

Wednesday, 07 Feb, 2024

Positive Sentiment May Spillover To Local Front

Market Review

Malaysia: The FBM KLCI (+0.11%) closed higher, despite the mixed performance of the regional markets, led by buying interest seen within selective Industrial and Consumer Products, and Utilities heavyweights. On the broader market, the Energy sector (+1.03%) was the leading sector, while the Healthcare sector (-0.28%) fell.

Global markets: Wall Street closed higher as corporate earnings boosted investor sentiment despite the potential delay in rate cuts. The European stock market ended higher, while Asia ended mixed with the HSI and CSI rebounded after China stated that it would “improve efforts to guide institutional investors into the market”.

The Day Ahead

The FBM KLCI continued to trade within a rangebound manner ahead of the Chinese New Year long weekend break. Meanwhile, Wall Street managed to gain momentum as the US Treasury yields slipped with investors pushing back the expectation of the Fed’s first rate cut by 2H24. On the Chinese stocks, we noticed a significant rebound after Beijing ramped up efforts to put a stall in the falling China and Hong Kong stock markets. With the rebound in global as well as China and Hong Kong stock markets, we believe the buying support may emerge this week on our local stock exchange. On the commodity markets, Brent oil inched higher as EIA expects the oil inventories to fall in the current quarter on reduced productions from OPEC+ and the US.

Sectors focus: Most of the sectors should be gaining momentum with the focus hovering within the key themes such as (i) the revival of KL-SG HSR mega infrastructure projects and (ii) the ongoing Johor-region developments. Also, we expect the LSS5 announcements may bode well for solar-related EPCC players on the exchange. We like Consumer and Telco for their defensive characteristics; the latter may benefit from increased data centres investments in Malaysia.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended higher but still hovering within the consolidation phase. The technical readings on the key index were mixed, with the MACD Histogram turned negative, 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	38,521.36	0.37
S&P 500	4,954.23	0.23
NASDAQ	15,609.00	0.07
FBM KLCI	152.98	0.11
FBM Small Cap	16,627.20	0.91
FBM ACE	4,708.06	0.10
Construction	208.85	0.51
Consumer	564.93	0.39
Energy	878.65	1.03
Financial Services	16,961.31	-0.11
Healthcare	1,969.61	-0.28
Ind Products	172.50	0.39
Plantation	7,174.34	0.25
Property	907.64	0.63
REITs	814.70	0.26
Technology	6190	0.28
Telco & Media	598.37	0.90
Transport & Logist	960.22	0.30
Utilities	1518.06	1.01
Trading Vol (m)	3,086.88	-4.22
Trading Val (RM m)	2,170.82	2.42
Gainers/ Losers rat	117%	
FKLI	1513.50	-0.03
FCPO (RM)	3,867.00	0.62
Brent oil (USD)	77.99	1.00
Gold (USD)	2,036.14	0.54
USD	4.7677	-0.39
GBP	5.9799	0.07
EURO	5.1156	-0.17
SGD	3.5417	-0.38
Trading participation 5-day trend and value (m)		
Institution	-363.7	
Foreign	418.8	

Source: Bloomberg, Bursa Market Place



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Company Brief

Eco World International Bhd plans to reduce its share capital by a further RM500m to pay a targeted 21 sen per share in dividends or RM504m in total payout over the next two years, after setting aside funds for working capital and funding requirements. The group intends to declare a first tranche of dividends amounting to at least RM144m or six sen per share. The capital reduction is expected to be completed by the first half of 2024. The group did note that its dividend distribution target of RM504m is solely the group's internal target, and is neither a financial estimate, forecast nor projection, and it had not been reviewed by an external auditor. (The Edge)

REDtone Digital Bhd has bagged a RM398.1m MyGovUC 3.0 contract from the Malaysian Administrative Modernisation and Management Planning Unit (Mampu) to provide unified communications solutions. The contract covers the government's unified communications including electronic mail system, calendar system, audio & video conferencing, chat spaces, directory management, as well as change management, including user training, software support, security operation centre, network operation centre and helpdesk covering information security management. (The Edge)

Sabah-based **NPC Resources Bhd** has proposed to divest 7,505 acres (3,037 hectares) of oil palm land in the state, held through three subsidiaries, for RM165.11m. The group plans to sell the land located in the Labuk-Sugut district to Tamaco Plantation Sdn Bhd, a private company based in Lahad Datu. NPC did not disclose how it is going to utilise the proceeds, the rationale behind the divestment, or the shareholders of Tamaco. (The Edge)

British American Tobacco (Malaysia) Bhd's (BAT Malaysia) net profit declined 23.27% to RM47.36m in the fourth quarter ended Dec 31, 2023, from RM61.72m a year ago, attributed to significant investments in launching vapour products, resulting in higher operating expenses. Quarterly revenue fell by 17.5% to RM635.86m from RM770.66m. The group declared a fourth interim dividend of 15 sen per share amounting to RM42.8m, payable on March 5. (The Edge)

Glove maker **Hartalega Holdings Bhd** recorded a second straight quarterly profit of RM22.38m in the third quarter ended Dec 31, 2023, versus a net loss of RM31.91m a year before, as lower raw material prices and cost savings from its operational rationalisation exercise more than offset a 10% decline in revenue to RM415.64m, from RM461.84m a year before. The improved performance was also due to lower utilities expenses, better production efficiency arising from higher capacity utilisation, coupled with higher interest income and a reversal of certain provisions no longer required during the quarter. (The Edge)

Information technology solutions provider **Cloudpoint Technology Bhd** is acquiring a 75% equity interest each in Unique Central Sdn Bhd (UCSB) and Uniqcen Sales & Services Sdn Bhd (USSSB) for a total of RM26.78m cash. UCSB is principally engaged in supplying, delivering and installation of data centres, data cabling, fibre optic works, as well as mechanical and electrical services, while USSSB is an electrical contractor. (The Edge)

After more than five years in talks, precision plastic mould maker **Sanichi Technology Bhd** has terminated its memorandum of understanding with Singapore-based FKS Holdings Pte Ltd to provide fresh produce such as seafood, wagyu beef, fruits and vegetables to international food and beverage industry players. It did not reveal the reason behind the termination. (The Edge)



Seal Incorporated Bhd is diversifying into solar project engineering, procurement, construction and commissioning (EPCC) by subscribing for ordinary and preference shares of MSR Green Energy Sdn Bhd (MSRGE) in a RM15m deal which could see it raising its stake in the solar EPCC outfit to 20%. The proposed subscription is a related party transaction, as MSRGE is 50.96%-owned by KVC Corp Sdn Bhd, which is in turn linked to Seal's 29.22% shareholder Aaron Chen Khai Voon. The injection comes a little over six months after Chen, who has direct and indirect interest of 12.32% in Genetec Technology Bhd, emerged as a substantial shareholder in Seal back in July 2023. (The Edge)

Advancecon Holdings Bhd's wholly owned subsidiary Advancecon Infra Sdn Bhd has bagged a RM27.3m contract from Mujur Minat Sdn Bhd to carry out site clearing and earthworks construction (stage 1) for the Gamuda Gardens Park mixed development project in Rawang, Selangor. The contract shall commence from Feb 7, 2024 to Dec 16, 2024. (The Edge)

Financial services business solutions provider **Excel Force MSC Bhd** is buying the entire stake in Orca Capital Holdings Ltd, an investment holding company incorporated in the British Virgin Islands, from Honest Winner Ltd for RM18.15m through the sale of shares and cash. Under the deal, 50.5m new shares will be issued to Honest Winner at an indicative issue price of 33.5 sen per share, totalling RM16.92m, while the balance of RM1.23m is to be satisfied in cash. (The Edge)

Bursa Malaysia has warned **Reneuco Bhd** that its shares will be suspended if it fails to submit its annual report for the financial year ended Sept 30, 2023, by Feb 8. It had already failed to submit the annual report by Jan 31, which was the last date of submission under the listing rules. Following that, the renewable energy specialist was given another five market days to submit the report or risk being suspended. Additionally, if Reneuco fails to issue the report within six months from Feb 8, delisting procedures may be commenced against the group. (The Edge)

Bina Puri Holdings Bhd was hit with a winding-up petition by an indirect subsidiary of YTL Corp Bhd, YTL Cement Marketing Sdn Bhd, for an alleged unsettled amount of RM1.74m. YTL Cement Marketing claimed Bina Puri had failed to settle a demanded amount of RM1.74m, including an interest rate of 1.5% per month, as at Nov 30, 2023. (The Edge)

Euro Holdings Bhd's former group managing director and major shareholder Datuk Seri Steven Lim Teck Boon and his father, Datuk Lim Chaw Teng, sold a 2.38% stake in the furniture maker for RM2.14m. According to a bourse filing on Tuesday, the pair's investment vehicle S.P.A. Furniture (M) Sdn Bhd offloaded 30.5m shares on Feb 2, slashing its shareholding to 553.06m units or 43.08% of the group's share base. Teck Boon owns another 1.78m shares or 0.14% directly. (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	1.990	10.6%	Initiate on 8/12/2023
2	SDS	27-Dec	0.730	0.785	0.790	0.825	0.680	0.670	0.760	4.1%	Initiate on 27/12/2023
3	AVALAND	16-Jan	0.270	0.285	0.290	0.325	0.245	0.240	0.265	-1.9%	Initiate on 16/1/2024
4	DELEUM	23-Jan	1.070	1.140	1.150	1.200	0.980	0.970	1.040	-2.8%	Initiate on 23/1/2024
5	PWRWELL	26-Jan	0.255	0.275	0.280	0.290	0.240	0.230	0.260	2.0%	Initiate on 26/1/2024
6	MNHLDG	30-Jan	0.620	0.655	0.660	0.680	0.590	0.580	0.630	1.6%	Initiate on 30/1/2024
7	SPRITZER	5-Feb	2.240	2.400	2.450	2.500	2.140	2.100	2.130	-4.9%	Initiate on 5/2/2024



Market Chat Tracker – 1Q24 Stock Picks

1Q24 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	1.830	10.2%	Initiate on 26/12/2023
2	CCK	26-Dec	0.840	0.950	1.000	-	0.805	0.760	0.905	7.7%	Initiate on 26/12/2023
3	INARI	26-Dec	3.000	3.300	3.450	-	2.860	2.750	3.200	6.7%	Initiate on 26/12/2023
4	ITMAX	26-Dec	1.810	1.950	2.000	-	1.760	1.700	1.990	9.9%	Initiate on 26/12/2023
5	KSL	26-Dec	1.130	1.210	1.300	-	0.995	1.070	1.460	29.2%	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	1.310	-15.5%	Initiate on 26/12/2023
8	OSK	26-Dec	1.230	1.300	1.350	-	1.150	1.100	1.500	22.0%	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	0.430	1.2%	Initiate on 26/12/2023
11	SUNCON	26-Dec	1.970	2.150	2.250	-	1.920	1.850	2.370	20.3%	Initiate on 26/12/2023
12	SWIFT	26-Dec	0.540	0.600	0.635	-	0.515	0.495	0.565	4.6%	Initiate on 26/12/2023
13	TM	26-Dec	5.560	6.000	6.250	-	5.350	5.210	5.940	6.8%	Initiate on 26/12/2023
14	WCEHB	26-Dec	0.930	1.000	1.070	-	0.880	0.820	1.030	10.8%	Initiate on 26/12/2023
Average Return										8.2%	

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)	7.3%
Accuracy (2023)	50.7%
FBM KLCI (Since 30/12/2022)	1.2%
FBM Small Cap (Since 30/12/2022)	11.4%
Malaysia GDP Growth (1H23)	4.2%

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