

Wednesday, 14 Feb, 2024

KLCI Maintained Uptrend Tone

Market Review

Malaysia: The FBM KLCI (+1.26%) closed strongly higher, in line with the mostly positive regional markets, as buying interest in selected Banking and Utilities heavyweights boosted the index. On the broader market, the Construction sector (+2.12%) was the leading sector, followed by the Property sector (+1.67%).

Global markets: Wall Street ended lower as investor expectations of rate cuts in March were swept away, after the January CPI data came in hotter-than-expected at 3.1% YoY and 0.3% MoM. The European stock market ended lower, while Asia ended mostly higher led by Nikkei as it rallied nearly 3% and is near its all-time high.

The Day Ahead

The FBM KLCI has moved out of the consolidation phase with strong buying interest within banking sector after the Chinese New Year break. However, Wall Street tumbled after the release of the US CPI data which was above consensus' expectations. This has pushed back the market expectation of the interest rate cuts, translating to higher US Treasury yields and stronger Dollar. Next to watch out will be the upcoming (i) retail sales and (ii) US PPI data. Nevertheless, we expect the buying support may extend on the local front supported by several domestic catalysts at least for the near term. Meanwhile, the Brent oil price continues to trade above USD82/bbl with ongoing tension in the Middle East.

Sectors focus: Local trading sentiment should stay positive with the trading catalysts revolving around the data centre theme as well as mega infrastructure projects and the soon-open-for-bidding LSS5. Key sectors to focus will be (i) Construction, (ii) Property, Utilities and Renewable Energy. Meanwhile, we think there might be a spike in shipping rates with the ongoing tension in the Red Sea region, hence benefiting Transportation & Logistics companies. In the upcoming earnings season, we like the Consumer and Energy sectors.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended higher, breaking out of the consolidation phase. The technical readings on the key index were mixed, with the MACD Histogram extending another negative bar, while the RSI maintains above the 50 level. The resistance is envisaged around 1,540-1,550 and the support is set at 1,500-1,510.

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Market Scorecard

| Key indices | Last price | Change (%) |
|---|------------|------------|
| Dow Jones | 38,272.75 | -1.35 |
| S&P 500 | 4,953.17 | -1.37 |
| NASDAQ | 16,655.60 | -1.80 |
| FBM KLCI | 1531.37 | 1.26 |
| FBM Small Cap | 16,933.00 | 1.12 |
| FBM ACE | 4,833.52 | 0.23 |
| Construction | 217.00 | 2.12 |
| Consumer | 569.90 | 0.67 |
| Energy | 891.40 | 0.39 |
| Financial Services | 17,148.26 | 1.58 |
| Healthcare | 1990.30 | 1.55 |
| Ind Products | 174.76 | 1.20 |
| Plantation | 7,276.63 | 1.17 |
| Property | 927.56 | 1.67 |
| REITs | 820.80 | 0.26 |
| Technology | 62.88 | 0.59 |
| Telco & Media | 609.89 | 1.32 |
| Transport & Logist | 963.00 | 0.34 |
| Utilities | 1552.74 | 0.07 |
| Trading Vol (m) | 2,108.10 | 13.17 |
| Trading Val (RM m) | 2,044.25 | 86.58 |
| Gainers/ Losers rat | 222% | |
| FKLI | 1531.50 | -0.45 |
| FCPO (RM) | 3,909.00 | 0.21 |
| Brent oil (USD) | 82.00 | 0.71 |
| Gold (USD) | 1,993.15 | -0.02 |
| USD | 4.7633 | 0.04 |
| GBP | 6.0277 | -0.30 |
| EURO | 5.1284 | 0.04 |
| SGD | 3.54 | -0.04 |
| Trading participation 5-day trend and value (m) | | |
| Institution | -426.6 | |
| Foreign | -165.3 | 591.9 |

Source: Bloomberg, Bursa Market Place



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Company Brief

AwanBiru Technology Bhd's (Awantec) wholly-owned unit Awantec Systems Sdn Bhd has inked a RM294.27m service agreement with REDtone Digital Bhd's wholly-owned subsidiary REDtone Engineering & Network Services Sdn Bhd to provide cloud computing solutions and services, which include products such as Google Workspace Enterprise and Google Cloud Platform, for the government's unified communication and collaboration project, MyGovUC 3.0. REDtone secured the MyGovUC 3.0 contract worth RM398.1m last week from the Malaysian Administrative Modernisation and Management Planning Unit to provide unified communications solutions. (The Edge)

Ekovest Bhd obtained approval from the Employees Provident Fund (EPF) for an extension of up to two years to facilitate and implement an exit plan for the company from its investment in Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd, the concessionaire of Duke highway. Ekovest and EPF are evaluating various viable options together to implement the exit event or any alternative plan in the best interests of the parties. (The Edge)

Westports Holdings Bhd is considering external strategic investors to help fund a RM39.6bn expansion that will see capacity nearly double to 27m twenty-foot equivalent units, from 14m currently, throughout its concession, which runs until 2082. Executive chairman Datuk Ruben Emir Gnanalingam said the company is also looking at a dividend reinvestment plan and borrowings to help fund the expansion of the facility in Klang. (The Edge)

Kumpulan Kitacon Bhd's wholly-owned unit Kitacon Sdn Bhd has secured a letter of award from Worldwide Holdings Bhd to build 182 units of two-storey terrace houses and a Tenaga Nasional Bhd substation in the Selangor Cyber Valley for RM65.43m. The contract is to commence on Feb 19, 2024, and is to be completed within 18 months. (The Edge)

Dayang Enterprise Holdings Bhd's wholly-owned DESB Marine Services Sdn Bhd has secured contract extensions for the supply of three accommodation work boats to Petronas Carigali Sdn Bhd. The Dayang Zamrud vessel's contract extension spans 279 days from the commencement date on Oct 27, 2023, while the extension for the Dayang Pertama vessel began on Oct 10 (spanning 296 days) and the extension for the Dayang Berlian vessel began on Oct 25 (spanning 281 days). The values of the extensions are based on work orders issued by Petronas Carigali throughout the extended contracts. (The Edge)

PJ Healthcare Bhd plans to sublet the royal suite of Damansara Specialist Hospital 2 to its major shareholder Johor Corporation (JCorp) from Oct 1, 2024, until Jan 30, 2029, at a rental rate of RM111,666 per month, after renovating the hospital. The RM15.9m renovation works are to be undertaken by JLG & BP Design Sdn Bhd, a 60%-owned unit of Damansara Assets Sdn Bhd, which is in turn an indirect subsidiary of JCorp. JCorp holds a 35.86% direct stake and a 9.13% indirect stake in KPJ Healthcare, making the proposals related party transactions. (The Edge)

GDB Holdings Bhd's legal actions against Damai City Sdn Bhd and KSK Land Sdn Bhd over the 8 Conlay project disputes have been put back on hold for three months after the court granted the pair and their parent KSK Group Bhd, another restraining order against their creditors. The restraining order, which restrains all actions or proceedings against the three companies (collectively KSK Group) for three months, makes way for them to hold a creditors' meeting to consider a scheme of arrangement to settle their outstanding debts. (The Edge)



Ireka Corp Bhd has been hit with a RM6.53m lawsuit from RHB Bank Bhd over an alleged default in the revolving credit facility granted to the property development and construction outfit's wholly-owned unit Ireka Engineering & Construction Sdn Bhd, which is under liquidation. This came after the termination of a prior settlement agreement as well as the failure to mutually agree to a proposed revised scheduled payment (The Edge)

FGV Holdings Bhd has applied to Bursa Securities for a further extension of time of up to Aug 13, 2024, to issue its circular for a proposed bonus issue, to comply with the bourse's public shareholding spread requirement. The extension bid was submitted at the request of its controlling shareholder, the Federal Land Development Authority, which owns an 81.9% stake in FGV. (The Edge)

YTL Corp Bhd and **YTL Power International Bhd** will be included in the MSCI Malaysia Index, while **Dialog Group Bhd** is to be removed from the index, effective 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 | SDS | 27-Dec | 0.730 | 0.785 | 0.790 | 0.825 | 0.680 | 0.670 | 0.790 | 8.2% | Initiate on 27/12/2023 |
| 2 | AVALAND | 16-Jan | 0.270 | 0.285 | 0.290 | 0.325 | 0.245 | 0.240 | 0.270 | 0.0% | Initiate on 16/1/2024 |
| 3 | DELEUM | 23-Jan | 1.070 | 1.140 | 1.150 | 1.200 | 0.980 | 0.970 | 1.090 | 1.9% | Initiate on 23/1/2024 |
| 4 | PWRWELL | 26-Jan | 0.255 | 0.275 | 0.280 | 0.290 | 0.240 | 0.230 | 0.270 | 5.9% | Initiate on 26/1/2024 |
| 5 | MNHLDG | 30-Jan | 0.620 | 0.655 | 0.660 | 0.680 | 0.590 | 0.580 | 0.660 | 6.5% | Initiate on 30/1/2024 |
| 6 | SPRITZER | 5-Feb | 2.240 | 2.400 | 2.450 | 2.500 | 2.140 | 2.100 | 2.230 | -0.4% | 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 | 1.840 | 10.8% | Initiate on 26/12/2023 |
| 2 | CCK | 26-Dec | 0.840 | 0.950 | 1.000 | - | 0.805 | 0.760 | 0.920 | 9.5% | 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 | 2.030 | 12.2% | Initiate on 26/12/2023 |
| 5 | KSL | 26-Dec | 1.130 | 1.210 | 1.300 | - | 0.995 | 1.070 | 1.490 | 31.9% | Initiate on 26/12/2023 |
| 6 | MYEG | 26-Dec | 0.815 | 1.000 | 1.080 | - | 0.805 | 0.750 | 0.810 | -0.6% | 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 | 1.500 | 22.0% | Initiate on 26/12/2023 |
| 9 | PBBANK | 26-Dec | 4.250 | 4.410 | 4.500 | - | 4.170 | 4.060 | 4.400 | 3.5% | Initiate on 26/12/2023 |
| 10 | SCGBHD | 26-Dec | 0.425 | 0.475 | 0.500 | - | 0.400 | 0.380 | 0.440 | 3.5% | Initiate on 26/12/2023 |
| 11 | SUNCON | 26-Dec | 1.970 | 2.150 | 2.250 | - | 1.920 | 1.850 | 2.600 | 32.0% | Initiate on 26/12/2023 |
| 12 | SWIFT | 26-Dec | 0.540 | 0.600 | 0.635 | - | 0.515 | 0.495 | 0.570 | 5.6% | Initiate on 26/12/2023 |
| 13 | TM | 26-Dec | 5.560 | 6.000 | 6.250 | - | 5.350 | 5.210 | 5.850 | 5.2% | Initiate on 26/12/2023 |
| 14 | WCEHB | 26-Dec | 0.930 | 1.000 | 1.070 | - | 0.880 | 0.820 | 1.090 | 17.2% | Initiate on 26/12/2023 |
| Average Return | | | | | | | | | | 10.8% | |

| 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) | 8.7% |
| Accuracy (2023) | 50.7% |
| FBM KLCI (Since 30/12/2022) | 2.4% |
| FBM Small Cap (Since 30/12/2022) | 13.5% |
| Malaysia GDP Growth (1H23) | 4.2% |



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