

Wednesday, 24 Jan, 2024

Mild Breather Is Expected

Market Review

Malaysia: The FBM KLCI (+0.33%) closed higher, in line with the mostly positive regional markets, due to buying pressure in selected Banking and Industrial Products heavyweights. On the broader market, the Transportation & Logistics sector (+0.67%) was the top gainer, while the Healthcare sector (-0.70%) declined.

Global markets: Wall Street ended mixed dragged by weak earnings, while traders are eyeing the upcoming preliminary 4Q GDP data. The European stock market ended lower, while Asia ended mostly higher after reports of Chinese authorities potentially injecting a stimulus package worth 2T yuan to stabilise the stock market.

The Day Ahead

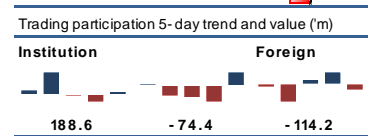
The FBM KLCI rebounded for the third day with the support seen in mostly Banking heavyweights. Meanwhile, on Wall Street, S&P500 and Nasdaq headed higher, but the Dow slipped amid a mixed bag of earnings. Also, traders will be awaiting results from the "Magnificent 7" to determine the direction of the US stock markets. Other key data that investors may monitor will include the (i) US GDP, (ii) core PCE Index and (iii) US PMI. Currently, the dollar index and the US 10-year Treasury yield are slightly positive. On the commodity markets, Brent oil traded within a narrow range despite the ongoing tension in the Middle East and we expect a positive bias view as extreme weather conditions in the US may limit the oil supplies.

Sectors focus: With the mixed bag of earnings from Wall Street, profit taking activities may emerge after a 3-day rally on the local exchange. However, we expect the trading focus to remain within the ongoing catalysts like (i) KL-SG HSR, (ii) easing requirements of MM2h as well as the focus in the Johor-region investments. Also, the rising tension in the Red Sea could lift the shipping rates and contribute to potential trading opportunities within the Transportation & Logistics sector.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,905.45	-0.25
S&P 500	4,864.60	0.29
NASDAQ	15,425.94	0.43
FBM KLCI	1,496.11	0.33
FBM Small Cap	16,704.22	0.13
FBM ACE	4,853.88	0.42
Construction	207.89	-0.57
Consumer	559.04	0.18
Energy	858.16	0.45
Financial Services	16,701.46	0.48
Healthcare	1,933.43	-0.70
Ind Products	173.75	0.18
Plantation	7,155.80	0.07
Property	903.14	-0.27
REITs	799.24	-0.10
Technology	63.76	-0.16
Telco & Media	595.18	-0.06
Transport & Logist	952.65	0.67
Utilities	1519.72	-0.63
Trading Vol (m)	5,161.02	7.58
Trading Val (RM m)	3,334.49	6.79
Gainers/ Losers rat	111%	
FKLI	1501.00	0.07
FCPO (RM)	3,953.00	0.13
Brent oil (USD)	80.06	-0.35
Gold (USD)	2,029.28	0.04
USD	4.7277	0.07
GBP	6.0178	-0.13
EURO	5.1475	0.15
SGD	3.5294	-0.05



Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended higher for the 3rd consecutive session. 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

Former chief executive officer (CEO) of IOI Properties Group Bhd Datuk Voon Tin Yow is set to come out of retirement and assume the role of CEO at **Mah Sing Group Bhd**, effective Feb 2, 2024. Voon, 66, with 40 years of experience in the construction and property development industry, will replace Datuk Ho Hon Sang, 63, who has been at the helm since 2016 and cited retirement as the reason for his resignation. However, Ho will continue to serve as executive director of the company until March 31, 2024 to facilitate a smooth transition, according to the property developer's stock exchange disclosure.

Separately, Mah Sing has entered into an agreement with PT Gaya Sukses Mandiri Kaseindo to jointly carry out business relating to manufacturing and trading of plastic pallets, containers and related material handling and storing products in Indonesia. The property developer said its wholly owned subsidiary Mah Sing Plastics Industries Sdn Bhd (MSPI) entered into a master cooperation agreement with PT Gaya and that the venture will be carried out through a joint venture company whereby MSPI will hold 70% shareholding while PT Gaya will hold another 30%. (The Edge)

Sentral Real Estate Investment Trust's (Sentral REIT) net property income (NPI) rose 30.21% to RM36.26m for the fourth quarter ended Dec 31, 2023 (4QFY2023), from RM27.85m a year earlier, on the back of higher revenue. Gross revenue increased 28.24% to RM46.66m from RM36.39m in 4QFY2022, mainly due to higher revenue generated from Platinum Sentral, Menara Shell and newly acquired Menara CelcomDigi. The improvement in gross revenue was also due to the impact of revenue straight-lining over the lease term under requirements of Malaysian Financial Reporting Standard 16 Leases. (The Edge)

AirAsia X Bhd's (AAX) passenger load factor (PLF) continued to climb to 80% for the financial year ended Dec 31, 2023 (FY2023), versus 78% a year earlier, even as seat capacity jumped 6.6 times year-on-year (y-o-y) to 3.55m. The medium-haul budget carrier said it carried over 2.82m passengers in the year, 6.8 times more than the 417,195 it carried in FY2022. AAX Malaysia's total fleet comprised 18 A330s as of end-December 2023, with 16 aircraft activated and operational. It served a total of 22 destinations, eight of which were launched in the last 12 months. (The Edge)

Digital solutions and application development player **Agmo Holdings Bhd** has teamed up with two individuals to provide end-to-end machine learning and artificial intelligence-powered (AI) solutions. Agmo said its wholly-owned unit Agmo Capital Sdn Bhd and the individuals, Wong Zhi Heng and Ong Yong Seng, will undertake the collaboration through a joint-venture (JV) company, Dah Reply Sdn Bhd. Agmo Capital will hold a 35% equity interest in Dah Reply, with Wong and Ong controlling stakes of 40% and 25% respectively. (The Edge)

Hextar Capital Bhd's (HexCap) plans to dispose of its 40% stakes in Unigel (UK) Ltd and Unigel IP Ltd as the group is looking to refocus its resources on its fibre optic cables and cable-related products manufacturing activities, while diversifying into the power generation and transmission businesses. The group said its wholly-owned unit, Unigel Compounds Sdn Bhd, will sell its 40% stake in Unigel (UK) to Unigel Technologies Ltd for £1.3m (RM7.6m) and its 40% stake in Unigel IP to Unigel Ltd for £400,000 (RM2.34m). Unigel (UK) is principally involved in manufacturing cable filing and flooding compounds, while Unigel IP is mainly involved in the provision of licensing services for intellectual property rights. (The Edge)

Star Media Group Bhd has appointed Chan Seng Fatt as its new group chief executive officer, effective March 1, 2024. Following the appointment, Chan resigned from the group's boardroom as an independent non-executive director effective Feb 29, 2024. He first joined the group's board in August 2018. (The Edge)



Ni Hsin Group Bhd's wholly owned subsidiary Ni Hsin EV Mobility Sdn Bhd on Tuesday signed a master dealer agreement with MYUS Autotech Sdn Bhd, to promote and market EBIXON motorcycles in Perlis and Langkawi. According to Ni Hsin's statement, MYUS, as a master dealer, will be promoting both the sale and rental of EBIXON motorcycles. The rental operations will be based at the Kuala Perlis Jetty, where there is a constant stream of visitors and tourists coming in and out from Langkawi, said Ni Hsin. (The Edge)

Tenaga Nasional Bhd (TNB), via its subsidiary TNB Repair and Maintenance Sdn Bhd (TNB Remaco), is broadening its power plant maintenance business in Kuwait, with a multi-year maintenance programme agreement for the Shuaiba North Power Generation and Water Distillation Plant in Ahmadi. TNB reported that TNB Remaco had entered into a joint venture (JV) with Kuwaiti-based company Al Dhow Engineering, and inked a long-term service agreement with General Electric Global Services (GE Vernova). This agreement aligns with the ministry's broader initiative to modernise Kuwait's power generation infrastructure, contributing to the global effort for a sustainable energy transition. (The Edge)

Axis Real Estate Investment Trust's (Axis REIT) net property income (NPI) for the fourth quarter ended Dec 31, 2023 (4QFY2023) increased by 6.3% to RM66.16m from RM62.22m a year ago, on the back of higher revenue. Quarterly revenue edged up by 6.5% to RM75.6m from RM70.98m in the previous corresponding quarter, as indicated in its bourse filing on Tuesday. The REIT, which focuses on industrial assets, declared a final interim income distribution of 2.4 sen per unit, payable on Feb 29. (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	1.150	15.0%	Take profit on 22/1/2024
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	SDS	27-Dec	0.730	0.785	0.790	0.825	0.680	0.670	0.715	-2.1%	Initiate on 27/12/2023
4	AVALAND	16-Jan	0.270	0.285	0.290	0.325	0.245	0.240	0.260	-3.7%	Initiate on 16/1/2024
5	DELEUM	23-Jan	1.070	1.140	1.150	1.200	0.980	0.970	1.080	0.9%	Initiate on 23/1/2024

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	1.850	11.4%	Initiate on 26/12/2023
2	CCK	26-Dec	0.840	0.950	1.000	-	0.805	0.760	0.910	8.3%	Initiate on 26/12/2023
3	INARI	26-Dec	3.000	3.300	3.450	-	2.860	2.750	3.240	8.0%	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	1.470	30.1%	Initiate on 26/12/2023
6	MYEG	26-Dec	0.815	1.000	1.080	-	0.805	0.750	0.780	-4.3%	Initiate on 26/12/2023
7	NATGATE	26-Dec	1.550	1.760	1.850	-	1.480	1.350	1.390	-10.3%	Initiate on 26/12/2023
8	OSK	26-Dec	1.230	1.300	1.350	-	1.150	1.100	1.490	21.1%	Initiate on 26/12/2023
9	PBBANK	26-Dec	4.250	4.410	4.500	-	4.170	4.060	4.350	2.4%	Initiate on 26/12/2023
10	SCGBHD	26-Dec	0.425	0.475	0.500	-	0.400	0.380	0.390	-8.2%	Initiate on 26/12/2023
11	SUNCON	26-Dec	1.970	2.150	2.250	-	1.920	1.850	2.200	11.7%	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	5.900	6.1%	Initiate on 26/12/2023
14	WCEHB	26-Dec	0.930	1.000	1.070	-	0.880	0.820	0.985	5.9%	Initiate on 26/12/2023
Average Return										6.6%	



Technical Focus Tracker Summary

Total recommendations	362
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)	7.7%
Accuracy (2023)	52.8%
FBM KLCI (Since 30/12/2022)	0.0%
FBM Small Cap (Since 30/12/2022)	11.9%
Malaysia GDP Growth (1H23)	4.2%

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