

Wednesday, 10 Jan, 2024

Time For Some Profit Taking

Market Review

Malaysia: The FBM KLCI (+0.21%) closed higher despite the mixed regional markets' performance, as the index was supported by strong buying interest in Telco and Financial stocks. On the broader market, the Transport & Logistics sector (+0.43%) was the top gainer, while the Property sector (-1.92%) declined.

Global markets: Wall Street ended mixed awaiting corporate earnings releases, coupled with CPI and PPI data later this week, while the 10-year US Treasury hovered around 4%. The European stock markets ended lower, while Asia ended higher, led by Nikkei after Tokyo's core inflation remain unchanged.

The Day Ahead

The FBMKLCI closed higher for the fifth session as buying interest were strong within the selected Utilities, Telco and Banking heavyweights with foreign funds inflow stood at over the past 5 sessions. However, the US stock markets traded mixed where the Dow and S&P500 dipped but Nasdaq managed to eke out small gains ahead of the CPI and PPI data that will be released later this week. Also, with the US Treasury yield continues to hover above the 4% mark and expectations of the Fed to begin rates cuts as soon as March has been slowly declining. On the commodity market, Brent oil price fluctuated around the USD76-78 zone as concerns over the Middle East and the Red Sea have contributed to the support of the commodity prices.

Sectors focus: Given the profit taking activities have emerged yesterday, we expect further consolidation to be seen within the Construction, Properties and Building Material segments after a strong rally over the past 5 sessions. Meanwhile, the laggards that buying interest may pick up could be the Plantation, Transportation and Logistics, as well as Telecommunications. Nevertheless, we still expect the Johor-theme and the potential revival of KL-SG HSR catalysts to provide overall buying support in the stock markets going forward.

FBMKLCI Technical Outlook



Bloomberg

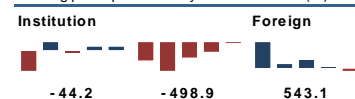
The FBM KLCI ended higher, but off the 1,500 psychological level. The technical readings on the key index were positive, with the MACD Histogram extending another positive bar, while the RSI maintained above the 70 level. The resistance is envisaged around 1,500-1,510 and the support is set at 1,470-1,480.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,525.16	-0.42
S&P 500	4,756.50	-0.16
NASDAQ	14,857.71	0.09
FBM KLCI	1,498.83	0.21
FBM Small Cap	16,956.53	-0.71
FBM ACE	5,442.94	-0.11
Construction	206.82	-1.08
Consumer	563.82	0.20
Energy	844.49	-0.53
Financial Services	16,735.92	0.40
Healthcare	2,003.86	0.14
Ind Products	177.11	-0.61
Plantation	7,082.19	0.23
Property	904.87	-1.92
REITs	793.34	0.04
Technology	63.84	0.13
Telco & Media	585.81	0.28
Transport & Logist	958.71	0.43
Utilities	1,468.75	-0.99
Trading Vol (m)	6,444.13	-7.42
Trading Val (RM m)	3,765.82	-10.61
Gainers/ Losers rat	68%	
FKLI	1,498.50	0.17
FCPO (RM)	3,738.00	0.16
Brent oil (USD)	76.12	180
Gold (USD)	2,030.20	0.11
USD	4.6425	0.19
GBP	5.912	-0.09
EURO	5.0807	0.16
SGD	3.493	0.10

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place



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Company Brief

Sunway Construction Group Bhd (SunCon) and the National Highway Authority of India (NHAI) have reached a settlement regarding the East West Corridor highway construction project, with NHAI agreeing to pay 375.32m rupees (RM20.96m) to Sunway Construction Sdn Bhd (SCSB), a wholly-owned unit of SunCon. The settlement marks the resolution of all claims and disputes related to the project, namely on Package EW-II (RJ-9), involving the rehabilitation and upgrading of NH-76 from Km406 to Km449.15 in the state of Rajasthan, SunCon said. The disbursement of the settlement amount would occur within one month from the execution of the agreement, in accordance with the outlined terms, it said. (The Edge)

Rohas Tecnic Bhd said a consortium led by the construction engineering group has secured a contract worth RM199.84m under the Johor Bahru–Singapore Rapid Transit System Link (RTS Link) project. The contract for the construction of the Bukit Chagar station's facade was awarded by Malaysia Rapid Transit System Sdn Bhd, a subsidiary of Mass Rapid Transit Corp Sdn Bhd. The Rohas-Euco Industries Bhd–Sediabena Builders Sdn Bhd consortium comprises Rohas Tecnic's wholly-owned unit, Rohas-Euco Industries Bhd (REI), and Sediabena Builders Sdn Bhd (SBSB). REI and SBSB, which are both involved in the design and fabrication of steel structures, will be entering into a joint venture agreement, with REI holding 70% equity in the company and SBSB the remaining 30%, said Rohas Tecnic. (The Edge)

Kumpulan Perangsang Selangor Bhd (KPS), controlled by the Selangor government, is planning to divest a 50% stake in KaiserCorp Corp Sdn Bhd to AI Dream (HK) Ltd for some RM265.48m cash. KPS currently holds a 60% stake in KaiserCorp, which owns King Koil Licensing Co Inc, the US-based owner of the King Koil mattress brand. In May 2016, KPS acquired the 60% stake in KaiserCorp for US\$28.8m or RM116.66m. AI Dream, meanwhile, is wholly-owned by AI Dream 3 (Cayman) Ltd. (The Edge)

Kelington Group Bhd has bagged a contract worth about RM143m from China's largest semiconductor foundry to build a gas hookup system in Shanghai, China. The job, which entails the design, procurement, construction and commissioning of the entire system, was awarded to Kelington's wholly owned Kelington Engineering (Shanghai) Co. The actual contract value will be subject to the amount of work carried out, depending on variation orders, scope options and value engineering, Kelington said. The job started this month and is expected to be completed in two years, by January 2026. (The Edge)

Datasonic Group Bhd has received a letter of award (LOA) and four contract extensions from the Ministry of Home Affairs (MOHA) worth a total of RM175m. The LOA was awarded to its wholly owned Datasonic Technologies Sdn Bhd (DTSB) for the supply of MyKad, MyTentera, MyPOCA raw cards and consumables to the National Registration Department (JPN). The six-month contract is worth RM28.69m and will commence from Dec 1, 2023 to May 31, 2024. At the same time, MOHA awarded DTSB letters for four contract extensions of six months, also commencing from Dec 1, 2023 to May 31, 2024. (The Edge)

GDB Holdings Bhd's unit Grand Dynamics Builders Sdn Bhd (GDBSB) has filed a winding-up petition with the Kuala Lumpur High Court against KSK Land Sdn Bhd. The petition seeks, among other matters, that KSK Land be wound up by the court; for a private liquidator nominated by GDBSB to be appointed by the court to liquidate the company; and for costs incidental to the petition to be paid by the company. GDBSB's petition follows the High Court's decision to set aside KSK Land's restraining order against its creditors, as well as an ex parte court order for leave to summon a meeting with said creditors as part of a proposed scheme of arrangement. (The Edge)



SBH Marine Holdings Bhd has received approval from Bursa Malaysia Securities Bhd to list on the ACE Market of the local stock exchange. SBH, which processes and sells frozen shrimp, squid, octopus and cuttlefish, and farms black tiger prawns and whiteleg shrimp in Perak, will undertake an initial public offering (IPO) exercise in conjunction with the listing, which will entail the public issuance of 180m new ordinary shares and an offer for sale of 50m existing ordinary shares. (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	1.810	0.6%	Initiate on 8/12/2023
4	MYEG	12-Dec	0.825	0.855	0.860	0.900	0.785	0.780	0.790	-4.2%	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	0.730	0.0%	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	1.800	8.4%	Initiate on 26/12/2023
2	CCK	26-Dec	0.840	0.950	1.000	-	0.805	0.760	0.875	4.2%	Initiate on 26/12/2023
3	INARI	26-Dec	3.000	3.300	3.450	-	2.860	2.750	3.170	5.7%	Initiate on 26/12/2023
4	ITMAX	26-Dec	1.810	1.950	2.000	-	1.760	1.700	1.810	0.0%	Initiate on 26/12/2023
5	KSL	26-Dec	1.130	1.210	1.300	-	0.995	1.070	1.280	13.3%	Initiate on 26/12/2023
6	MYEG	26-Dec	0.815	1.000	1.080	-	0.805	0.750	0.790	-3.1%	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	1.450	17.9%	Initiate on 26/12/2023
9	PBBANK	26-Dec	4.250	4.410	4.500	-	4.170	4.060	4.390	3.3%	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	2.190	11.2%	Initiate on 26/12/2023
12	SWIFT	26-Dec	0.540	0.600	0.635	-	0.515	0.495	0.610	13.0%	Initiate on 26/12/2023
13	TM	26-Dec	5.560	6.000	6.250	-	5.350	5.210	5.740	3.2%	Initiate on 26/12/2023
14	WCEHB	26-Dec	0.930	1.000	1.070	-	0.880	0.820	1.040	11.8%	Initiate on 26/12/2023
Average Return										6.2%	

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)	6.8%
Accuracy (2023)	55.1%
FBM KLCI (Since 30/12/2022)	0.2%
FBM Small Cap (Since 30/12/2022)	13.6%
Malaysia GDP Growth (1H23)	4.2%

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