

Thursday, 29 Feb, 2024

Traders Stayed Cautious Ahead Of Inflation Data

Market Review

Malaysia: The FBM KLCI (-0.85%) ended lower, in line with the mostly negative performance in the regional stock markets, dragged by selected Utilities and Banking heavyweights. On the broader market, the Utilities sector (-2.58%) was the worst performing sector, followed by the Construction sector (-1.08%).

Global markets: Wall Street ended lower as the investors stayed cautious ahead of the upcoming Core PCE that will be releasing later today. Both the European and Asian stock market ended lower, the latter due to negative sentiment after Hong Kong announced its 2024 budget and ahead of the China's manufacturing PMI.

The Day Ahead

The FBM KLCI pulled back after hitting resistance along 1,559 and profit taking mode emerged prior to the MSCI rebalancing activities, that will be effective 1st March. Meanwhile, the US stock markets ended softer, as traders stayed cautious ahead of the Core PCE data that will be released tonight; consensus for core PCE stood at 0.4% MoM and it may sway the expectation for the Fed's first rate cut going forward. On the commodity market, the Brent oil price pulled back further as the US oil inventories rose more than expected last week, while Gold price secured above the USD2,030 zone yesterday. In the cryptocurrency space, Bitcoin surged above US\$60k psychological level and nearer towards the ATH zone of USD69k.

Sectors focus: With the negative momentum kicking in, further profit taking activities may emerge on the broader market with higher volatility seen within the MSCI rebalancing stocks such as YTL and YTLPOWR. Solid results that traders may take note today will include the Poultry sector as CCK and CAB see stronger growth in profits, while UNIQUE, under the fire-fighting segment may continue with its upward momentum. Besides, KGB continued its earnings momentum for this quarter.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI retraced significantly after a breakout earlier. The technical readings on the key index were mixed, with the MACD Histogram extending the first negative bar, while the RSI is hovering above 50. The resistance is envisaged around 1,565-1,575 and the support is set at 1,530-1,540.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	38,949.02	-6.00
S&P 500	5,069.76	-6.58
NASDAQ	15,947.74	-54.60
FBM KLCI	1545.59	-84.74
FBM Small Cap	16,866.18	-133.48
FBM ACE	4,765.24	-82.64
Construction	209.78	-108.45
Consumer	576.95	-73.12
Energy	924.64	-73.43
Financial Services	17,299.63	-24.52
Healthcare	197.01	-66.12
Ind Products	175.94	-104.06
Plantation	7,165.72	-38.06
Property	92183	-66.92
REITs	87.38	-13.93
Technology	64.28	-58.77
Telco & Media	612.79	-85.59
Transport & Logist	968.46	-28.01
Utilities	1566.51	-258.14
Trading Vol (m)	4,776.95	2315.53
Trading Val (RM m)	3,30124	69155
Gainers/ Losers rat		
FKLI	1544.00	19.43
FCPO (RM)	3,907.00	46.07
Brent oil (USD)	83.68	3.59
Gold (USD)	2,034.55	2.75
USD	4.771	-20.96
GBP	6.0237	29.55
EURO	5.1627	27.95
SGD	3.5416	7.06

Trading participation 5-day trend and value (m)

Institution	Foreign
- 18.4	97.5
- 79.1	

Source: Bloomberg, Bursa Market Place



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Company Brief

Malayan Banking Bhd (Maybank) said its net profit rose 8.3% year-on-year (y-o-y) for the fourth quarter ended Dec 31, 2023 (4QFY2023), as strong gains at its insurance segment and non-interest income offset a decline in net interest income. Net profit was RM2.39bn, compared with RM2.21bn for 4QFY2022. Net interest income fell 9.4% to RM3.18bn from a year ago, while non-interest income was up 5.4% at RM1.90bn. For 2024, Maybank said it is targeting a return-on-equity of 11%. The banking group also declared a full-cash second interim dividend of 31 sen per share, lifting full-year dividends to 60 sen per share, translating into a payout of 77.4%. For the full FY2023, net profit climbed 17% to RM9.35bn, from RM7.96bn a year ago. Net interest income fell 7.4% to RM12.79bn on higher interest expenses on deposits for customers, while non-interest income surged 74% to RM7.98bn, thanks to higher investment income and paper gains. (The Edge)

Hong Leong Bank Bhd (HLB) reported a 4.4% growth in net profit for the second quarter ended Dec 31, 2023 (2QFY2024), as higher contributions from associate companies and write-backs from past provisions offset a decline in net interest income. Net profit rose to RM1.09bn or 53.09 sen per share for 2QFY2024, from RM1.04bn or 50.87 sen per share a year ago. The group declared an interim dividend of 25 sen, with an ex-date of March 14. Net interest income fell by 0.5% to RM950.03m for 2QFY2024, from RM954.65m a year ago. **Hong Leong Financial Group Bhd** (HLFG), which owns 64% of HLB, also eked out a 2.5% growth in net profit to RM831.87m for 2QFY2024, from RM811.5m a year ago, driven by higher contributions from its commercial banking, investment banking and stockbroking divisions. This was despite net interest income falling by 0.4% to RM975.86m for 2QFY2024, from RM979.86m a year earlier. The group, which is 78%-controlled by tycoon Tan Sri Quek Leng Chan, also declared an interim dividend of 18 sen, with an ex-date of March 14. (The Edge)

Public Bank Bhd said its net profit fell 5.73% in the fourth quarter from a year earlier, hit by high allowance for loan impairment and higher operating expenses as well as lower net interest income. Net profit for the three months ended Dec 31, 2023 was RM1.62bn versus RM1.71bn in the same period a year earlier. Revenue for the three months, meanwhile, increased by 8% to RM6.55bn from RM6.06bn. For the full year ended Dec 31 (FY2023), Public Bank's net profit expanded 8.66% to RM6.65bn from RM6.12bn, while revenue climbed 18.91% to RM25.42bn from RM21.43bn. Public Bank declared a dividend of 10 sen per share for the quarter, to be paid on March 22. This brings the total dividends for FY2023 to 19 sen per share – amounting to RM3.69bn – higher than the total dividends paid in the past three years. (The Edge)

Farm Fresh Bhd's net profit rose 8.91% to RM20.44m for the third quarter ended Dec 31, 2023 (3QFY2024), from RM18.77m a year before, on higher sales to hotels, restaurants, and cafes (Horeca), as well as better sales of ultra-high-temperature (UHT) processed products. Recently acquired ice cream units The Inside Scoop Sdn Bhd and Sin Wah Ice Cream Sdn Bhd also contributed to the higher quarterly profit. Segment-wise, the group's Australian operations turned to loss, which was more than offset by improvements in Malaysia. Quarterly revenue increased 30.5% to RM211.62m, from RM162.17m a year ago. (The Edge)

Hap Seng Consolidated Bhd's fourth quarter ended Dec 31, 2023 (4QFY2023) net profit fell 61.88% to RM37.36m, from RM98.02m a year ago, due to lower operating profit dragged by lower profit contribution from all divisions except building materials division. Quarterly revenue declined 26.91% to RM1.31bn against RM1.79bn in the previous year, mainly due to lower revenue from its credit financing, automotive and trading divisions. For the full year, Hap Seng's net profit fell 15.81% to RM800.33m as compared to RM950.66m in FY2022, as revenue slid 14.41% to RM6.09bn from RM7.11bn a year ago. (The Edge)



Press Metal Aluminium Holdings Bhd's fourth quarter net profit rose 22.89% to RM320.46m from RM260.78m a year earlier, due to improved profit margins arising from lower raw material prices and higher profit contribution from associates. Quarterly revenue, however, fell 9.64% to RM3.53bn from RM3.91bn in 4QFY2022, due to lower metal prices. The group declared a fourth interim dividend of 1.75 sen per share payable on March 29. This brings the total dividend declared for FY2023 to seven sen per share, up from 6.75 sen per share in FY2022. Full-year profit dropped 13.68% to RM1.21bn from RM1.41bn in FY2022 as revenue fell 12% to RM13.8bn from RM15.68bn amid a softening of metal prices. (The Edge)

Capital A Bhd is carving out the manager of its aviation brand AirAsia and injecting it into Nasdaq-listed special purpose acquisition company (SPAC) Aetherium Acquisition Corp for US\$1.15bn (RM5.48bn) – a move to pave way for its exit from Practice Note 17 (PN17) status, besides selling its aviation business to AirAsia X Bhd. In return, Capital A will get an equity stake worth US\$1bn in the US-listed entity, which will be called Capital A International (CAPI). On top of that, Capital A will also offload a US\$150m loan to CAPI as part of sale consideration settlement. The proposal includes distribution of CAPI shares to Capital A's shareholders. (The Edge)

PPB Group Bhd recorded a steep drop in earnings for its financial year ended Dec 31, 2023 (FY2023) mainly on lower contribution from Wilmar International Ltd, which was 38% lower at RM1.3bn against RM2.1bn in FY2022. PPB's full-year net profit stood at RM1.39bn, down 36.53% y-o-y from RM2.2bn, while revenue dropped 7% to RM5.72bn from RM6.15bn during the same period a year prior. The group declared a final dividend of 30 sen per share, payable on June 7, 2024, taking the total declared for FY2023 to 42 sen, from 40 sen in FY2022. (The Edge)

IJM Corp Bhd's net profit rose 34.3% to RM100.43m for its third quarter ended Dec 31, 2023 (3QFY2024) from RM74.79m a year earlier on the back of higher revenue across all its business segments. Total revenue for the quarter was up 34% y-o-y at RM1.48bn from RM1.1bn. For the nine-month period, net profit surged 118% to RM294.76m from RM135.23m in the corresponding period of the previous financial year, while revenue increased 28.2% to RM4.16bn from RM3.25bn. (The Edge)

MyEG Services Bhd's net profit for the fourth quarter ended Dec 31, 2023 (4QFY2023) doubled to RM150.16m from RM74.69m a year earlier, on the back of 42.4% growth in revenue of RM222.06m against RM155.99m a year ago. MyEG said the higher quarterly earnings were mainly contributed by its Zetrix blockchain platform, sale of Zetrix tokens, and the initial exchange offering of Zetrix tokens on three major global digital asset exchanges. The digital service provider proposed a final dividend of 1.68 sen per share, raising its dividend payout for FY2023 to 1.93 sen, which is 0.51 sen higher than 1.42 sen it paid for FY2022. For the full financial year ended Dec 31, 2023 (FY2023), MyEG's net profit expanded 22.32% to RM487.65m from RM398.66m in FY2022, as revenue increased by 20.57% to RM774.28m against RM642.16m a year earlier. (The Edge)

Pecca Group Bhd has reported another record-breaking financial quarter with both revenue and net profit at all-time highs. The automotive upholstery maker's net profit jumped 59.1% to RM13.38m for the second financial quarter ended Dec 31, 2023 (2QFY2024) from RM8.41m a year ago, while its quarterly revenue increased by 21.1% y-o-y to RM64.76m from RM53.48bn. For the quarter under review, the group declared a dividend of 1 sen per share, bringing the total dividend for FYE2024 to 2 sen per share. For the six-month period ended Dec 31, 2023 (6MFY2024), Pecca's net profit leapt by 57.5% to RM26.39m from RM16.76m, while its revenue increased by 18.9% to RM128.8m from RM108.35m. (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	0.320	18.5%	Take profit on 27/2/2024 @ RM0.325
3	DELEUM	23-Jan	1.070	1.140	1.150	1.200	0.980	0.970	1.310	22.4%	Initiate on 23/1/2024
4	PWRWELL	26-Jan	0.255	0.275	0.280	0.290	0.240	0.230	0.310	21.6%	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	2.080	-7.1%	Initiate on 5/2/2024
7	INARI	14-Feb	3.220	3.500	3.550	3.600	3.150	3.100	3.140	-2.5%	Initiate on 14/2/2024
8	MBMR	19-Feb	4.660	4.950	5.000	5.100	4.450	4.400	4.560	-2.1%	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	1.690	1.8%	Initiate on 26/12/2023
2	CCK	26-Dec	0.840	0.950	1.000	-	0.805	0.760	0.980	16.7%	Initiate on 26/12/2023
3	INARI	26-Dec	3.000	3.300	3.450	-	2.860	2.750	3.140	4.7%	Initiate on 26/12/2023
4	ITMAX	26-Dec	1.810	1.950	2.000	-	1.760	1.700	2.280	26.0%	Initiate on 26/12/2023
5	KSL	26-Dec	1.130	1.210	1.300	-	0.995	1.070	1.570	38.9%	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	1.350	-12.9%	Initiate on 26/12/2023
8	OSK	26-Dec	1.230	1.300	1.350	-	1.150	1.100	1.450	17.9%	Initiate on 26/12/2023
9	PBBANK	26-Dec	4.250	4.410	4.500	-	4.170	4.060	4.470	5.2%	Initiate on 26/12/2023
10	SCGBHD	26-Dec	0.425	0.475	0.500	-	0.400	0.380	0.500	17.6%	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	6.020	8.3%	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										11.8%	

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)	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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