

Tuesday, 09 Jan, 2024

Rebound In The US May Spur The Tech Sector

Market Review

Malaysia: The FBM KLCI (+0.54%) closed higher despite the mostly negative regional markets' performance, as the bourse was supported by strong buying interest in construction and energy stocks. On the broader market, the Construction sector (+1.54%) was the top gainer, while the Telco & Media sector (-0.36%) declined.

Global markets: Wall Street ended higher as, investors' buying interest picked up in megacap stocks after the selloff last week, however investors will be eyeing the upcoming inflation data later this week. The European stock markets ended higher, while Asia ended lower, led by the bankruptcy of Chinese Zhongzhi Shadow Bank.

The Day Ahead

The FBMKLCI traded higher for the 4th session with solid buying interest within the Utilities and Banking heavyweights. Meanwhile, Wall Street rebounded higher led by tech giants such as Amazon, Google, Apple and Nvidia after a brief decline in 10-year US Treasury yield. Apple had a solid uptick as it confirmed the sale of Apple Vision Pro by 2nd of February. This week, traders will still be monitoring the inflation data namely the CPI and PPI to understand the direction of the interest rates going forward. On the commodity market, Brent oil price plunged more than 3% on the back of price cuts by Saudi Arabia, offsetting the rising geopolitical tensions in the Middle East.

Sectors focus: As the Utilities sector has been rallying strongly over the past few days, we expect profit taking activities to emerge. Meanwhile, the other sectors that have room to grow may include the Consumer, Transportation & Logistics, Technology sectors as well as the Industrial Products sector. We believe Building Material may benefit from the recent rally in Construction and Property sectors on the back of the KL-SG-HSR theme and the easing requirements of MM2H, while the heightened geopolitical tension in the Middle East could lift the shipping industry.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,683.01	0.58
S&P 500	4,763.54	1.41
NASDAQ	14,843.77	2.20
FBM KLCI	1,495.70	0.54
FBM Small Cap	17,078.03	0.99
FBM ACE	5,448.70	0.19
Construction	209.07	1.54
Consumer	562.67	0.75
Energy	849.00	1.09
Financial Services	16,669.05	0.52
Healthcare	2,001.03	0.53
Ind Products	178.19	0.68
Plantation	7,065.73	0.50
Property	922.60	-0.34
REITs	793.04	0.11
Technology	63.76	0.16
Telco & Media	584.16	-0.36
Transport & Logisti	954.60	0.29
Utilities	1,483.47	0.40
Trading Vol (m)	6,960.38	5.09
Trading Val (RM m)	4,212.56	12.75
Gainers/ Losers rat	135%	
FKLI	1,503.50	0.33
FCPO (RM)	3,649.00	-1.19
Brent oil (USD)	78.76	-3.17
Gold (USD)	2,028.07	-0.85
USD	4.6515	0.08
GBP	5.9064	-0.21
EURO	5.0887	-0.16
SGD	3.4964	0.00

Trading participation 5-day trend and value (m)	
Institution	Foreign
-92.0	553.9
-461.9	

Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended higher, once again breaking the previous resistance level. The technical readings on the key index were positive, with the MACD Histogram extending another positive bar, while the RSI maintained above the 70 level. The resistance is envisaged around 1,500-1,510 and the support is set at 1,470-1,480.



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Company Brief

Perak Transit Bhd's shares rose as much as 7.83% or nine sen to RM1.24 after it 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 to reward shareholders. Perak Transit was among the top gainers by value on Bursa Malaysia on Monday. The stock opened three sen or 2.61% higher at RM1.18 in morning trade, against its closing price of RM1.15 last Friday. The counter further rose to RM1.24, before paring some gains to RM1.20 at 4pm. Its trading volume stood at 2.48m so far, about three times higher than its 200-day average trading volume of 828,738 shares. (The Edge)

Abang Abdillah Izzarim Abang Abdul Rahman Zohari, the newly appointed executive chairman as well as the largest shareholder of **Minetech Resources Bhd**, has upped his stake in the company to 16.34% from 15.58% previously. The son of Sarawak Premier Tan Sri Abang Johari Tun Openg acquired the additional 0.758% stake comprising 12m shares via a direct business transaction last Friday, at 17 sen per share or a total of RM2.04m. Minetech executive director of advisory Choy Sen @ Chin Kim Sang, who is also the founder of the company, is the second largest shareholder with a 9.95% stake, followed by executive director of business development and operations Chin Leong Choy with a 5.28% stake. (The Edge)

Kerjaya Prospek Group Bhd has secured two contracts totalling RM95.1m from two indirect subsidiaries of **Eastern & Oriental Bhd** (E&O) for construction projects in Penang. Kerjaya Prospek said that its wholly-owned unit, Permatang Bakti Sdn Bhd, had received a letter of award from Tanjung Pinang Development Sdn Bhd. The contract, valued at RM69.23m, involves undertaking superstructure works for phase two of the Gurney Marine Bridge, part of the proposed Seri Tanjung Pinang Development (STP2). Construction is scheduled to commence on Jan 22, with completion expected within 24 months. (The Edge)

Two more digital banks have received regulatory approval to begin commercial operations, namely **Axiata Group Bhd** and **RHB Bank Bhd**-linked Boost Bank, as well as AEON Bank linked to **AEON Credit Service (M) Bhd**. Boost Bank Bhd, the 40:60 digital bank venture by RHB and Boost Holdings Sdn Bhd, has received the Ministry of Finance's (MOF) agreement for the issuance of a physical digital bank licence, which takes effect from Jan 15. This follows a letter from Bank Negara Malaysia on Monday notifying that the central bank is satisfied with the operational readiness review of Boost Bank, formerly known as Boost Bhd, the companies said. (The Edge)

The Sarawak State Financial Secretary is in talks with the Armed Forces Fund Board (LTAT) to potentially buy more shares in **Affin Bank Bhd**. According to Affin Bank, the state government held a 4.8% stake in the bank as at Dec 29, 2023. Shares in Affin Bank jumped to a nine-year high of RM2.38 at Monday's closing bell – up 20 sen or 9.17% from last Friday's closing price of RM2.18 – giving it a market capitalisation of RM5.58bn. (The Edge)

Straits Energy Resources Bhd has bagged a contract to upgrade Hospital Canselor Tuanku Muhriz, Pusat Perubatan Univerisiti Kebangsaan Malaysia for RM40.73m. Straits Energy said its indirect 70%-owned subsidiary Straits CommNet Solutions Sdn Bhd had accepted the letter of award from Puncabahan Sdn Bhd for the job, which involves adding more space to the hospital, besides upgrading its emergency medical department and carrying out electrical and information and communications technology works, and to provide a smart building system for the hospital. Puncabahan is the main contractor that has been awarded the project by the Public Works Department. (The Edge)



Johor Plantations Group Bhd has filed its prospectus exposure for its initial public offering (IPO) with the Securities Commission Malaysia (SC), with Johor Corp, through Kulim (M) Bhd, seeking to retain 65% stake post-listing. This confirmed The Edge report in November that JCorp is going ahead with its plantation assets IPO under Kulim despite weaker crude palm oil price environment, and letting go of a stake of about 30% to 40% in Johor Plantations. The prospectus exposure on Monday revealed that the IPO involves up to 875m shares in Johor Plantations, comprising an offer for sale of up to 411m existing shares and public issue of up to 464m new shares. (The Edge)

Capital A Bhd chief executive officer Tan Sri Tony Fernandes will be meeting Thai Prime Minister Srettha Thavisin on Jan 10 to address foreign ownership limits for airlines of no more than 49% in Southeast Asia's second largest economy. The deal would involve Capital A divesting all of its short haul airline businesses to AAX, including Thai AirAsia Co Ltd (TAA), which is held under Capital A's 43%-owned Thai-listed Asia Aviation PCL. AAX, meanwhile, owns 49% of Thai AirAsia X Co Ltd, and a consolidation with TAA may result in changes to the eventual foreign shareholdings in these two Thai companies. Fernandes said Capital A's board of directors has approved the merger but negotiation is still ongoing, with both parties aiming to ink definitive agreements over the next few weeks. (The Edge)

Genting Bhd was among the top gainers in early trade on Monday as investors cheered the potential upside from cheaper exposure to its 52.63%-owned Genting Singapore Ltd, which has recovered to above pre-Covid-19 levels. Additionally, positive sentiments arose from the secondary exposure to Genting Malaysia Bhd's Resorts World New York City Casino (RWNYC), which could win a down-state commercial casino licence in New York City, according to analysts. (The Edge)

KUB Malaysia Bhd is now planning to issue redeemable convertible preference shares (RCPS) to its largest shareholder – JAG Capital Holdings Sdn Bhd – for the acquisition of Central Cables Bhd (CCB), which is involved in the manufacturing of power cables and wires. The purchase consideration of RM119.42m for the 86.65% equity interest in CCB will no longer be satisfied by the issuance of 199.035m new ordinary KUB shares at an issue price of 60 sen, but will instead be settled fully by the issuance of RCPS with a five-year maturity at the same issue price. These RCPS can be converted into new ordinary KUB shares on a one-for-one basis. KUB will then extend a mandatory general offer (MGO) to acquire the remaining CCB shares at RM2.60 per share in cash or in new RCPS of 60 sen per RCPS – instead of in cash or in new KUB shares – at the same RM18.4m in total, which would value CCB at RM137.82m. (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	1.020	2.0%	Initiate on 8/11/2023
2	SLVEST	21-Nov	1.290	1.350	1.360	1.400	1.230	1.210	1.360	5.4%	Closed on 8/1/2024
3	ITMAX	8-Dec	1.800	1.900	1.920	2.000	1.680	1.650	1.820	1.1%	Initiate on 8/12/2023
4	MYEG	12-Dec	0.825	0.855	0.860	0.900	0.785	0.780	0.795	-3.6%	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%	Closed on 8/1/2024
6	SDS	27-Dec	0.730	0.785	0.790	0.825	0.680	0.670	0.740	1.4%	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	1.790	7.8%	Initiate on 26/12/2023
2	CCK	26-Dec	0.840	0.950	1.000	-	0.805	0.760	0.860	2.4%	Initiate on 26/12/2023
3	INARI	26-Dec	3.000	3.300	3.450	-	2.860	2.750	3.150	5.0%	Initiate on 26/12/2023
4	ITMAX	26-Dec	1.810	1.950	2.000	-	1.760	1.700	1.820	0.6%	Initiate on 26/12/2023
5	KSL	26-Dec	1.130	1.210	1.300	-	0.995	1.070	1.320	16.8%	Initiate on 26/12/2023
6	MYEG	26-Dec	0.815	1.000	1.080	-	0.805	0.750	0.795	-2.5%	Initiate on 26/12/2023
7	NATGATE	26-Dec	1.550	1.760	1.850	-	1.480	1.350	1.530	-1.3%	Initiate on 26/12/2023
8	OSK	26-Dec	1.230	1.300	1.350	-	1.150	1.100	1.390	13.0%	Initiate on 26/12/2023
9	PBBANK	26-Dec	4.250	4.410	4.500	-	4.170	4.060	4.360	2.6%	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	2.170	10.2%	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	5.680	2.2%	Initiate on 26/12/2023
14	WCEHB	26-Dec	0.930	1.000	1.070	-	0.880	0.820	1.090	17.2%	Initiate on 26/12/2023
Average Return										5.9%	

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)	6.9%
Accuracy (2023)	55.1%
FBM KLCI (Since 30/12/2022)	0.0%
FBM Small Cap (Since 30/12/2022)	14.4%
Malaysia GDP Growth (1H23)	4.2%

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