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Stock Markets Started 2024 On A Mixed Note

Market Review

Malaysia: The FBM KLCI (-0.11%) closed lower in line with the negative regional markets performance as investors continue to take profit without any significant fresh leads. On the broader market, the Utilities sector (+2.80%) gained momentum on the back of YTL-related and water-related stocks.

Global markets: Wall Street ended mixed dragged by the decline in tech giants, as bond yields rebounded. The European stock markets ended lower, while the Asian stock markets ended mixed following the decline in December China's manufacturing PMI and the sentiment was affected by the Japan's earthquake.

The Day Ahead

Without any significant catalysts, coupled with the softer manufacturing activities in China, the FBM KLCI closed lower. Similarly, Wall Street started the year on a mixed note led by Apple Inc following the downgrade from Barclays. We believe the overall sentiment could be turning negative as 10-year Treasury yields climbed near 4.00%. Meanwhile, investors could be waiting for the next FOMC meeting (end Jan) to identify potential rate cut signals going forward. Also, we believe the heightened geopolitical tension in the Red Sea region may spark downside risk for the markets. Nevertheless, we still expect buying interest to emerge on the local front with catalysts such as the potential revival of KL-SG HSR, NETR, NIMP as well as the launching of PADU systems. On the commodity markets, Brent oil prices ended around the USD76/bbl level, despite the rising tension in the Red Sea.

Sector focus: We like the overall Utilities sector, especially related to the (i) NETR blueprint, (ii) potential water tariff revisions and (iii) data centre that consumes high volumes of water. Hence, we expect water-related stocks to emerge as a growing segment at least for the 1Q24. Other catalysts such as KL-SG HSR and easing requirements of MM2H may benefit the Construction, Building Material, and Property sectors.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended lower. However, the technical readings on the key index were slightly mixed, with the MACD Histogram extending a weaker negative bar, while the RSI dipped slightly below 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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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,715.04	0.07
S&P 500	4,742.83	-0.57
NASDAQ	14,765.94	-1.63
FBM KLCI	1,453.10	-0.11
FBM Small Cap	16,394.59	0.25
FBM ACE	5,354.55	0.61
Construction	193.83	0.99
Consumer	552.81	-0.16
Energy	89.37	0.20
Financial Services	16,286.73	-0.10
Healthcare	1907.45	0.18
Ind Products	174.36	0.79
Plantation	6,968.13	-0.57
Property	864.34	0.26
REITs	784.39	0.28
Technology	63.11	-0.44
Telco & Media	569.25	0.03
Transport & Logist	937.60	0.77
Utilities	1,356.71	2.80
Trading Vol (m)	4,912.52	5.27
Trading Val (RM m)	2,006.53	-32.19
Gainers/ Losers rat	89%	
FKLI	1,450.50	-0.21
FCPO (RM)	3,628.00	-0.87
Brent oil (USD)	77.04	-1.23
Gold (USD)	2,058.96	-0.19
USD	4.6058	-0.26
GBP	5.8574	-0.35
EURO	5.0732	0.05
SGD	3.4817	-0.10
Trading participation 5-day trend and value (m)		
Institution	54.0	
Foreign	181.0	
	-235.0	

Source: Bloomberg, Bursa Market Place



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Company Brief

Sunview Group Bhd has via its wholly-owned Fabulous Sunview Sdn Bhd inked a Memorandum of Understanding (MOU) with Saudi Arabia-based Vision Ambassadors Company for International Trade Consultancy to seek renewable energy development and investment opportunities. The renewable energy company said the collaboration will jointly identify locations of potential projects, with both parties serving as the principal investors. Vision Ambassadors, according to Sunview, specialises in investments for the development of businesses and small enterprises, with "tremendous momentum in international and local relations". (The Edge)

Nestcon Bhd has bagged RM251.5m in construction works for a mixed development in Mukim Petaling in the Klang Valley. Nestcon said its wholly-owned Nestcon Builders Sdn Bhd had accepted a Letter of Award (LOA) from Altimas Sdn Bhd. The work under the LOA consists of main building works for the proposed mixed development of parcel 2, one block of 30-storey apartment suites (408 units) and one block of 34-storey apartment suites (526 units) comprising amenities, car parks and shops. The completion of the contract works is within 34 months, which will commence on Jan 3 and is scheduled for completion by Nov 2, 2026. (The Edge)

Edaran Bhd has secured a RM356.56m contract to provide hardware and software rental services to the Royal Malaysian Customs Department. The technology company said its wholly-owned Edaran IT Services Sdn Bhd secured the 48-month contract from the Ministry of Finance (MOF), and that the letter of award was accepted on Tuesday. (The Edge)

PBA Holdings Bhd, whose main subsidiary Perbadanan Bekalan Air Pulau Pinang (PBAPP) is the licensed operator for water supply in Penang, saw its share price surge to RM1.89, its highest since the company's listing. The stock opened at RM1.52, up six sen or 4.11%, before surging 43 sen or 29.45% to an intra-day high of RM1.89. The stock then pared gains to close at RM1.81, still higher by 35 sen or 23.97%. It was the fifth top gainer on Bursa Malaysia. Earlier on Tuesday, Penang Chief Minister Chow Kon Yeow announced that the state will be signing either a Memorandum of Understanding or an agreement on financing with Perak on the Sungai Perak water scheme in 2024. Under the scheme, Perak will be supplying Penang with treated water, with Penang requesting for 700m litres of water per day, according to the Malay Mail. (The Edge)

Flexidynamic Holdings Bhd has proposed a private placement of up to 28.46m shares, representing 10% of its issued share capital, to yet-to-be-identified third-party investors. Based on an indicative issue price of 18.5 sen per placement share, the exercise is expected to raise gross proceeds of up to RM5.27m, the gloves manufacturing solutions provider said in a bourse filing on Tuesday. It plans to use the placement proceeds for working capital and future business expansion. (The Edge)

Loss-making oil bunkering services provider **Fast Energy Holdings Bhd** shot up to a near one-year high on the first trading day of the year as the ACE Market-listed stock surged as much as 65.38% in early trade, before paring about half its gains. The penny stock, which jumped 8.5 sen to 21.5 sen, later closed at 17.5 sen – still up 4.5 sen or 34.62% – valuing the company at RM37.67m. Fast Energy was the third most actively traded stock across Bursa Securities on Tuesday. The reason behind the sudden surge was not clear, with the group's last update on Bursa Malaysia being its third quarter ended Sept 30, 2023 (3QFY2023) results. The group reported a net loss of RM3.92m for the nine-month period (9MFY2023), more than double the RM1.84m net loss it incurred in the previous corresponding period. (The Edge)



AGX Group Bhd, a third-party logistics services provider preparing to go public on the ACE Market of Bursa Malaysia, has signed an underwriting agreement with TA Securities Holdings Bhd to underwrite a total of 21.65m new shares in AGX's upcoming initial public offering (IPO). AGX's IPO comprises a public issue of 96.5m new shares, and an offer for sale of 30m existing ordinary shares. TA Securities also serves as the principal adviser, sponsor, and placement agent for the group's IPO. (The Edge)

Bursa Malaysia-listed **Straits Energy Resources Bhd** said its subsidiary Tumpuan Megah Development Sdn Bhd is set to enter the marine biofuel trading and bunkering industry in the first quarter of 2024, after it was certified by the International Sustainability and Carbon Certification (ISCC EU) scheme. The breakthrough comes as the maritime industry accelerates its transition to low-carbon alternative fuels, such as sustainable biofuels, as part of the global decarbonisation agenda. (The Edge)

The planned disposal of a 20.77% stake in troubled Boustead Naval Shipyard Sdn Bhd (BNS) by **Boustead Heavy Industries Corp Bhd** (BHIC) to the Ministry of Finance, Inc has been extended for a fourth time to Jan 31, 2024. The disposal is part of the government's plan to assume full control of the RM9.13bn littoral combat ship (LCS) project, which BNS failed to deliver on time. (The Edge)

Technology services provider **Heitech Padu Bhd** has secured a RM58.88m contract to provide Next Generation Network services for the Inland Revenue Board (LHDN). Heitech Padu said it had accepted and signed the Letter of Acceptance from LHDN on Dec 29. The group said the contract will be from Jan 1, 2024 to June 30, 2027, spanning three years and six months. (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	1.320	2.3%	Initiate on 21/11/2023
3	ITMAX	8-Dec	1.800	1.900	1.920	2.000	1.680	1.650	1.780	-1.1%	Initiate on 8/12/2023
4	MYEG	12-Dec	0.825	0.855	0.860	0.900	0.785	0.780	0.800	-3.0%	Initiate on 12/12/2023
5	SCGBHD	14-Dec	0.375	0.395	0.400	0.450	0.350	0.340	0.430	14.7%	Initiate on 14/12/2023
6	SDS	27-Dec	0.730	0.785	0.790	0.825	0.680	0.670	0.705	-3.4%	Initiate on 27/12/2023
7	HUPSENG	28-Dec	0.815	0.860	0.880	0.900	0.760	0.750	0.755	-7.4%	Cut Loss on 2/1/2024

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	0.820	-2.4%	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	1.780	-1.7%	Initiate on 26/12/2023
5	KSL	26-Dec	1.130	1.210	1.300	-	0.995	1.070	1.170	3.5%	Initiate on 26/12/2023
6	MYEG	26-Dec	0.815	1.000	1.080	-	0.805	0.750	0.800	-1.8%	Initiate on 26/12/2023
7	NATGATE	26-Dec	1.550	1.760	1.850	-	1.480	1.350	1.470	-5.2%	Initiate on 26/12/2023
8	OSK	26-Dec	1.230	1.300	1.350	-	1.150	1.100	1.280	4.1%	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	0.430	1.2%	Initiate on 26/12/2023
11	SUNCON	26-Dec	1.970	2.150	2.250	-	1.920	1.850	1.990	1.0%	Initiate on 26/12/2023
12	SWIFT	26-Dec	0.540	0.600	0.635	-	0.515	0.495	0.575	6.5%	Initiate on 26/12/2023
13	TM	26-Dec	5.560	6.000	6.250	-	5.350	5.210	5.600	0.7%	Initiate on 26/12/2023
14	WCEHB	26-Dec	0.930	1.000	1.070	-	0.880	0.820	1.130	21.5%	Initiate on 26/12/2023
Average Return										2.1%	



Technical Focus Tracker Summary	
Total recommendations	359
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)	6.4%
Accuracy (2023)	53.6%
FBM KLCI (Since 30/12/2022)	-2.8%
FBM Small Cap (Since 30/12/2022)	9.9%
Malaysia GDP Growth (1H23)	4.2%

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