.6%	Closed on 26/12/2023
4	LHI	2-Oct	0.555	0.610	0.640	0.520	0.500	0.490	0.580	4.5%	Closed on 26/12/2023
5	MUHIBAH	2-Oct	0.730	0.810	0.855	0.715	0.670	0.660	0.770	5.5%	Closed on 26/12/2023
6	PECCA	2-Oct	1.200	1.400	1.450	1.100	1.050	1.030	1.310	9.2%	Closed on 26/12/2023
7	PWF	2-Oct	0.655	0.950	1.000	0.825	0.790	0.780	0.740	13.0%	Closed on 26/12/2023
8	RAMSSOL	2-Oct	0.495	0.545	0.605	0.425	0.395	0.385	0.380	-23.2%	Closed on 26/12/2023
9	SLVEST	2-Oct	1.320	1.450	1.520	1.250	1.200	1.180	1.290	-2.3%	Closed on 26/12/2023
10	T7GLOBAL	2-Oct	0.480	0.525	0.555	0.475	0.455	0.445	0.445	-7.3%	Closed on 26/12/2023
11	TUNEPRO	2-Oct	0.435	0.485	0.515	0.420	0.405	0.395	0.395	-9.2%	Closed on 26/12/2023
12	ULICORP	2-Oct	1.510	1.750	1.900	1.420	1.330	1.310	1.480	-2.0%	Closed on 26/12/2023
13	WELLCAL	2-Oct	1.465	1.600	1.680	1.380	1.310	1.290	1.660	13.3%	Closed on 26/12/2023
Average Return										1.8%	

## Market Chat Tracker - 1Q24 Stock Picks

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	AME	26-Dec	1.660	1.920	2.050	-	1.630	1.550	1.670	0.6%	Initiate on 26/12/2023
2	CCK	26-Dec	0.840	0.950	1.000	-	0.805	0.760	0.845	0.6%	Initiate on 26/12/2023
3	INARI	26-Dec	3.000	3.300	3.450	-	2.860	2.750	3.000	0.0%	Initiate on 26/12/2023
4	ITMAX	26-Dec	1.810	1.950	2.000	-	1.760	1.700	1.800	-0.6%	Initiate on 26/12/2023
5	KSL	26-Dec	1.130	1.210	1.300	-	0.995	1.070	1.130	0.0%	Initiate on 26/12/2023
6	MYEG	26-Dec	0.815	1.000	1.080	-	0.805	0.750	0.805	-1.2%	Initiate on 26/12/2023
7	NATGATE	26-Dec	1.550	1.760	1.850	-	1.480	1.350	1.520	-1.9%	Initiate on 26/12/2023
8	OSK	26-Dec	1.230	1.300	1.350	-	1.150	1.100	1.240	0.8%	Initiate on 26/12/2023
9	PBBANK	26-Dec	4.250	4.410	4.500	-	4.170	4.060	4.240	-0.2%	Initiate on 26/12/2023
10	SCGBHD	26-Dec	0.425	0.475	0.500	-	0.400	0.380	0.425	0.0%	Initiate on 26/12/2023
11	SUNCON	26-Dec	1.970	2.150	2.250	-	1.920	1.850	2.000	1.5%	Initiate on 26/12/2023
12	SWIFT	26-Dec	0.540	0.600	0.635	-	0.515	0.495	0.540	0.0%	Initiate on 26/12/2023
13	TM	26-Dec	5.560	6.000	6.250	-	5.350	5.210	5.550	-0.2%	Initiate on 26/12/2023
14	WCEHB	26-Dec	0.930	1.000	1.070	-	0.880	0.820	0.975	4.8%	Initiate on 26/12/2023
Average Return										0.3%	

### Technical Focus Tracker Summary

Total recommendations	356
Total winners	216
Total losers	135
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)	-3.0%
FBM Small Cap (Since 30/12/2022)	9.5%
Malaysia GDP Growth (1H23)	4.2%

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