

Tuesday, 06 Feb, 2024

Slight Pause Before Another Up Run

Market Review

Malaysia: The FBM KLCI (-0.35%) closed lower, in line with the mixed performance of the regional markets, dragged by selling pressure seen within selecting Industrial Products and Utilities heavyweights. On the broader market, the Telco & Media sector (+0.69%) was the leading sector, while the Utilities sector (-1.39%) declined.

Global markets: Wall Street closed lower as the sentiment turned cautious after the recent release of stronger economic data led the consensus to believe rate cuts may come later than initially expected. The European stock market ended mixed, while Asia ended mixed after China's new reserve ratio requirement boosted the CSI.

The Day Ahead

The FBM KLCI continued to trade in a sideways manner for the past 4 trading days as profit taking activities kicked in within the Utilities heavyweights ahead of the Chinese New Year long weekend break. Meanwhile, the US stock markets ended on a negative tone with the market pricing in further timeline on the US interest rate cuts after Jerome Powell's speech offsetting the higher-than-expected US ISM Services PMI data. Meanwhile, the sluggish sentiment in China could further drag the situation on the local front and we believe the profit taking activities could persist over the near term. On the commodity markets, Brent oil climbed after a 4-day drop on the back of rising geopolitical tensions following the US air strikes.

Sectors focus: Although most of the sector indices are turning weak at this juncture on the back of the profit taking activities, we expect the bargain hunting activities will take place within the Construction, Property and Building Material segments on the back of the following trading catalysts, namely (i) the potential revival of KL-SG HSR and (ii) ongoing Johor-region developments. Meanwhile, we like Consumer and Telco for their defensive characteristics.

FBMKLCI Technical Outlook



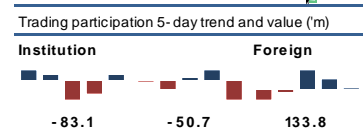
Bloomberg

The FBM KLCI ended lower. The technical readings on the key index were mixed, with the MACD Histogram forming a rounding top formation, while the RSI maintains above the 50 level. The resistance is envisaged around 1,520-1,530 and the support is set at 1,490-1,480.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	38,380.12	-0.71
S&P 500	4,942.81	-0.32
NASDAQ	15,597.68	-0.20
FBM KLCI	1511.34	-0.35
FBM Small Cap	16,477.79	-0.54
FBM ACE	4,703.39	0.11
Construction	207.78	-0.76
Consumer	562.72	0.23
Energy	869.67	-1.28
Financial Services	16,980.24	-0.15
Healthcare	1975.09	0.14
Ind Products	17183	-0.02
Plantation	7,562.21	-0.18
Property	90196	-0.98
REITs	812.60	-0.05
Technology	6173	-0.29
Telco & Media	593.03	0.69
Transport & Logist	957.34	-0.45
Utilities	1502.85	-1.39
Trading Vol (m)	3,222.84	-11.84
Trading Val (RM m)	2,119.61	-29.41
Gainers/ Losers rat	68%	
FKLI	1512.00	-0.20
FCPO (RM)	3,80100	-0.03
Brent oil (USD)	77.33	0.75
Gold (USD)	2,025.11	-0.72
USD	4.749	-0.67
GBP	5.984	0.56
EURO	5.1069	0.59
SGD	3.5283	0.11



Source: Bloomberg, Bursa Market Place



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Company Brief

Chin Hin Group Bhd, which owned a 28.72% stake in **Signature International Bhd** as at Jan 16, is proposing to buy an additional 4.77% stake from Teoh Hai Hin and Por Tong Eng for RM25.45m cash or 84 sen per share. With its total stake rising to 33.49% upon completion of the acquisition, Chin Hin will be obliged to extend a conditional MGO for the remaining shares in the kitchen cabinet manufacturer at 84 sen a share – 2 sen lower against Monday's closing of 86 sen. (The Edge)

YNH Property Bhd explained that ALX Asset Bhd was not able to raise enough funds for the purchase of the former's retail asset – 163 Retail Park. Consequently, YNH had to terminate the RM270.5m sale on Jan 26, about 14 months after YNH had sealed the deal. It also decided not to pursue the proposed RM152m disposal of AEON Seri Manjung in Perak to ALX Asset Bhd in view of the situation. Nonetheless, the developer swiftly found a new buyer albeit at a lower price. It entered into a new deal to sell the Mont Kiara shopping mall to Sunway Real Estate Investment Trust for RM215m cash. (The Edge)

Swift Haulage Bhd's substantial shareholder Persada Bina Sdn Bhd, which currently holds 309.62m shares or a 35.16% stake in the company, is selling an 11.16% stake or 98.27m shares in the company to Singapore-based logistics company JWD Asian Holding Pte Ltd for RM61.9m or 63 sen apiece cash. The proposed disposal is expected to be completed on Feb 22. (The Edge)

Construction group **Vestland Bhd** has bagged a RM278.81m contract from Sg Besi Construction Sdn Bhd to undertake design and building works for two blocks – 30 and 44 storeys each – of service apartments and related facilities in Ara Damansara, Petaling Jaya. Construction works will commence effective immediately, with completion on Aug 4, 2026. (The Edge)

Plastic packaging material manufacturer **Scientex Bhd** is looking to develop a mixed-property development in Muar, Johor as it acquired 24 parcels of land measuring 442.76 hectares in total for RM200m from Singapore-incorporated Guan Hong Plantation Pte Ltd to boost its property development segment. The landbank expansion is also in line with the goal of the group to build more affordable homes to meet its objective of completing 50,000 affordable homes throughout the country by 2028. (The Edge)

Coastal Contracts Bhd's 50%-owned joint venture (JV) has secured a contract extension for the provision of gas sweetening services in Mexico from state-owned oil company Petroleos Mexicanos (Pemex) to end-2025. The maximum contract value has also been raised to 2.78bn Mexican peso [about RM777.67m] representing an increase of 1.14bn Mexican peso, which is equivalent to approximately RM318.9m. (The Edge)

Property developer **Titijaya Land Bhd's** 70%-owned indirect subsidiary Pride Hectares Sdn Bhd is buying a five-storey medium-cost flat building, comprising 97 two-bedroom units, in SS15, Subang Jaya, Selangor from Bank Negara Malaysia for RM44.5m cash. It intends to redevelop the properties into mixed commercial properties. (The Edge)

FGV Holdings Bhd's subsidiary FGV Refineries Sdn Bhd is expected to increase the group's average sales by 9% with the launch of the Fract 750 Refinery at the Kuantan Port. FGV group director of logistics and support division Fakhrunniam Othman said the factory can help the group diversify the types of palm oil products produced. He said the effort also enables FGV to reduce its dependence on crude palm oil, which is exposed to the volatility in world market prices. (The Edge)



Tan Chong Motor Holdings Bhd's indirect wholly owned subsidiary TC Services Vietnam Co Ltd has been appointed as the agent for importing, distributing and selling vehicles and spare parts, as well as providing after-sales services for fuel vehicles in Vietnam on behalf of Chinese car manufacturer Guangzhou Automobile Group Co Ltd. (The Edge)

AME Real Estate Investment Trust (AME REIT) saw its net income grow 19.4% year-on-year to RM9.95m for the third financial quarter ended Dec 31, 2023 (3QFY2024) from RM8.33m, driven by additional contributions from three industrial properties acquired from sponsor AME Elite Consortium Bhd. AME REIT declared an income distribution of 1.88 sen per unit, with Feb 20 being the ex-date. (The Edge)

CapitaLand Malaysia Trust (CLMT) is buying three prime freehold ready-built factories located at the Nusajaya Tech Park in Iskandar Malaysia, Johor from Nusajaya Tech Park Sdn Bhd for a combined RM27m, marking the REIT's entry into the industrial market and further diversifying its geographical footprint to Johor. The value of RM27m, negotiated on a willing buyer, willing seller basis, is in line with the independent market valuation of RM28.2m commissioned by MTrustee Bhd, the trustee of CLMT. (The Edge)

Salcon Bhd's 60%-owned unit Envitech Sdn Bhd secured a RM19.68m contract from Penang Development Corp to undertake the design and construction of sewer pipelines and related works in Batu Kawan Industrial Park, Penang. The contract commences immediately for a duration of 24 months, and is expected to be completed on Feb 4, 2026. (The Edge)

Straits Energy Resources Bhd's 70%-owned subsidiary Straits CommNet Solutions Sdn Bhd has secured a RM15.72m contract from Tianu Sdn Bhd for the installation, testing and commissioning of aluminium XLPE underground cables and accessories for asset development for Tenaga Nasional Bhd (TNB). (The Edge)

Sime Darby Plantation Bhd has appointed Employees Provident Fund's (EPF) head of global equity Sharifah Sheila Syed Muhamad as its new non-independent non-executive director effective immediately. Sharifah Sheila will be the new EPF representative in Sime Darby Plantation's board following the resignation of former EPF chief executive officer Datuk Seri Amir Hamzah Azizan after he was appointed as finance minister II in December last year. (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	ITMAX	8-Dec	1.800	1.900	1.920	2.000	1.680	1.650	1.950	8.3%	Initiate on 8/12/2023
2	SDS	27-Dec	0.730	0.785	0.790	0.825	0.680	0.670	0.765	4.8%	Initiate on 27/12/2023
3	AVALAND	16-Jan	0.270	0.285	0.290	0.325	0.245	0.240	0.260	-3.7%	Initiate on 16/1/2024
4	DELEUM	23-Jan	1.070	1.140	1.150	1.200	0.980	0.970	1.100	2.8%	Initiate on 23/1/2024
5	PWRWELL	26-Jan	0.255	0.275	0.280	0.290	0.240	0.230	0.245	-3.9%	Initiate on 26/1/2024
6	MNHLDG	30-Jan	0.620	0.655	0.660	0.680	0.590	0.580	0.605	-2.4%	Initiate on 30/1/2024
7	SPRITZER	5-Feb	2.240	2.400	2.450	2.500	2.140	2.100	2.140	-4.5%	Initiate on 5/2/2024



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	1.760	6.0%	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	3.110	3.7%	Initiate on 26/12/2023
4	ITMAX	26-Dec	1.810	1.950	2.000	-	1.760	1.700	1.950	7.7%	Initiate on 26/12/2023
5	KSL	26-Dec	1.130	1.210	1.300	-	0.995	1.070	1.390	23.0%	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	1.310	-15.5%	Initiate on 26/12/2023
8	OSK	26-Dec	1.230	1.300	1.350	-	1.150	1.100	1.480	20.3%	Initiate on 26/12/2023
9	PBBANK	26-Dec	4.250	4.410	4.500	-	4.170	4.060	4.410	3.8%	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	2.410	22.3%	Initiate on 26/12/2023
12	SWIFT	26-Dec	0.540	0.600	0.635	-	0.515	0.495	0.540	0.0%	Initiate on 26/12/2023
13	TM	26-Dec	5.560	6.000	6.250	-	5.350	5.210	5.950	7.0%	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										6.3%	

Technical Focus Tracker Summary	
Total recommendations	365
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)	7.6%
Accuracy (2023)	50.7%
FBM KLCI (Since 30/12/2022)	1.1%
FBM Small Cap (Since 30/12/2022)	10.4%
Malaysia GDP Growth (1H23)	4.2%

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