

Friday, 29 Dec, 2023

Expecting A Final Boost In The Stock Markets

Market Review

Malaysia: The FBM KLCI (+0.22%) closed higher as investor confidence was still being boosted by the positive cue from Wall Street overnight, coupled with the window dressing activities. On the broader market, the Technology sector (+0.75%) gained, while the Energy sector (-0.27%) fell.

Global markets: Wall Street ended mixed as profit taking activities emerged after the strong rally and investors may be awaiting new catalysts in 2024. The European stock markets ended lower, while the Asian ended mostly higher led by Chinese stocks which were supported by the gaming stocks rebound.

The Day Ahead

The FBM KLCI extended the rebound for the second session as ongoing window dressing activities lifted the KLCI with buying support seen within the banking and plantation heavyweights. Meanwhile, the US stock markets flirted along the all-time-high zone for the Dow and S&P500. The expectation of 3 interest rate cuts next year by the Fed will continue to support the overall market conditions in the US, eventually spilling over towards the stocks on the local front. Also, with the ongoing window dressing activities, should lift the FBM KLCI higher for the final day of the year. On the commodity markets, Brent oil traded below the USD78/bbl mark as the latest government data showed inventory levels at Cushing have expanded, indicating a growing supply surpasses demand, while shipping firms are now resuming the Red Sea route as the area is being safeguarded by US-led maritime task force.

Sector focus: Given the overall positive market conditions in the US, we expect the buying support could be seen within the Technology sector. From the buying flow yesterday, there are several sectors that were being traded higher, namely the Renewable Energy, Construction as well as selected Consumer stocks. Besides, we like the Building Material, Property as well as some buying interest were observed within the Plantation sector.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,710.10	0.14
S&P 500	4,783.35	0.04
NASDAQ	15,095.14	-0.03
FBM KLCI	1457.41	0.22
FBM Small Cap	16,427.83	0.27
FBM ACE	5,271.75	1.20
Construction	19134	0.01
Consumer	556.07	-0.13
Energy	819.97	-0.27
Financial Services	16,297.52	0.51
Healthcare	1908.81	-0.26
Ind Products	172.87	0.14
Plantation	7,017.31	-0.01
Property	864.16	-0.04
REITs	783.16	0.38
Technology	63.55	0.75
Telco & Media	572.30	0.59
Transport & Logist	928.80	-0.10
Utilities	130159	-0.05
Trading Vol (m)	4,238.60	28.70
Trading Val (RM m)	2,394.49	5.96
Gainers/ Losers rat	125%	
FKLI	1457.00	-0.10
FCPO (RM)	3,751.00	0.32
Brent oil (USD)	79.65	-1.58
Gold (USD)	2,065.61	-0.57
USD	4.609	0.46
GBP	5.897	-0.12
EURO	5.1296	-0.22
SGD	3.4998	0.07
Trading participation 5- day trend and value (m)		
Institution	Foreign	
-161.0	20.0	141.0

Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended higher for the second consecutive day. However, the technical readings on the key index were mixed, with the MACD Histogram extending another negative bar, while the RSI maintains above the 50 level. The resistance is envisaged around 1,470-1,480 and the support is set at 1,440-1,450.



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Company Brief

Chemical trading outfit **Analabs Resources Bhd**'s net profit doubled to RM13.04m for the second quarter ended Oct 31, 2023 from RM5.51m a year ago, led by improved manufacturing business and better cost control, along with increased dividends from quoted share investments. Quarterly revenue increased by 25.5% to RM44.87m from RM35.75m for the previous corresponding quarter, driven by a surge in sales of melamine-faced chipboards. The investment holding and property letting segment's revenue also jumped by 70.1% to RM7.8m compared with RM4.6m a year ago, primarily due to higher dividends received from quoted share investments. (The Edge)

Crescendo Corp Bhd saw its net profit for the third quarter ended Oct 31, 2023 rise by 270% to RM17.97m compared with RM4.86m a year earlier, underpinned by higher properties sales compounded with high-margin industrial land sale. Quarterly revenue surged by 98.56% to RM101.79m from RM51.26m for the previous year on the back of higher revenue from the property development and manufacturing and trading segments. (The Edge)

Kim Loong Resources Bhd's net profit rose 31% to RM47.97m for the third quarter ended Oct 31, 2023, from RM36.74m a year ago, driven by increased production of fresh fruit bunches and higher sales of crude palm oil. Quarterly revenue saw an 11% rise to RM448.68m from RM402.41m for the corresponding quarter of the previous year. (The Edge)

Datuk Seri Liew Kok Leong has stepped down as the executive chairman of **ARB Bhd**, less than three months after being redesignated to the position. Liew cited pursuing other interests as the reason for his resignation, which is effective immediately. Liew, 50, was redesignated as ARB Bhd chairman on Oct 11, succeeding Khor Ben Jin who had resigned from the position to pursue personal interests and commitments. Before his recent role, Liew had been a board member since Aug 30, 2018. He was also the company's largest shareholder with a 22.52% stake, including a 13.12% direct stake and 9.4% indirect shareholdings through Ukay One Sdn Bhd. (The Edge)

Wires and cable manufacturer **Master Tec Group Bhd**, en route to an ACE Market listing on Jan 29 next year, has set an issue price of 39 sen per share for its initial public offering (IPO) exercise to raise RM111.39m, of which about 45% or RM49.73m will go to a selling shareholder via an offer for sale. The IPO comprises a public offering of 285.6m new shares, or 28% of the enlarged share base of 1.02bn. Of the RM111.39m to be raised, the remaining RM61.66m or 55% for the company will come from the public issue portion of 158.1m new shares. The 39 sen issue price is at a price-earnings multiple of 20.31 times based on the group's net profit of RM19.56m or 1.92 sen per share for the financial year ended Dec 31, 2022. (The Edge)

Metal fabricator **Wentel Engineering Holdings Bhd**, which is eyeing to list on the ACE Market, has entered into an underwriting agreement with TA Securities Holdings Bhd to underwrite a total of 57.5m new shares, being the portion made available to the Malaysian public via balloting. Wentel Engineering's initial public offering (IPO) entails a public issue of 273.2m new ordinary shares and an offer for sale of 46m existing ordinary shares. Of the 273.2m public issue shares, 57.5m will be made available to the Malaysian public via balloting and 33m will be allocated to the eligible directors, employees and others. Proceeds from the IPO, the amount of which has not been clarified, will be utilised to part finance the construction of two blocks of single-storey factory with double-storey office and two blocks of workers' hostel, collectively known as the company's new manufacturing plant. Wentel Engineering will also utilise the IPO proceeds to part finance the purchase of new machinery and equipment for the new manufacturing plant. (The Edge)



Equipment and engineering parts provider **UMS Holdings Bhd** has disposed of its entire 45.13% stake in oil and gas equipment supplier MKS Sdn Bhd to its major shareholder NGT Holdings Sdn Bhd for RM6.11m in a related party transaction. The disposal, by UMS' wholly-owned unit Aqua Terra Union Oilfield Supply Sdn Bhd, sees the group booking expected gains of RM5.4m, as its cost of investment in MKS totalled RM714,802. UMS is a consistent dividend payer, with dividends paid at 10 sen per share annually from FY2014 to FY2019 before the pandemic resulted in lower dividends of six sen per share in FY2020 and FY2021. (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	1.320	2.3%	Initiate on 21/11/2023
3	ITMAX	8-Dec	1.800	1.900	1.920	2.000	1.680	1.650	1.790	-0.6%	Initiate on 8/12/2023
4	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	0.415	10.7%	Initiate on 14/12/2023
6	SDS	27-Dec	0.730	0.785	0.790	0.825	0.680	0.670	0.720	-1.4%	Initiate on 27/12/2023
7	HUPSENG	28-Dec	0.815	0.860	0.880	0.900	0.760	0.750	0.800	-1.8%	Initiate on 28/12/2023

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	0.850	1.2%	Initiate on 26/12/2023
3	INARI	26-Dec	3.000	3.300	3.450	-	2.860	2.750	3.010	0.3%	Initiate on 26/12/2023
4	ITMAX	26-Dec	1.810	1.950	2.000	-	1.760	1.700	1.790	-1.1%	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	0.820	0.6%	Initiate on 26/12/2023
7	NATGATE	26-Dec	1.550	1.760	1.850	-	1.480	1.350	1.510	-2.6%	Initiate on 26/12/2023
8	OSK	26-Dec	1.230	1.300	1.350	-	1.150	1.100	1.250	1.6%	Initiate on 26/12/2023
9	PBBANK	26-Dec	4.250	4.410	4.500	-	4.170	4.060	4.280	0.7%	Initiate on 26/12/2023
10	SCGBHD	26-Dec	0.425	0.475	0.500	-	0.400	0.380	0.415	-2.4%	Initiate on 26/12/2023
11	SUNCON	26-Dec	1.970	2.150	2.250	-	1.920	1.850	1.950	-1.0%	Initiate on 26/12/2023
12	SWIFT	26-Dec	0.540	0.600	0.635	-	0.515	0.495	0.545	0.9%	Initiate on 26/12/2023
13	TM	26-Dec	5.560	6.000	6.250	-	5.350	5.210	5.560	0.0%	Initiate on 26/12/2023
14	WCEHB	26-Dec	0.930	1.000	1.070	-	0.880	0.820	0.985	5.9%	Initiate on 26/12/2023
Average Return										0.3%	



Technical Focus Tracker Summary

Total recommendations	359
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)	6.2%
Accuracy (2023)	53.6%
FBM KLCI (Since 30/12/2022)	-2.5%
FBM Small Cap (Since 30/12/2022)	10.1%
Malaysia GDP Growth (1H23)	4.2%

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