

Wednesday, 21 Feb, 2024

Buying Momentum To Persist

Market Review

Malaysia: The FBM KLCI (+1.10%) ended higher, despite the mixed performance in the regional stock markets, boosted by selected Industrial Products and Utilities heavyweights. On the broader market, the Energy sector (+5.68%) was the leading sector, while the Transportation & Logistics sector (-0.21%) declined.

Global markets: Wall Street ended lower due to the sentiment being dragged by Nvidia ahead of its earnings release as investors amid concerns over its high valuation. The European stock market ended lower, while Asia ended mixed with the CSI and HSI gaining after China's key policy rate were kept unchanged.

The Day Ahead

The FBM KLCI ended higher for the third straight session with solid buying interest across most of the heavyweights. Over in the US, Wall Street closed in the negative territory as Technology stocks were beaten down led by NVDA and AMD as investors turn cautious ahead of their earnings, while the defensive sectors such as Consumer Staples and Utilities gained traction. Closer to home, we believe the buying momentum should persist amid the ongoing earnings season as we anticipate better performance from the corporates in 4Q23. On the commodity market, the Brent oil price fell more than 1% on the back of worries about global demand, offsetting price support from the Middle East tensions.

Sectors focus: Into the corporate earnings season, we believe traders will be looking for trading opportunities within the fundamentally solid companies. We noticed Consumer especially the poultry counter and O&G companies released solid results, thus trading interest will be revolving around these sectors for today. Meanwhile, we like the Technology sector on the back of the NIISe 2.0 project, coupled with the Plantation sector on the back of firmer FCPO prices.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	38,563.80	-0.17
S&P 500	4,975.51	-0.60
NASDAQ	15,630.78	-0.92
FBM KLCI	1555.59	1.10
FBM Small Cap	17,218.60	0.36
FBM ACE	4,880.60	0.31
Construction	213.06	0.55
Consumer	580.43	0.67
Energy	946.95	5.68
Financial Services	17,354.21	0.59
Healthcare	1,991.81	0.37
Ind Products	177.80	1.25
Plantation	7,343.36	0.61
Property	936.90	0.14
REITs	819.72	-0.19
Technology	63.43	0.73
Telco & Media	621.75	0.71
Transport & Logist	969.25	-0.21
Utilities	1547.60	0.90
Trading Vol (m)	3,702.94	6.52
Trading Val (RM m)	2,940.13	41.77
Gainers/ Losers rat	147%	
FKLI	1557.50	-0.03
FCPO (RM)	3,878.00	0.47
Brent oil (USD)	83.56	-1.20
Gold (USD)	2,024.41	0.36
USD	4,798.7	-0.24
GBP	6,048.1	-0.16
EURO	5,181.7	-0.46
SGD	3,568.2	-0.31
Trading participation 5-day trend and value ('m)		
Institution	-526.4	
Foreign	-108.4	
	634.8	

Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI traded significantly higher for the third session. The technical readings on the key index were positive, with the MACD Histogram extending another positive bar, while the RSI maintains above the 50 level. The resistance is envisaged around 1,560-1,570 and the support is set at 1,520-1,530.



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Company Brief

Globetronics Technology Bhd warns of persisting macroeconomic and geopolitical challenges impacting the semiconductor industry that result in unpredictable market conditions, as its net profit about halved for the fourth quarter ended Dec 31, 2023 (4QFY2023) to RM6.51m from RM12.05m a year ago. The drop in profit was due to lower volume loadings from its customers and forex losses. Quarterly revenue fell 24% to RM32.55m from RM43.05m. For the full year, Globetronics' net profit fell 42% to RM26.42m from RM45.46m, as revenue dropped 27% to RM131.82m from RM180.05m. It declared a dividend of half a sen per share. (The Edge)

Green Packet Bhd is teaming up with Tass Tech International Sdn Bhd to develop a tourism digital platform for Sri Lanka, with an initial investment of up to RM13m. Its wholly-owned subsidiary Kiplepay Sdn Bhd, which has inked a joint venture agreement with Tass Tech for the project that the latter secured from the Sri Lankan government in 2019, will provide a multi-currency e-wallet system for the platform. (The Edge)

Sunway Construction Group Bhd (SunCon) reported a 7.93% rise in its net profit for the fourth quarter ended Dec 31, 2023 (4QFY23) to RM49.27m or 3.82 sen per share from RM45.65m or 3.54 sen per share, thanks to higher progress billings and output at its precast segment. Revenue surged 73.11% to RM871.5m from RM503.43m. For the full FY2023, net profit was RM145.11m, up 7.34% from RM135.18m a year ago while revenue rose 23.94% to RM2.67bn from RM2.16bn. The group declared a dividend of three sen per share for the quarter. It is aiming for a higher order book target of RM2.5bn to RM3bn for 2024, having secured RM2.505bn last year to lift its outstanding order book to RM5.3bn. (The Edge)

Kuala Lumpur Kepong Bhd's net profit dropped 49% year-on-year to RM226.94m or 21 sen per share in the quarter ended Dec 31, 2023 (1QFY2024), compared with RM443.04m or 41.1 sen per share a year ago. This was due to losses incurred by its oleochemicals division because of margin erosion and lower profit contribution from its refineries and kernel crushing operations. Its parent **Batu Kawan Bhd** reported a bigger net profit drop of 53% to RM111.74m for 1QFY2024, from RM235.3m in the previous corresponding quarter, as revenue fell 17% to RM5.83bn from RM6.99bn. Both Batu Kawan and KLK did not declare any dividends for the quarter under review. (The Edge)

Star Media Group Bhd reported a net profit of RM5.5m for the fourth quarter ended Dec 31, 2023 (4QFY2023), up from the RM388,000 it made a year ago, thanks to a disposal gain on investment property of RM6.48m. Without the disposal gain, Star Media would have made a net loss of about RM977,000 for 4QFY2023. Quarterly revenue dipped 7% to RM55.1m from RM58.97m, due to lower revenue in both its print, digital and events segment, and radio broadcasting segment. For the full year FY2023, Star Media's net profit climbed 8.22% to RM7.49m from RM6.92m in FY2022, while revenue was little changed at RM220m compared with RM219.94m previously. (The Edge)

Gas Malaysia Bhd's net profit rose 9.56% to RM104.33m in the fourth quarter ended Dec 31, 2023 (4QFY2023) from RM95.23m a year ago, despite lower revenue, helped by lower tax expense in the quarter. The group posted a dividend of 8.42 sen per share. Revenue fell 18.97% to RM1.8bn from RM2.22bn, on lower average natural gas selling prices offset by higher volume of natural gas sold. Full FY2023 net profit slipped 1.58% to RM383.4m or 29.86 sen per share, from RM389.54m or 30.34 sen in FY2022, though cumulative revenue rose 5.62% to RM8.08bn from RM7.65bn. (The Edge)



Malayan Banking Bhd (Maybank) announced a slew of top management changes on Tuesday, including the appointment of Datuk Muzaffar Hisham, currently its group CEO of global banking, to succeed Datuk Mohamed Rafique as the group CEO of Islamic banking and CEO of Maybank Islamic Bhd. Rafique will assume the role of advisor from March 1 and retire from the Maybank Group on June 20. (The Edge)

CelcomDigi Bhd's net profit more than tripled in the fourth quarter ended Dec 31, 2023 (4QFY2023) to RM435.11m from RM127.36m a year ago, as revenue for the quarter surged 50% to RM3.27bn from RM2.18bn post-merger. For the full year, net profit rose 83% to RM1.55bn from RM848.03m in FY2022, while revenue climbed 87% to RM12.68bn from RM6.77bn. The company declared a dividend of 3.5 sen per share for the quarter. The group, however, flagged "higher integration costs" as it embarked on what would be a "transformative journey" for its operating models. (The Edge)

Hume Cement Industries Bhd's net profit rose 13-fold year-on-year to RM59.06m in the quarter ended Dec 31, 2023 (2QFY2024) from RM4.47m in the previous year's corresponding quarter, on improved cement selling prices and sales volume. Revenue rose 26.24% to RM322.25m from RM255.27m in 2QFY2023. For the six months ended Dec 31, 2023 (1HFY2024), it booked a net profit of RM107.39m or 20.21 sen per share from a net loss of RM7.57m or 1.5 sen per share in 1HFY2023. Half-year revenue rose 36.11% to RM628.91m, from RM462.06m. (The Edge)

Supermax Corp Bhd reported its fifth consecutive quarter of net loss at RM44.36m in the quarter ended Dec 31, 2023 (2QFY2024) from RM108.07m, as quarterly revenue shrank by 16.7% to RM145.55m from RM174.79m in 2QFY2023. It attributed this to continued weak demand post-pandemic, and low selling prices due to stiff competition, particularly from Chinese manufacturers capitalising on low utility costs. For the first six months of FY2024 (1HFY2024), the group's net loss dropped 54.7% to RM46.41m from RM102.36m in 1HFY2023, while revenue dropped 23.5% to RM323.52m from RM422.75m. It expects the rubber glove market to remain lacklustre with an unfavorable outlook for 2024 due to ongoing demand-supply dynamics post-pandemic. (The Edge)

Hibiscus Petroleum Bhd's net profit surged 45.22% to RM102.34m for the second quarter of financial year 2024 (2QFY2024) from RM70.47m a year earlier, driven by higher average realised oil prices and lower operating costs. It declared a dividend of two sen per share. Quarterly revenue, however, slipped 12% to RM627.55m from RM713.13m a year ago, due to lower sales volume and average realised gas prices. For the first half of the financial year 2024 (1HFY2024), net profit increased 24.74% to RM256.63m, from RM205.73m following a 4% growth in revenue to RM1.37bn from RM1.32bn. (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	0.795	8.9%	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	1.100	2.8%	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	0.675	8.9%	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
7	INARI	14-Feb	3.220	3.500	3.550	3.600	3.150	3.100	3.230	0.3%	Initiate on 14/2/2024
8	MBMR	19-Feb	4.660	4.950	5.000	5.100	4.450	4.400	4.600	-1.3%	Initiate on 19/2/2024



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	1.700	2.4%	Initiate on 26/12/2023
2	CCK	26-Dec	0.840	0.950	1.000	-	0.805	0.760	0.940	11.9%	Initiate on 26/12/2023
3	INARI	26-Dec	3.000	3.300	3.450	-	2.860	2.750	3.230	7.7%	Initiate on 26/12/2023
4	ITMAX	26-Dec	1.810	1.950	2.000	-	1.760	1.700	2.210	22.1%	Initiate on 26/12/2023
5	KSL	26-Dec	1.130	1.210	1.300	-	0.995	1.070	1.560	38.1%	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	1.400	-9.7%	Initiate on 26/12/2023
8	OSK	26-Dec	1.230	1.300	1.350	-	1.150	1.100	1.540	25.2%	Initiate on 26/12/2023
9	PBBANK	26-Dec	4.250	4.410	4.500	-	4.170	4.060	4.480	5.4%	Initiate on 26/12/2023
10	SCGBHD	26-Dec	0.425	0.475	0.500	-	0.400	0.380	0.465	9.4%	Initiate on 26/12/2023
11	SUNCON	26-Dec	1.970	2.150	2.250	-	1.920	1.850	2.610	32.5%	Initiate on 26/12/2023
12	SWIFT	26-Dec	0.540	0.600	0.635	-	0.515	0.495	0.560	3.7%	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	1.030	10.8%	Initiate on 26/12/2023
Average Return										11.6%	

Technical Focus Tracker Summary	
Total recommendations	367
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)	10.6%
Accuracy (2023)	49.4%
FBM KLCI (Since 30/12/2022)	4.0%
FBM Small Cap (Since 30/12/2022)	15.4%
Malaysia GDP Growth (1H23)	4.2%

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