

Monday, 08 Jan, 2024

Expecting The Market To Take A Mild Breather

Market Review

Malaysia: The FBM KLCI (+0.70%) closed higher despite the mostly negative regional markets' performance, supported by strong buying interest seen in the Utilities and Banking heavyweights. On the broader market, the Utilities sector (+2.65%) was the top gainer, while the Plantation sector (-0.09 %) declined.

Global markets: Wall Street ended marginally higher but logged a negative week overall due to the jobs data showing an increase in December, suggesting that the Feds may delay rate cuts. Both the European and Asian stock markets ended lower, the latter after investors accessed the stronger Japan's private sector data.

The Day Ahead

The FBMKLCI experienced a solid start for 2024, with decent buying interest from foreign funds into the local market. However, the US stock markets traded on a flattish tone on Friday amid a mixed set of data where the robust jobs data was offset by the softer ISM services PMI, snapping the 9-week winning streak as the 10-year US Treasury yield spiked above 4.00%. Also, the market was unsure and had contrasting views on when the interest rate cuts may begin. This week, CPI and PPI data will be watched closely to determine the interest rates direction. On the local front, we believe the buying support may take a breather this week after a strong upward move last week. On the commodity market, Brent oil price ended higher on Friday amid rising geopolitical tension in the Middle East and Red Sea regions.

Sectors focus: Despite profit taking activities may emerge on the broader market, the trading interest may continue within selected sectors such as the Technology sector as the sector just had a flag breakout last week. Also, we still like the Johor-theme with the KL-SG HSR to have more clarity after the RFI deadline by 15th of Jan; benefiting the Property, Construction, Building Material and Utilities sectors. Meanwhile, the disruption of shipping and logistics following the Red Sea attack may provide upside potential for the Transportation sector.

Research Team
research@msec.com.my
(603) 2201 2100

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,466.11	0.07
S&P 500	4,697.24	0.18
NASDAQ	14,524.07	0.09
FBM KLCI	1,487.61	0.70
FBM Small Cap	16,910.53	0.97
FBM ACE	5,438.27	0.94
Construction	205.90	1.22
Consumer	558.50	0.57
Energy	839.82	0.64
Financial Services	16,582.33	0.71
Healthcare	1,990.42	1.68
Ind Products	176.99	-0.06
Plantation	7,030.92	-0.09
Property	925.76	1.14
REITs	792.19	0.30
Technology	63.66	1.51
Telco & Media	586.30	0.85
Transport & Logist	95181	0.30
Utilities	1,477.61	2.65
Trading Vol (m)	6,622.97	3.91
Trading Val (RM m)	3,736.27	-2.23
Gainers/ Losers rat	21%	
FKLI	1,490.00	0.57
FCPO (RM)	3,682.00	0.68
Brent oil (USD)	78.76	1.51
Gold (USD)	2,045.45	0.09
USD	4.6553	-0.44
GBP	5.8938	0.04
EURO	5.0805	0.07
SGD	3.4964	-0.12
Trading participation 5- day trend and value (m)		
Institution	-81.6	
Foreign	466.1	

Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended higher, surging above the significant resistance levels. The technical readings on the key index were positive, with the MACD Histogram extending another positive bar, while the RSI charged above the 70 level. The resistance is envisaged around 1,490-1,500 and the support is set at 1,460-1,470.



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Company Brief

Palm oil refinery builder **Ecoscience International Bhd's** (EIB) wholly-owned subsidiary Ecoscience Manufacturing & Engineering Sdn Bhd is suing RDS Marketing Malaysia Sdn Bhd to recover RM2.38m in unpaid dues. The ACE Market-listed company said Ecoscience Manufacturing & Engineering has served a writ of summons and statement of claim to RDS Marketing in the High Court. Ecoscience Manufacturing & Engineering's claim against RDS Marketing pertains to the latter's failure to pay the remaining sum of RM2.38m for the completion of a project featuring a one-storey factory and warehouse, a two-storey office building and a substation in Bandar Sri Sendayan, Negeri Sembilan for GoodGloves Industries Sdn Bhd. (The Edge)

Global Oriental Bhd, which bought a 55% stake in a car park management firm for RM27.5m late last year, has proposed to acquire the remaining 45% stake for RM22.5m. The group is buying the 45% in EdisiJuta Parking Sdn Bhd (EPSB) from EdisiJuta Sdn Bhd and Cahaya Impian Sdn Bhd, according to a bourse filing on Friday. Both acquisitions represent a price-earnings multiple of 9.9 times, based on the EPSB's profit after tax of RM5.05m for the financial year ended Dec 31, 2022. Global Oriental said the takeover of EPSB will enable the group to diversify into the car park operations business. (The Edge)

UEM Sunrise Bhd, Telekom Malaysia Bhd (TM) and Iskandar Investment Bhd (IIB) are shutting down the joint venture (JV) that they started nearly 10 years ago to provide smart in-building and smart city services around Iskandar Puteri, Johor. The JV – Inneonusa Sdn Bhd – is 51% owned by TM, 39% owned by UEM and 10% by IIB. All three parties have mutually agreed for the unit to be voluntarily wound up after an extraordinary general meeting held on Friday. Both UEM and TM, in their respective disclosures to Bursa Malaysia on Friday, said the termination of the JV was part of their respective initiatives to streamline their businesses. (The Edge)

ManagePay Systems Bhd (MPay) said its wholly-owned unit, ManagePay Services Sdn Bhd (MPSB), has been appointed by Indonesian digital payment service provider PT Finnet Indonesia to provide white label services for its e-wallet and mobile application. Called Finpay Money Migrant, the app will feature e-wallets in ringgit (powered by MPSB) and rupiah (powered by Finnet). Other functions include facilitating contributions by Indonesian migrant workers in Malaysia from the Finpay Money Migrant mobile app to the Social Security Administrative Body of Indonesia (BPJS TK), and payment of e-compensation claims to the mobile app of Indonesian migrant workers in Malaysia from BPJS TK. (The Edge)

Dayang Enterprise Holdings Bhd's unit, Dayang Enterprise Sdn Bhd (DESB) has received a contract extension for the Provision of Pan Malaysia Maintenance, Construction and Modification (PM-MCM) from Abu Dhabi-based firm, Mubadala Energy. The oil and gas services company said that the value of the contract extension is based on work orders issued by Mubadala Energy throughout the contract extension duration. It added that the contract extension duration is approximately one year five months and 15 days commencing from July 17, 2023 till Dec 31, 2024. (The Edge)

Loss-making copper product maker **Ta Win Holdings Bhd** has proposed to team up with China-based energy cable manufacturing company Ningbo Kibor Wire & Cable Co Ltd to manufacture solar cables, tinned coated wires and other cable wire products. The collaboration will take the form of a joint venture (JV) company named Cyprium Kibor Tech Sdn Bhd, with Cyprium Capital Sdn Bhd (Ta Win's wholly-owned unit) and Ningbo Kibor holding a 50% stake each. Total investment for the JV company is set to reach up to RM15m, and will be financed through a combination of debt and equity. (The Edge)



Perak Transit Bhd has proposed to undertake a bonus issue of up to 433.64m new shares on the basis of one bonus share for every two existing ordinary shares. As at Jan 2, the group's share base consists of 742.13m shares and 125.16m outstanding warrants. Based on Perak Transit's share price of RM1.14 on Jan 2, the theoretical ex-bonus share prices would be 76 sen after the corporate exercise. (The Edge)

Cahaya Mata Sarawak Bhd (CMS) said its subsidiary has been hit with a RM342.25m counterclaim from state utility firm Syarikat Sesco Bhd in the pair's arbitration proceedings over a purchase power agreement (PPA) dispute. CMS said the counterclaim against the group's 79.07%-owned subsidiary, Cahya Mata Phosphates Industries Sdn Bhd (CMPI), was made in Sesco's memorial (presentation of facts and evidence to support its claims). The group said the counterclaim by Sesco would not cause any material financial impact on its financials and operations. (The Edge)

Scientex Bhd's second attempt to buy prime land in Johor Baru from S P Setia Bhd, this time for RM548m, has fallen through again. Scientex first attempted to acquire the Johor land in 2021 for RM518.1m. However, the deal fell through in March 2023, after it failed to obtain a waiver of the Bumiputera equity condition imposed by the Economic Planning Unit (EPU). In July 2023, both parties revisited the deal, with a new price tag of RM547.65m. On Friday, Scientex and S P Setia said in a Bursa filings that the deal to purchase the freehold 960-acre land in Tebrau was terminated due to non-fulfilment of the conditions precedent within the extended completion period. (The Edge)

MyEG Services Bhd said it will be resuming online temporary work permit (PLKS) renewal services for foreign workers on Jan 15. The e-government services provider said the service relaunch follows the completion of system enhancements mandated in the Home Ministry's letter granting an extension of the service. MyEG's three-year concession for immigration-related services was initially set to conclude in May last year, following an extension from May 2020. Subsequently, the group said it had received a letter dated July 4 from the Home Ministry to confirm that the Ministry of Finance had agreed to an extension of the concession. (The Edge)

Eversendai Corp Bhd, which just scrapped a planned injection of a liftboat business into the group from its founder and chairman-cum-managing director Tan Sri AK Nathan Elumalay last month, is selling two parcels of land in Sungai Buloh, Selangor for RM63m cash to repay bank borrowings. The loss-making construction group said in a bourse filing that its wholly-owned ECB Properties Sdn Bhd had inked a sale and purchase agreement with Pelangi Tulus Sdn Bhd for the proposed disposal. The plots' original investment cost was RM61.29m, based on its audited financial statements as at end-2022. Proceeds from the disposal that will go towards repayment of its bank borrowings will improve the company's gearing ratio by 6.18% from 3.61 to 3.39, the group said, based on its balance sheet as at Sept 30, 2023. (The Edge)

Evergreen Max Cash Capital Bhd (EMCC) is expanding its "Pajaking" pawnshop network by acquiring two more pawnshops in high foot-traffic areas of Sri Petaling, Kuala Lumpur and Shah Alam, Selangor, aiming to grow its total pawnshop count to 24. EMCC said its revenue had increased by 63.8% to RM74.8m, while profit after tax rose by 35.7% to RM10.2m compared to the previous year. Datuk Low Kok Chuan, EMCC's executive director and group managing director, highlighted that proceeds from the company's initial public offering are aimed at expanding its network, with plans to add five more pawnshops by 2024. (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	1.040	4.0%	Initiate on 8/11/2023
2	SLVEST	21-Nov	1.290	1.350	1.360	1.400	1.230	1.210	1.380	7.0%	Initiate on 21/11/2023
3	ITMAX	8-Dec	1.800	1.900	1.920	2.000	1.680	1.650	1.840	2.2%	Initiate on 8/12/2023
4	MYEG	12-Dec	0.825	0.855	0.860	0.900	0.785	0.780	0.785	-4.8%	Initiate on 12/12/2023
5	SCGBHD	14-Dec	0.375	0.395	0.400	0.450	0.350	0.340	0.440	17.3%	Initiate on 14/12/2023
6	SDS	27-Dec	0.730	0.785	0.790	0.825	0.680	0.670	0.715	-2.1%	Initiate on 27/12/2023

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	1.780	7.2%	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	3.110	3.7%	Initiate on 26/12/2023
4	ITMAX	26-Dec	1.810	1.950	2.000	-	1.760	1.700	1.840	1.7%	Initiate on 26/12/2023
5	KSL	26-Dec	1.130	1.210	1.300	-	0.995	1.070	1.250	10.6%	Initiate on 26/12/2023
6	MYEG	26-Dec	0.815	1.000	1.080	-	0.805	0.750	0.785	-3.7%	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	1.380	12.2%	Initiate on 26/12/2023
9	PBBANK	26-Dec	4.250	4.410	4.500	-	4.170	4.060	4.330	1.9%	Initiate on 26/12/2023
10	SCGBHD	26-Dec	0.425	0.475	0.500	-	0.400	0.380	0.440	3.5%	Initiate on 26/12/2023
11	SUNCON	26-Dec	1.970	2.150	2.250	-	1.920	1.850	2.090	6.1%	Initiate on 26/12/2023
12	SWIFT	26-Dec	0.540	0.600	0.635	-	0.515	0.495	0.585	8.3%	Initiate on 26/12/2023
13	TM	26-Dec	5.560	6.000	6.250	-	5.350	5.210	5.700	2.5%	Initiate on 26/12/2023
14	WCEHB	26-Dec	0.930	1.000	1.070	-	0.880	0.820	1.140	22.6%	Initiate on 26/12/2023
Average Return										5.4%	

Technical Focus Tracker Summary	
Total recommendations	359
Total winners	217
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)	7.6%
Accuracy (2023)	55.1%
FBM KLCI (Since 30/12/2022)	-0.5%
FBM Small Cap (Since 30/12/2022)	13.3%
Malaysia GDP Growth (1H23)	4.2%



Upcoming Dividend List

Stock	Entitlement	Description	Declare Date (DD)	Ex-Date	DD Price (RM)	Last Price (RM)	DY (%)	Price Chg Since DD (%)
MCEHLDG (7004)	Bonus	1:1	10/10/2023	8/1/2024	RM1.68	RM3.08	-	83.1
BABA (03012)	Interim	RM0.00	29/12/2023	9/1/2024	RM0.44	RM0.44	0.4	0.0
AT (0072)	Stock Split	33333:1000000	26/12/2023	10/1/2024	RM0.01	RM0.01	-	0.0
BIOHLDG (0179)	Rights Issue	3:8	22/12/2023	10/1/2024	RM0.11	RM0.11	-	0.0
BJCORP (3395)	Stock Dividend	3:50	29/11/2023	10/1/2024	RM0.30	RM0.29	-	-3.3
GPHAROS (5649)	Interim	RM0.02	27/12/2023	10/1/2024	RM0.34	RM0.36	4.9	5.3
MCEHLDG (7004)	Bonus-Options	1:2	10/10/2023	11/1/2024	RM1.68	RM3.08	-	83.1
RVIEW (2542)	Interim	RM0.05	8/12/2023	11/1/2024	RM3.20	RM3.23	1.5	0.9
LHI (6633)	Interim	RM0.01	28/11/2023	11/1/2024	RM0.69	RM0.55	2.2	-20.3
PENERGY (5133)	Special Cash	RM0.04	15/12/2023	15/1/2024	RM0.90	RM0.97	4.1	8.3
EDARAN (5036)	Interim	RM0.03	28/12/2023	16/1/2024	RM0.86	RM1.36	2.2	58.1
HEXTECH (5136)	Bonus	15:1	28/11/2023	16/1/2024	RM23.30	RM22.04	-	-5.4
TAKAFUL (6139)	Interim	RM0.14	29/12/2023	17/1/2024	RM3.70	RM3.90	3.6	5.4
SCBUILD (0109)	Rights Issue	2:1	26/12/2023	17/1/2024	RM0.04	RM0.04	-	0.0
KESM (9334)	Final	RM0.06	26/10/2023	17/1/2024	RM7.01	RM6.95	0.9	-0.9
ASIAFLE (7129)	Interim	RM0.04	30/11/2023	17/1/2024	RM2.05	RM2.05	1.7	0.0
F&N (3689)	Final + Sepcial Cash	RM0.50	7/11/2023	18/1/2024	RM25.82	RM28.34	1.8	9.8
UMCCA (2593)	Interim	RM0.05	18/12/2023	18/1/2024	RM4.93	RM4.98	1.0	1.0
VS (6963)	Final	RM0.01	26/9/2023	18/1/2024	RM1.02	RM0.82	0.6	-19.2
CHINTEK (1929)	Interim + Special Cash	RM0.12	3/1/2024	18/1/2024	RM7.60	RM7.60	1.6	0.0
KRETAM (1996)	Interim	RM0.01	4/1/2024	18/1/2024	RM0.61	RM0.61	0.8	0.8
CYL (7157)	Interim	RM0.01	3/1/2024	19/1/2024	RM0.53	RM0.52	1.0	-1.9
PTRANS (0186)	Interim	RM0.01	15/11/2023	24/1/2024	RM1.24	RM1.15	0.7	-7.3
KMLOONG (5027)	Special Cash	RM0.03	28/12/2023	24/1/2024	RM2.01	RM2.04	1.5	1.5
KLK (2445)	Final	RM0.40	8/12/2023	30/1/2024	RM21.52	RM22.00	1.8	2.2
HOMERIZ (5160)	Final	RM0.02	27/10/2023	15/2/2024	RM0.52	RM0.53	3.0	1.0
BKAWAN (1899)	Final	RM0.40	8/12/2023	16/2/2024	RM20.50	RM20.68	1.9	0.9
VS (6963)	Interim	RM0.00	20/12/2023	22/2/2024	RM0.83	RM0.82	0.4	-0.6
POHKONG (5080)	Final	RM0.02	26/9/2023	28/2/2024	RM0.87	RM0.87	2.3	-0.6
ASTINO (7162)	Final	RM0.01	29/9/2023	7/3/2024	RM0.58	RM0.56	1.8	-4.3
MELATI (5129)	Final	RM0.01	27/10/2023	7/3/2024	RM0.54	RM0.55	1.8	2.8

Denotes >5% Dividend Yield

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