

Friday, 23 Feb, 2024

## Technology Sector To Lead For The Near Term

### Market Review

**Malaysia:** The FBM KLCI (-0.45%) ended lower, despite the positive performance in the regional stock markets, dragged by Utilities heavyweights. On the broader market, the Technology sector (+3.13%) was the leading sector, while the Utilities sector (-0.96%) declined.

**Global markets:** Wall Street ended higher led by the strong momentum in NVIDIA, while investors will be eyeing the earnings of Warner Bros Discovery and Bloomin' Brands on Friday. Both the European and Asian stock market ended higher, the latter led by the Nikkei despite Japan posting weaker business activity data.

### The Day Ahead

The FBM KLCI pulled back for the second session consecutively prior to release of YTLs' results. Over in the US, Wall Street charged higher as the sentiment turned bullish after the strong set of results from Nvidia; the Dow and S&P500 closes at record highs. Meanwhile, the flash US manufacturing PMI rose to 17-month high of 51.5 (consensus: 50.5), while the S&P flash US services PMI dipped to a 3-month low of 51.3 (consensus: 52.4); both in the expansion territory. On the commodity market, the Brent oil price still holding above USD83/bbl amid ongoing conflicts in the Middle East, coupled with the US inventories rising less-than-expected.

**Sectors focus:** With the positive sentiment observed in the US following Nvidia's results, we believe the buying interest may extend following yesterday's momentum in the Technology sector on the local front. Meanwhile, the FBM KLCI's upside may be capped by the flattish YTLPOWER's results. Other notable result includes PWRWELL, where the earnings have increase strongly due to some data center and solar-related projects. Besides, MSM saw a turnaround on a QoQ basis, but it might have been reflected in the share price, thus the market may perform a sell-on-news strategy.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI dropped for the 2<sup>nd</sup> consecutive day. However, 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	39,069.11	1.18
S&P 500	5,087.03	2.11
NASDAQ	16,041.62	2.96
FBM KLCI	1,545.49	-0.45
FBM Small Cap	17,169.97	0.48
FBM ACE	4,906.56	1.43
Construction	210.65	-0.61
Consumer	579.25	-0.15
Energy	934.23	-0.06
Financial Services	17,323.45	-0.30
Healthcare	1,977.27	0.30
Ind Products	178.53	0.49
Plantation	7,333.12	0.06
Property	927.01	0.23
REITs	817.85	0.27
Technology	65.65	3.13
Telco & Media	617.08	0.04
Transport & Logist	966.83	0.18
Utilities	1,528.11	-0.96
Trading Vol (m)	3,718.48	1.78
Trading Val (RM m)	2,576.06	-5.04
Gainers/ Losers rat	13%	
FKLI	1,552.50	0.26
FCPO (RM)	3,851.00	0.31
Brent oil (USD)	83.03	0.46
Gold (USD)	2,024.39	0.00
USD	4,775.5	0.39
GBP	6,053.2	-0.11
EURO	5,182.6	-0.09
SGD	3,561.4	0.16

Trading participation 5-day trend and value (m)

Institution	Foreign
-612.5	704.7

Source: Bloomberg, Bursa Market Place



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## Company Brief

edotco Group Sdn Bhd, a 63%-owned subsidiary of **Axiata Group Bhd**, is seeking a buyer for its telecommunication tower business in Myanmar. Axiata said the decision would allow management to focus on assets that can create future value for its shareholders. Axiata posted a net loss of RM695.02m for the fourth quarter ended Dec 31, 2023 (4QFY2023), compared with a net profit of RM9.95bn a year ago. For the full year, the telco group recorded a net loss of RM2bn versus a net profit of RM9.75bn in FY2022. Despite the losses, Axiata declared a dividend of 5 sen per share, bringing total dividends for FY2023 to 10 sen per share. (The Edge)

**YTL Corp Bhd**'s net profit for the second quarter ended Dec 31, 2023 (2QFY2024) rose sixfold to RM589.21m from RM96.91m a year ago, lifted by stellar results from listed units **YTL Power International Bhd** and **Malayan Cement Bhd**. Revenue for the quarter rose 14.2% to RM7.53bn, from RM6.59bn. For the first six months of FY2024 (1HFY2024), YTL Corp's net profit jumped eightfold to RM1.1bn from RM133.53m in 1HFY2023. Its 78.58% indirect-owned Malayan Cement posted a strong net profit of RM121.2m – its best quarterly performance since 2013 – from RM15.26m a year ago, as revenue jumped 29% to RM1.16bn from RM896.97m.

YTL Power, meanwhile, logged a fourfold rise in net profit to RM845.12m in 2QFY2024, from RM198.82m last year. Revenue rose 14.26% to RM5.37bn from RM4.7bn, lifted by all key segments. This lifted its 1HFY2024 net profit up fourfold to RM1.69bn from RM372.1m in 1HFY2023. The sustained performance was mainly thanks to stable earnings in Singapore, on the back of better margins and a stronger Singapore dollar against the Malaysian ringgit. (The Edge)

**Maxis Bhd**'s net profit dropped 76% to RM56m from RM233m for the fourth quarter ended Dec 31, 2023 (4QFY2023), dragged by tax settlement and penalties imposed by the Inland Revenue Board. During the quarter, the company paid RM73m to settle its taxes. Quarterly revenue rose 7.4% to RM2.74bn from RM2.55bn, thanks to growth across consumer and enterprise businesses. For the full FY2023, its net profit dropped 13.8% to RM993m from RM1.15bn in FY2022, though revenue rose 4% to RM10.18bn from RM9.79bn. Maxis declared an interim dividend of 4 sen per share, bringing its full-year payout to 16 sen per share. (The Edge)

**Sime Darby Plantation**'s net profit fell more than 64% in the fourth quarter to RM200m from RM562m a year earlier, weighed by lower average realised prices. Revenue dipped 6.88% to RM5.28bn from RM5.67bn. A final dividend of 6.05 sen per share was declared, bringing its full FY2023 payout to 15 sen per share. For FY2023, the group made a net profit of RM1.86bn, 25.24% less than the RM2.49bn it made in FY2022, as revenue declined 12.37% to RM18.43bn from RM21.03bn. For FY2024, the group is expecting crude palm oil price to range between RM3,700 and RM3,900 per tonne. (The Edge)

**Eastern & Oriental Bhd** (E&O) is in talks with banks to finalise the mechanism to raise between RM1bn to RM1.5bn for its Andaman Island project in Penang. It said the second development phase would require RM2bn in funding. The group also reported that its quarterly net profit grew 14.47% to RM34.44m from RM30.09m a year earlier. Quarterly revenue surged 13.58% to RM92.23m, from RM81.20m in 3QFY2023. For 9MFY2024, E&O's net profit more than tripled to RM97.13m from RM28.45m in 9MFY2023, while its revenue rose by 19.28% to RM301.50m, from RM252.77m. (The Edge)

Fuel retailer **Petron Malaysia Refining & Marketing Bhd** returned to black in its fourth quarter with a net profit of RM41.42m, versus a net loss of RM21.37m in the same period a year ago, thanks to accounting gain, as well as better fuel and refining margins.



Revenue for the quarter rose 5.25% to RM4.49bn from RM4.27bn previously, driven by higher sales volume despite lower prices. It recommended a final single-tier dividend of 23 sen per share. For its full year, Petron's net profit dropped 9.49% to RM272.06m from RM300.59m in FY2022, as revenue fell 6.18% to RM17.22bn from RM18.35bn. (The Edge)

**Dayang Enterprise Holdings Bhd**'s net profit rose sixfold in the fourth quarter ended Dec 31, 2023 (4QFY2023) to RM93.79m from RM12.52m a year ago. The group posted a dividend of 1.5 sen per share, bringing its full-year dividend per share to three sen, unchanged from last year. Revenue rose 57.93% to RM351.08m, from RM222.3m, as it continued to see job orders despite the monsoon season, adding to improved daily charter rates. For FY2023, Dayang's net profit rose 80.6% to RM218.92m from RM121.2m, while its revenue rose 13.09% to a record high of RM1.11bn from RM984.18m. (The Edge)

**REDtone Digital Bhd** flagged intense competition in the telecommunications segment in the near term as it's second quarter net profit dropped by about half, despite a jump in revenue. The group's net profit for the three months ended Dec 31, 2023 fell 45.2% to RM11.72m from RM21.40m in the corresponding second quarter a year earlier, which it blamed on lower margin at its managed telecommunication network services segment. "The board of directors anticipates business outlook for the remaining quarters to remain competitive, in particular its telecommunication services segment due to current intense competition," it said. (The Edge)

**MSM Malaysia Holdings Bhd** returned to the black in the fourth quarter ended Dec 31, 2023, with a net profit of RM42.9mil against a net loss of RM44.2m in the same period last year, on improved margins and higher capacity utilisation, despite higher production cost. Revenue for the quarter jumped 40.15% to RM949.8m from RM677.7m last year mainly due to the 27% higher average selling price (ASP) and 11% higher sales volume, mainly contributed by 48% increase in export segment. (The Star)

## 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	0.295	9.3%	Initiate on 16/1/2024
3	DELEUM	23-Jan	1.070	1.140	1.150	1.200	0.980	0.970	1.130	5.6%	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	0.690	11.3%	Take profit on 22/2/2024
6	SPRITZER	5-Feb	2.240	2.400	2.450	2.500	2.140	2.100	2.170	-3.1%	Initiate on 5/2/2024
7	INARI	14-Feb	3.220	3.500	3.550	3.600	3.150	3.100	3.330	3.4%	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	1.660	0.0%	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	3.330	11.0%	Initiate on 26/12/2023
4	ITMAX	26-Dec	1.810	1.950	2.000	-	1.760	1.700	2.240	23.8%	Initiate on 26/12/2023
5	KSL	26-Dec	1.130	1.210	1.300	-	0.995	1.070	1.510	33.6%	Initiate on 26/12/2023
6	MYEG	26-Dec	0.815	1.000	1.080	-	0.805	0.750	0.785	-3.7%	Initiate on 26/12/2023
7	NATGATE	26-Dec	1.550	1.760	1.850	-	1.480	1.350	1.390	-10.3%	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	4.480	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	2.600	32.0%	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	5.910	6.3%	Initiate on 26/12/2023
14	WCEHB	26-Dec	0.930	1.000	1.070	-	0.880	0.820	1.010	8.6%	Initiate on 26/12/2023
Average Return										11.2%	



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)	12.8%
Accuracy (2023)	49.4%
FBM KLCI (Since 30/12/2022)	3.3%
FBM Small Cap (Since 30/12/2022)	15.0%
Malaysia GDP Growth (1H23)	4.2%

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