

Thursday, 22 Feb, 2024

Positive Sentiment To Return

Market Review

Malaysia: The FBM KLCI (-0.21%) ended lower, in line with the mixed performance in the regional stock markets, dragged by Telco heavyweights. On the broader market, the Technology sector (+0.36%) was the leading sector, while the Energy sector (-1.29%) declined.

Global markets: Wall Street ended mixed prior to NVIDIA posting stellar results and strong guidance, meanwhile traders will be eyeing the upcoming weekly jobless claims data and existing home sales figures from January. The European stock market ended slightly lower, while Asia markets ended mixed.

The Day Ahead

The FBM KLCI slid marginally after a 3-day winning streak as profit taking emerged, while the US stock markets closed mixed prior to the release of Nvidia's results, while pricing in the Fed's minutes, where most of the Fed's officials worried on moving too quickly to cut rates and inflation might spike again with the ongoing geopolitical tension. While the elevated interest rates environment may persist, Nvidia's post-market results managed to beat expectations and will be able to support the overall sentiment at least for the near term. On the local front, we reckon the market sentiment will stay positive amid the better-than-expected corporate earnings season. On the commodity market, the Brent oil price headed higher on the back of ongoing tension in the Middle East region.

Sectors focus: We believe the market may be focusing on Property, Construction and Building Material as well as O&G sectors following corporate earnings releases from Sunway-related, Aaland, and Perdana. Meanwhile, we still expect the Technology to improve further from this point in tandem with the spike in Nvidia after hours following the release of corporate earnings.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI pulled back after the previous day rally. 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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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	38,612.24	0.13
S&P 500	4,981.80	0.13
NASDAQ	15,580.87	-0.32
FBM KLCI	1552.40	-0.21
FBM Small Cap	17,087.39	-0.76
FBM ACE	4,837.49	-0.88
Construction	21195	-0.52
Consumer	580.12	-0.05
Energy	934.77	-1.29
Financial Services	17,376.16	0.13
Healthcare	197134	-1.03
Ind Products	177.66	-0.08
Plantation	7,328.86	-0.20
Property	924.87	-1.28
REITs	815.68	-0.49
Technology	63.66	0.36
Telco & Media	616.84	-0.79
Transport & Logist	965.08	-0.43
Utilities	1542.85	-0.31
Trading Vol (m)	3,653.45	-1.34
Trading Val (RM m)	2,712.92	-7.73
Gainers/ Losers rat	60%	
FKLI	1554.50	0.00
FCPO (RM)	3,857.00	-0.16
Brent oil (USD)	82.34	0.96
Gold (USD)	2,025.99	0.01
USD	4.7943	0.09
GBP	6.0463	0.03
EURO	5.1778	0.08
SGD	3.567	0.03

Trading participation 5-day trend and value (m)	
Institution	Foreign
-543.3	663.9

Source: Bloomberg, Bursa Market Place



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Company Brief

Petronas Chemicals Group Bhd (PCG) has signed a memorandum of understanding with Sarawak state-owned Sarawak Petchem Sdn Bhd to conduct a joint feasibility study to develop a low-carbon ammonia and urea plant in Bintulu. This confirms a story by *The Edge* which reported that Petroliaam Nasional Bhd (Petronas) and the Sarawak state government will sign a preliminary agreement to facilitate discussions and assess the feasibility of the project, citing sources. PCG said the two companies will conduct a joint comprehensive study on the technical and commercial aspects – among other considerations – in meeting rising demand for cleaner energy solutions by tapping into renewable energy potential within the region. (The Edge)

Reneuco Bhd and **Citaglobal Bhd** said that their consortium has secured a 30-year concession to supply electricity to the East Coast Rail Line (ECRL). As part of the concession, the consortium will develop the transmission and distribution interconnection facilities valued at RM600m, and to operate and maintain the assets over a 30-year period. Citaglobal has a 60% stake in the consortium, while Reneuco holds the remaining 40%. The supply contract is exclusive and will provide electricity and renewable energy of up to 100MW to the ECRL network for both traction and non-traction systems. (The Edge)

Sime Darby Bhd's net profit for the second quarter ended Dec 31, 2023 (2QFY2024) surged to RM2.29bn from RM389m, due mainly to the RM2bn gain on the disposal of Ramsay Sime Darby Health Care in December 2023. The conglomerate's quarterly revenue rose to RM15.55bn from RM11.29bn. Earnings per share rose to 33.60 sen, from 5.70 sen. Sime Darby declared a dividend of 3 sen per share, to be paid on March 27. For the cumulative six months ended Dec 31, 2023, Sime Darby's net profit jumped to RM2.88bn from RM596m a year earlier, on the back of revenue of RM29.53bn, versus RM23.47bn previously. (The Edge)

Malaysian Pacific Industries Bhd (MPI) said its net profit surged over 75% in the second quarter ended Dec 31, 2023 from a year earlier thanks to lower expenses, as it also logged other operating income. Net profit for the quarter was RM32.15m compared to RM18.33m over the same period last year. Revenue for the quarter dipped 0.7% year-on-year to RM522.75m, from RM526.42m, due to a decline in its Asian and European segments. For its first six months, MPI's net profit fell 31.48% to RM48.67m, from RM71.03m in the same period a year ago. Revenue for the June-December period fell 5% to RM1.04bn, from RM1.09bn. (The Edge)

The Israel-Palestine conflict boycott of the Starbucks franchise dragged **Berjaya Food Bhd** (BFood) down to a record net loss of RM42.58m for the second quarter ended Dec 31, 2023 (2QFY2024) against a net profit of RM35.49m a year earlier. Earnings were also hurt by a RM10.5m one-off loss from the disposal of its entire equity interest in Jollibean Foods Pte Ltd. Quarterly revenue fell 38.19% to RM182.55m versus RM295.32m previously, on lower sales because of the boycott. Likewise, for the six months ended Dec 31, 2023, BFood fell into the red with a net loss of RM23.55m as compared to a net profit of RM70.19m in the same period a year earlier, while revenue fell 20.28% to RM461.09m from RM578.37m. (The Edge)

LBS Bina Group Bhd reported a 31% growth in its fourth quarter net profit, underpinned by increased contribution from its property development business and better progress of construction activities. Net profit for the quarter ended Dec 31, 2023 (4QFY2023) rose to RM36.55m, from RM27.90m a year earlier. Quarterly revenue surged 58.88% to RM596.72m from RM375.58m, which the group attributed to higher on-site development activities across ongoing projects. For the full year, LBS Bina's net profit rose 9.13% to RM140.27m or 7.70 sen per share, from RM128.54m or 6.87 sen per share in FY2022. Full-year revenue increased 6.07% to RM1.83bn, from RM1.72bn. (The Edge)



Apex Healthcare Bhd said its net profit fell 42.41% in the fourth quarter from a year earlier but declared a special dividend following a record year thanks to a disposal gain. Net profit for the three months ended Dec 31, 2023 was RM20.06m from RM34.84m largely due to lower share of earnings from associates. Revenue for the quarter, however, rose 8.85% year-on-year to RM240m from RM220.49m. The company booked a one-off gain of RM321.7m from the partial stake disposal of Straits Apex Sdn Bhd, boosting the company's net profit for FY2023 over threefold to a record high of RM397.99m compared with RM100.98m in FY2022, while full-year revenue rose 6.66% to RM936.17m against RM877.74m in FY2022. Apex Healthcare declared a final dividend of 2.5 sen per share, along with a special dividend of 20 sen per share, bringing the total dividend per share for FY2023 to 25 sen. (The Edge)

Hong Leong Industries Bhd's (HLI) net profit for the second quarter jumped 39.36% year-on-year, attributed mainly to a favourable sales mix of motorcycle models and a disposal gain on its fibre cement board manufacturing business. Net profit for the second quarter ended Dec 31, 2023 (2QFY2024) increased to RM102.47m – the highest since 4QFY2018 when the group logged a net profit of RM106.55m – versus RM73.53m in the prior year. However, quarterly revenue fell 11.65% to RM743.55m, from RM841.61m in 2QFY2023, due to lower sales. The group declared a special dividend of 50 sen per share for the quarter under review. This brings the year-to-date dividend to 70 sen per share, exceeding the total dividend of 57 sen for FY2023 and 52 sen for FY2022. For the first half, HLI's net profit grew 22.35% to RM190.14m from RM155.41m, although revenue decreased by 8.5% to RM1.58bn from RM1.73bn. (The Edge)

Sunway Bhd closed its fourth quarter for the financial year 2023 (4QFY2023) with a 29.8% year-on-year jump in net profit to RM265.9m and its highest annual revenue of RM6.14bn since the group's listing in 2011. The group made RM61.08m more net profit in its 4QFY2023, compared with the RM204.82m it made in the corresponding quarter of 2022, supported mainly by improved contributions from its property investment, construction, trading and manufacturing, and quarry businesses. Quarterly revenue expanded by 22% to RM1.87bn from RM1.53bn, attributed to higher contributions from most business segments. It declared a second interim dividend of 3.5 sen per share for FY2023, bringing its payout for the year to 5.5 sen, its bourse filing showed. For the full FY2023, the group's net profit rose 10.3% to RM737.8m from RM668.5m in FY2022, as revenue climbed 18% to its record high of RM6.14bn from RM5.2bn in FY2022. (The Edge)

Sunway Construction Group Bhd (SunCon) has secured a RM720.99m shopping mall project in the Kinta district in Perak, in a related party transaction. Its wholly-owned unit, Sunway Construction Sdn Bhd, received the contract from Sunway Bhd's indirect subsidiary, Sunway Lost World Water Park Sdn Bhd, for earthworks and main building works of a commercial development containing a six-floor shopping complex, cinema and shops. The project will begin on March 1 and is expected to be completed by Jan 31, 2027. This latest award raises SunCon's total secured new projects for the current year to RM831m. (The Edge)

Kuala Lumpur Kepong Bhd (KLK) has redesignated its chief executive officer Tan Sri Lee Oi Hian as executive chairman, following the retirement of Tun Raja Muhammad Alias Raja Muhammad Ali as the group's non-executive chairman. Lee is also the chairman of KLK's controlling company, Batu Kawan Bhd. The Lee family owns over 55% of Batu Kawan, which in turn has a 47.16% stake in KLK. (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	0.825	13.0%	Take profit on 21/2/2024
2	AVALAND	16-Jan	0.270	0.285	0.290	0.325	0.245	0.240	0.265	-1.9%	Initiate on 16/1/2024
3	DELEUM	23-Jan	1.070	1.140	1.150	1.200	0.980	0.970	1.120	4.7%	Initiate on 23/1/2024
4	PWRWELL	26-Jan	0.255	0.275	0.280	0.290	0.240	0.230	0.265	3.9%	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	2.250	0.4%	Initiate on 5/2/2024
7	INARI	14-Feb	3.220	3.500	3.550	3.600	3.150	3.100	3.250	0.9%	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	0.945	12.5%	Initiate on 26/12/2023
3	INARI	26-Dec	3.000	3.300	3.450	-	2.860	2.750	3.250	8.3%	Initiate on 26/12/2023
4	ITMAX	26-Dec	1.810	1.950	2.000	-	1.760	1.700	2.200	21.5%	Initiate on 26/12/2023
5	KSL	26-Dec	1.130	1.210	1.300	-	0.995	1.070	1.520	34.5%	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	1.360	-12.3%	Initiate on 26/12/2023
8	OSK	26-Dec	1.230	1.300	1.350	-	1.150	1.100	1.530	24.4%	Initiate on 26/12/2023
9	PBBANK	26-Dec	4.250	4.410	4.500	-	4.170	4.060	4.510	6.1%	Initiate on 26/12/2023
10	SCGBHD	26-Dec	0.425	0.475	0.500	-	0.400	0.380	0.455	7.1%	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	0.555	2.8%	Initiate on 26/12/2023
13	TM	26-Dec	5.560	6.000	6.250	-	5.350	5.210	5.910	6.3%	Initiate on 26/12/2023
14	WCEHB	26-Dec	0.930	1.000	1.070	-	0.880	0.820	1.020	9.7%	Initiate on 26/12/2023
Average Return										10.8%	

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)	10.8%
Accuracy (2023)	49.4%
FBM KLCI (Since 30/12/2022)	3.8%
FBM Small Cap (Since 30/12/2022)	14.5%
Malaysia GDP Growth (1H23)	4.2%

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