

Wednesday, 17 Jan, 2024

Turned Volatile Along 1,500

Market Review

Malaysia: The FBM KLCI (-0.48%) closed lower in line with the negative performance of the regional markets, led by profit taking in the YTL-related counters. On the broader market, the Property sector (-2.15%) fell the most due to selling pressure noticed in Dr Yu related counters, followed by the Construction sector (-1.59%).

Global markets: Wall Street was ended lower as comments from one of the Fed's officials suggested that easing interest rates may come in later than anticipated, while traders are eyeing the retail sales data due on Wednesday. Meanwhile, both European and Asian stock markets ended lower.

The Day Ahead

The FBM KLCI traded in a volatile manner around the 1,500 psychological level as the overall market sentiment was spooked by a few of the counters that limit-down throughout the session. Meanwhile, the US stock markets ended mostly lower on the back of rising US Treasury yield following the comments from one of the Fed's officials who commented that the Fed should not rush towards cutting the interest rates. Closer to home, we believe the trading tone would stay fairly negative as we expect some of the companies that have traded significantly lower could bring more margin calls, thus affecting the overall market sentiment. On the commodity markets, the Brent oil price continues to trade sideways within the range of USD76-79/bbl.

Sectors focus: Despite the high volatility environment in selected counters, we still expect the overall theme unchanged for 2024, where traders should continue to focus on the potential revival of the KL-SG HSR project, Johor-theme investments as well as the easing of MM2H requirements. We expect the fundamentally solid companies that are within the Construction, Property, Building Material and Renewable Energy to benefit under this scenario. Also, we advocate traders to focus on solid fundamental companies in order to withstand the current volatility.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI retraced after closing higher for 2 consecutive days. The technical readings on the key index were however mixed, with the MACD Histogram extending a negative bar, while the RSI maintains above the 50 level. The resistance is envisaged around 1,510-1,520 and the support is set at 1,470-1,480.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,361.12	-0.62
S&P 500	4,765.98	-0.37
NASDAQ	14,944.35	-0.19
FBM KLCI	1,493.87	-0.48
FBM Small Cap	16,897.94	-1.68
FBM ACE	5,87.93	-3.40
Construction	207.68	-1.59
Consumer	559.42	-0.41
Energy	858.81	-0.90
Financial Services	16,670.59	-0.14
Healthcare	1,952.82	0.21
Ind Products	176.50	-0.66
Plantation	7,164.01	-0.35
Property	896.24	-2.15
REITs	801.28	-0.10
Technology	63.78	-0.55
Telco & Media	588.86	0.25
Transport & Logist	955.50	-0.67
Utilities	15,112.2	-0.06
Trading Vol (m)	5,842.24	17.34
Trading Val (RM m)	3,588.69	14.69
Gainers/ Losers rat	43%	
FKLI	1,495.00	-0.07
FCPO (RM)	3,858.00	-0.10
Brent oil (USD)	78.15	-0.28
Gold (USD)	2,028.44	-1.37
USD	4,6945	-0.51
GBP	5,9341	0.16
EURO	5.1107	0.04
SGD	3.5033	-0.06
Trading participation 5-day trend and value (m)		
Institution	Foreign	
- 37.0	15.5	21.5

Source: Bloomberg, Bursa Market Place



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Company Brief

Builder **Kanger International Bhd** has cancelled a March 2021 proposal to award a RM478m contract to Vegetta Champion Sdn Bhd to undertake the foundation and main building works of a serviced apartment project in Genting Highlands, Pahang. Kanger, however, did not specify why. It only said the collaboration has been terminated on mutual agreement. (The Edge)

Chin Hin Group Property Bhd (CHGP) is buying six parcels of land in Melaka for RM41.94m, cash, to develop a residential project with an expected gross development value of RM1.01bn. Chin Hin said it is buying the leasehold plots – measuring approximately 838,736 sq ft – at a discount of about 50% from their current market value, which were RM84m as of October 2023. The group has, via its unit, inked the agreement to acquire the plots from MDS Developments Management Sdn Bhd, Aim Development Worldwide Sdn Bhd (ADW) and Aim Holdings Worldwide Sdn Bhd (AHW). (The Edge)

Sarawak Consolidated Bhd (SCIB) has received an unusual market activity (UMA) query from Bursa Malaysia over the sharp fall in its share price on Tuesday. SCIB, the day's third largest loser on Bursa Malaysia, saw its shares plunge 29.83% or 35.5 sen to close limit down at 83.5 sen, valuing the company at RM534.6m. The stock was also the day's second most actively traded, with some 230.2m shares changing hands, more than five times SCIB's 200-day average volume of 45.7m shares. The sell-off ended a rally that lasted a little over three months since October 2023, which saw the counter rise as much as 161% to a peak of RM1.19 on Monday – its highest since June 2021. Over the past one year, SCIB shares have risen by 475%, even after including Tuesday's pullback. (The Edge)

Construction group **MN Holdings Bhd** is looking to raise between RM20.66m and RM37.16m through a private placement of 73.58m shares or 10% of its enlarged issued share capital at an issue price to be fixed. The ACE Market-listee said proceeds from the corporate exercise will be used for working capital. Assuming the placement shares are issued at an indicative issue price of 50.5 sen each, which is a 9.66% discount to the five-day volume weighted average market price of MN Holdings shares of 55.9 sen per share as at Jan 12, 2024, the group would raise RM20.66m under the minimum scenario via the issuance of 40.9m shares, or 10% of its existing issued share capital. It would raise RM37.16m under the maximum scenario where 73.58m shares, or 10% of its enlarged issued share capital, will be placed out. (The Edge)

Ageson Bhd, which is involved in mineral resources trading, property development and engineering, procurement, construction and commissioning, has appointed Virdos Lima Consultancy (M) Sdn Bhd (VL Consultancy) to look into audit issues and matters raised by its external auditor Messrs Jamal, Amin & Partners, and their basis for expressing a disclaimer of opinion on the company's audited financial statements for the 18 months ended Dec 31, 2022 (FPE2022). Ageson said the audit issues raised encompasses transactions within the company and three other subsidiaries, namely Ageson SMSGMBH Sdn Bhd, Ageson Power Sdn Bhd and Ageson Industrial Sdn Bhd. (The Edge)

The emergence of Abang Abdillah Izzarim Abang Abdul Rahman Zohari – son of Sarawak premier Tan Sri Abang Abdul Rahman Zohari Abang Openg – as the largest shareholder of **Minetech Resources Bhd** has been followed by boardroom changes at the group. The civil engineering specialist, bituminous products manufacturer, which is also an emerging player in the solar energy space, said its founder and executive director Choy Sen @ Chin Kim Sang, 70, has resigned to spend more time with his family. Choy Sen still has a 2.74% direct stake in the company, as well as a 5.46% indirect stake through his family. His son Chin Jet Choy, 38, also ceased to be his alternate director. (The Edge)



BLD Plantation Bhd has acquired two properties in Bintulu, Sarawak, for RM24m for business expansion. The Sarawak-based plantation is buying the properties – a 1.4533-hectare property for RM7m and a 3.459ha property for RM17m – from Syarikat Sebangun Sdn Bhd. (The Edge)

Bina Darulaman Bhd (BDB), Kedah state government’s investment holding company, plans to form a joint venture (JV) with privately-held Enfiniti Escapes (M) Sdn Bhd to collaborate in the business of eco-tourism development or other accommodations. BDB’s unit has signed a memorandum of understanding (MOU) with Enfiniti to establish a basis of cooperation and collaboration between the two parties. Enfiniti is involved in the business of hotels, resort hotels and other accommodation development. (The Edge)

Fashion group **Carlo Rino Group Bhd** (CRG) has appointed Vincent Loh, the former chairman of Visdynamics Holdings Bhd, as its independent and non-executive chairman, effective immediately. Loh, 73, succeeds Datuk Ng Peng Hong @ Ng Peng Hay, who resigned due to work commitments. Carlo Rino is in the midst of transferring its listing from Bursa Malaysia’s Leading Entrepreneur Accelerator Platform (LEAP) Market to the ACE Market. Ng holds directorships in a number of public listed companies, including Bonia Corp Bhd and Wellcall Holdings Bhd. (The Edge)

The second extension of chief financial officer (CFO) Mazatul 'Aini Shahar Abdul Malek Shahar’s garden leave will have no operational or financial impact on sugar manufacturer **MSM Malaysia Holdings Bhd**. “It is a board matter,” said MSM group chief operating officer (COO) Hasni Ahmad, without elaborating on the reason for the extension. “We are still running as normal, and we have OIC (officer in charge) in place (for financial matters). For us, there are no issues. So, we leave it to the board to make a decision on that,” he told reporters during a media visit to MSM Sugar Refinery (Johor) Sdn Bhd. (The Edge)

ACE Market-bound freight forwarding and aerospace logistics provider **AGX Bhd** has set its initial public offering (IPO) price at 35 sen per share, and remains confident about the outlook of the logistics service industry in 2024 amid rising geopolitical tensions as it intends to adopt a cost-plus pricing strategy. Its IPO price of 35 sen per share would translate to a market capitalisation of RM151.5m upon the company’s listing on Bursa Securities with an enlarged share capital of 432.87m shares. At its IPO price, the group is valued at about 11 times its price-earnings ratio based on a net profit of RM13.54m for FY2022. (The Edge)

Kerjaya Prospek Group Bhd's wholly-owned unit has secured an RM111.8m job to develop a residential development in Mukim Setapak, Kuala Lumpur. The project entails the construction of a 52-storey main building works, comprising a 42-storey serviced apartment block and an eight-storey elevated car park, among others. Construction works are slated to be completed within 40 months from Jan 16, 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	1.020	2.0%	Initiate on 8/11/2023
2	ITMAX	8-Dec	1.800	1.900	1.920	2.000	1.680	1.650	1.790	-0.6%	Initiate on 8/12/2023
3	MYEG	12-Dec	0.825	0.855	0.860	0.900	0.785	0.780	0.780	-5.5%	Cut Loss on 12/1/2024
4	SDS	27-Dec	0.730	0.785	0.790	0.825	0.680	0.670	0.720	-1.4%	Initiate on 27/12/2023
5	SEALINK	10-Jan	0.210	0.230	0.240	0.250	0.190	0.185	0.215	2.4%	Initiate on 10/1/2024
6	AVALAND	16-Jan	0.270	0.285	0.290	0.325	0.245	0.240	0.260	-3.7%	Initiate on 16/1/2024



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	1.800	8.4%	Initiate on 26/12/2023
2	CCK	26-Dec	0.840	0.950	1.000	-	0.805	0.760	0.900	7.1%	Initiate on 26/12/2023
3	INARI	26-Dec	3.000	3.300	3.450	-	2.860	2.750	3.210	7.0%	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	1.400	23.9%	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	1.410	-9.0%	Initiate on 26/12/2023
8	OSK	26-Dec	1.230	1.300	1.350	-	1.150	1.100	1.460	18.7%	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	0.405	-4.7%	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	0.585	8.3%	Initiate on 26/12/2023
13	TM	26-Dec	5.560	6.000	6.250	-	5.350	5.210	5.810	4.5%	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	360
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)	6.5%
Accuracy (2023)	54.3%
FBM KLCI (Since 30/12/2022)	-0.1%
FBM Small Cap (Since 30/12/2022)	13.2%
Malaysia GDP Growth (1H23)	4.2%

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