

Friday, 19 Jan, 2024

Bargain Hunting Activities To Emerge

Market Review

Malaysia: The FBM KLCI (-0.81%) closed lower despite the mostly positive performance of the regional markets, dragged by selling pressure in YTL-related and selected banking heavyweights. On the broader market, both the Utilities sector (-2.26%) and the Construction sector (-2.06%) were the worst performing sectors.

Global markets: Wall Street rebounded, supported by buying interest in major tech stocks. Meanwhile, traders will be eyeing the upcoming earnings reports, as well as the home sales and consumer sentiment data. The European and Asian stock market ended higher; the latter rose after China's GDP continues to expand.

The Day Ahead

The FBM KLCI ended lower for the third session given the market sentiment was affected by margin calls in small cap and lower liners; the FBM Small cap dived 2.07%, while FBM ACE plunged 5.2%. However, the US stock markets rebounded after the result release from TSMC, where the outlook is positive and projected more than 20% growth amid booming demand for high-end chips used in AI application. This has caused the jump in Nvidia, AMD, Broadcom and others. Also, Apple was upgraded to Buy from Hold by BofA. We believe the overall sentiment in the US may spillover towards stocks on the local front after the recent selloffs. On the commodity markets, the Brent oil price traded slightly higher around USD79, as inventories in the US fell more-than-expected.

Sectors focus: Given the rebound on Wall Street, we expect buying interest to spillover towards stocks on the local front within the Technology sector. Meanwhile, we expect small cap and lower liners to take further beating in the near term with the negative sentiment across the board. However, we opine that fundamentally solid companies with the trading catalysts revolving the (i) KL-SG HSR, (ii) Johor-region and (iii) easing requirements of MM2H may be focused.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,468.61	0.54
S&P 500	4,780.94	0.88
NASDAQ	15,055.65	1.35
FBM KLCI	1,479.18	-0.81
FBM Small Cap	1,323.18	-2.07
FBM ACE	4,785.94	-5.19
Construction	20190	-2.06
Consumer	554.92	-0.52
Energy	840.04	-1.16
Financial Services	16,546.95	-0.53
Healthcare	19,165.4	-1.15
Ind Products	172.40	-0.55
Plantation	7,124.55	-0.67
Property	879.73	-0.97
REITs	797.14	-0.39
Technology	62.46	-1.16
Telco & Media	587.92	-0.70
Transport & Logisti	939.29	-0.81
Utilities	1,492.25	-2.26
Trading Vol (m)	6,095.91	16.62
Trading Val (RM m)	3,615.43	14.20
Gainers/ Losers rat	26%	
FKLI	148100	-0.07
FCPO (RM)	3,885.00	-0.26
Brent oil (USD)	77.88	1.39
Gold (USD)	2,023.34	0.00
USD	4.719	-0.04
GBP	5.9811	0.02
EURO	5.1364	-0.10
SGD	3.5118	-0.05
Trading participation 5-day trend and value ('m)		
Institution	234.5	
Foreign	-113.6	
	-120.9	

Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended lower for the 3rd consecutive days. The technical readings on the key index were however mixed, with the MACD Histogram extending another 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 1,460-1,470.



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Company Brief

Pantech Group Holdings Bhd's net profit dropped 38.98% to RM21.15m for the third quarter ended Nov 30, 2023 (3QFY2024) from RM34.66m the year before, mainly due to softer sales in both its trading and manufacturing divisions. The pipes, valves and fittings manufacturer recorded RM221.44m revenue for 3QFY2024, down 26.17% from RM299.94m a year earlier. Pantech declared a 1.5 sen per share dividend for the quarter to be paid on March 26, bringing its year-to-date dividends to 4.5 sen per share. (The Edge)

A unit of **Eco World Development Group Bhd** (EcoWorld Malaysia), Eco Botanic 3 Sdn Bhd (EB3SB) is acquiring land in Pulai, Johor from River Retreat Sdn Bhd (RRSB) for RM450.13m on which it will build affordable housing. EB3SB has inked a conditional sale and purchase agreement (SPA) with RRSB and separately, a conditional development agreement with state-controlled Permodalan Darul Ta'zim Sdn Bhd (PDT), which has nominated EB3SB as developer of the land. This would be the second land acquisition in Iskandar Malaysia by the group in less than five months. In September 2023, the group had proposed to acquire 403.78 acres of industrial land also located in Kulai, Johor. (The Edge)

PA Resources Bhd, the country's leading aluminium extruder company, has bagged an extension of supply agreement from First Solar, Inc, First Solar Malaysia Sdn Bhd and First Solar Vietnam Manufacturing Co Ltd to supply goods for production of photovoltaic modules. The total contract is valued at up to RM1.08bn (US\$231.9m) for the contract period of Jan 2, 2024 till July 1, 2025 and may be renewed by US-based solar technology company First Solar for another one-year period. PA Resources said it has received the renewal of the master supply agreement from First Solar, which supersedes an earlier agreement signed in March 2022 for a contract period from Jan 2, 2024 till July 1, 2024. (The Edge)

Widad Group Bhd, which has joined a growing list of companies getting unusual market activity (UMA) queries from Bursa Securities as its share price hit limit down on Thursday, said it is discussing several business proposals in its UMA reply. These discussions, however, are at preliminary stages, it said. Widad dropped 30 sen or 61% to 19 sen – its lowest since 2015 – as the day's second most actively traded stock on Bursa saw 124.99m shares changing hands. The plunge erased RM937.56m of its market cap in a day leaving it with RM582.44m, down from Wednesday's RM1.52bn when the stock closed at 49 sen. (The Edge)

Shares of **Jentayu Sustainables Bhd**, **Mercury Securities Bhd** and **Artroniq Bhd**, which hit limit-down on Wednesday, nosedived again on Thursday, as selling pressure that hit several counters this week continued to move to other small-cap companies in the market. (The Edge)

Artroniq Bhd, meanwhile, said it is investigating the factors contributing to the recent share price volatility after hitting limit-down two days in a row. It also emphasised that its business operations remain unaffected and that its strategic initiatives in key sectors are advancing as planned. (The Edge)

Tanco Holdings Bhd, whose share price suddenly tumbled as much as 26.72% on Thursday and prompted Bursa to suspend the counter's intraday short selling and send it an UMA query, said it has no idea what could be driving down its share price. It said its only recent corporate development was the Monday announcement it made about having secured approval from the Transport Ministry to build a smart AI container port in Negeri Sembilan. The company's single largest shareholder is its group managing director Datuk Seri Andrew Tan Jun Suan, who bought 12m shares representing about 0.59% in the company from the open market on Thursday as the share price tumbled. He now has a direct 11.56% stake in Tanco and an indirect 39.20% stake held under TJN Capital Sdn Bhd. (The Edge)



Mercury Securities Group Bhd, which received an unusual market activity (UMA) query from Bursa Securities after its shares hit a limit-down on Wednesday, said it is in talks to purchase a business that fits the group's current operations. "However, the terms and conditions of the purchase have yet to be finalised," the brokerage said in a filing on Thursday in response to the UMA query. (The Edge)

Cypark Resources Bhd has appointed Datuk Mohammad Zainal Shaari and Norita Ja'afar as independent non-executive directors of the renewable energy company, effective Thursday. Mohammad Zainal, 60, was chief executive officer (CEO) of Tradewinds Group Malaysia, the holding company of Tradewinds (M) Bhd from June 2021 until his retirement in May 2023. Prior to that, he assumed the role of group managing director at Tradewinds (M) in June 2014, then the holding company of Padiberas Nasional, Central Sugars Refinery, Tradewinds Plantation and Mardec. Meanwhile, Norita currently serves as an independent non-executive director of Johor Plantations Bhd, where she also sits on the Sustainability Committee and Tender Committee. She was previously CEO of TFX Global Sdn Bhd and COO of the Malaysian Global Innovation & Creativity Centre. (The Edge)

FM Global Logistics Holdings Bhd is buying two pieces of land totalling 5.68 acres in Setia Alam Industrial Park, Klang, from property developer Petaling Garden Sdn Bhd for RM37.86m cash, or RM153/sqft. Petaling Garden is a wholly-owned subsidiary of I & P Group Sdn Bhd, which is in turn wholly owned by S P Setia Bhd. The international freight services provider said its wholly-owned unit FM Global Logistics (M) Sdn Bhd has signed a sale and purchase agreement with Petaling Garden to buy a 2.84-acre piece of land in the area for RM18.93m, marking its second acquisition after the one entered into in December last year, whereby FM Global Logistics acquired a similar-sized piece of land from Petaling Garden in the same area also for RM18.93m. That acquisition is still pending completion. (The Edge)

Sentoria Group Bhd plans to raise up to RM150m – more than three times its market capitalisation of RM40m – from a redeemable convertible bonds issue to repay loans and finance property developments. In a bourse filing on Thursday, the property developer and resort operator also proposed a consolidation of every four existing shares of the group into one share. Sentoria said it had entered into a conditional subscription agreement with the subscriber of the redeemable convertible bonds, Triton Capital Fund VCC, to provide funding solutions to companies that facilitate working capital requirements, business expansion, mergers and acquisitions. The redeemable bonds come with an interest rate of 1% per annum and will be fully issued in three tranches over the next three years. (The Edge)

Property developer **Magna Prima Bhd** is teaming up with Golden Rainbow View Sdn Bhd to jointly develop a mixed development with an estimated gross development value (GDV) of RM1.2bn, on a 113,963 sq ft site previously occupied by the Lai Meng school here, which fronts the north-western side of Jalan Ampang. The school is currently unoccupied and not being used. The development land was acquired by Magna Prima's wholly-owned subsidiary Twinicon (M) Sdn Bhd from Lai Meng Girls School Association in 2014 for RM148.15m. (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	1.060	6.0%	Initiate on 8/11/2023
2	ITMAX	8-Dec	1.800	1.900	1.920	2.000	1.680	1.650	1.760	-2.2%	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	0.705	-3.4%	Initiate on 27/12/2023
5	SEALINK	10-Jan	0.210	0.230	0.240	0.250	0.190	0.185	0.180	-14.3%	Cut loss on 18/1/2024
6	AVALAND	16-Jan	0.270	0.285	0.290	0.325	0.245	0.240	0.250	-7.4%	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	0.885	5.4%	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	1.760	-2.8%	Initiate on 26/12/2023
5	KSL	26-Dec	1.130	1.210	1.300	-	0.995	1.070	1.350	19.5%	Initiate on 26/12/2023
6	MYEG	26-Dec	0.815	1.000	1.080	-	0.805	0.750	0.770	-5.5%	Initiate on 26/12/2023
7	NATGATE	26-Dec	1.550	1.760	1.850	-	1.480	1.350	1.400	-9.7%	Initiate on 26/12/2023
8	OSK	26-Dec	1.230	1.300	1.350	-	1.150	1.100	1.440	17.1%	Initiate on 26/12/2023
9	PBBANK	26-Dec	4.250	4.410	4.500	-	4.170	4.060	4.310	1.4%	Initiate on 26/12/2023
10	SCGBHD	26-Dec	0.425	0.475	0.500	-	0.400	0.380	0.385	-9.4%	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	0.575	6.5%	Initiate on 26/12/2023
13	TM	26-Dec	5.560	6.000	6.250	-	5.350	5.210	5.780	4.0%	Initiate on 26/12/2023
14	WCEHB	26-Dec	0.930	1.000	1.070	-	0.880	0.820	0.980	5.4%	Initiate on 26/12/2023
Average Return										4.1%	

Technical Focus Tracker Summary	
Total recommendations	361
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)	53.5%
FBM KLCI (Since 30/12/2022)	-1.1%
FBM Small Cap (Since 30/12/2022)	9.4%
Malaysia GDP Growth (1H23)	4.2%

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