

Friday, 01 Mar, 2024

## Positive Trend To Sustain After Core PCE Data

### Market Review

**Malaysia:** The FBM KLCI (+0.38%) ended higher, despite the mixed performance in the regional stock markets, led by selected Utilities, Consumer and Industrial Products heavyweights. On the broader market, the Construction sector (+0.71%) was the leading sector, while the Utilities sector (+1.76%).

**Global markets:** Wall Street ended higher as investor sentiment improved after the January Core PCE and PCE data came in at 0.4% and 0.3% MoM, respectively, in line with consensus estimates. The European stock market ended higher, while Asia ended mixed while investors await China's manufacturing purchasing data.

### The Day Ahead

The FBM KLCI rebounded on the back of MSCI rebalancing activities and most of the banking heavyweights traded positively for the session. On Wall Street, the US stock markets ended on a firmer note as Core PCE data came in within expectation and fell 2.8% YoY, translating to a 4th month winning streak in the US stock markets. We believe the overall sentiment may stay positive as the Core PCE data may signal earlier than expected rate cut from the Fed. On the commodity market, the Brent oil price turned slightly lower but supported above the USD80/bbl level amid ongoing geopolitical tensions, while secured above the USD2,040 level yesterday.

**Sectors focus:** Given the Core PCE data came in within expectation, the buying support may emerge within the local market. Overall, the Technology sector's earnings have seen recovering and the downside risk could be limited, while buying interest could pick up going forward. We like the Packaging segment as both the PPHB and MASTER financial results were growing and likely to see further buying interest within the sector. Meanwhile, the poultry sector could see stronger trading interest as PWF released stellar RM25.6m 4Q23 earnings.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended higher currently consolidating sideways. The technical readings on the key index were mixed, with the MACD Histogram extending another 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	38,996.39	12.16
S&P 500	5,096.27	52.29
NASDAQ	16,091.92	90.41
FBM KLCI	1551.44	37.85
FBM Small Cap	16,780.35	-50.89
FBM ACE	4,768.13	6.06
Construction	21127	7103
Consumer	578.20	2167
Energy	924.70	0.65
Financial Services	17,316.50	9.75
Healthcare	1899.33	-92.23
Ind Products	176.28	19.32
Plantation	7,194.67	54.43
Property	92175	-0.87
REITs	813.62	-46.00
Technology	64.59	48.23
Telco & Media	610.39	-39.17
Transport & Logist	962.00	-66.70
Utilities	1539.00	-175.61
Trading Vol (m)	5,340.53	1179.78
Trading Val (RM m)	7,013.15	1243.97

  

Gainers/ Losers rat	
FKLI	1539.50   0.00
FCPO (RM)	3,970.00   -42.82
Brent oil (USD)	8191   -29.21
Gold (USD)	2,044.30   -4.06
USD	4.7428   59.46
GBP	6.0074   27.13
EURO	5.1461   12.83
SGD	3.5279   38.83

Trading participation 5-day trend and value (m)

Institution	Foreign
214.4	-82.2
	-132.2

Source: Bloomberg, Bursa Market Place



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## Company Brief

**Malaysia Airports Holdings Bhd's** (MAHB) net profit for the financial year ended Dec 31, 2023 (FY2023) surged 188% to RM543.17m or 29.17 sen per share from RM187.19m or 7.82 sen per share, due to an increase in revenue, other income and share of profit from associates and joint ventures. The airports operator said revenue for the year jumped to RM4.91bn from RM3.13bn. MAHB said net profit for the fourth quarter dropped to RM287.69m from RM359.14m despite higher revenue of RM1.37bn versus RM1bn previously. MAHB declared a final dividend of 10.8 sen per share in respect of FY2023. (The Edge)

**Bintulu Port Holdings Bhd** reported a 30% increase in its fourth-quarter net profit from a year earlier thanks largely to higher revenue from cargo handling. Net profit for the quarter ended Dec 31, 2023 (4QFY2023) rose to RM46.34m or 10.07 sen per share, from RM35.71m or 7.76 sen per share a year earlier. Revenue for the quarter increased by 8% year-on-year to RM217.47m, from RM201.39m in 4QFY2022. Bintulu Port declared a fourth interim dividend of 3 sen per share, payable on March 22, bringing the total dividend declared year to date to 12 sen. For the full year, Bintulu Port recorded 2% lower net profit at RM125.06m or 27.19 sen per share, from RM127.72m or 27.77 sen per share in FY2022. Full-year revenue declined 3% to RM770.06m from RM793.09m in the preceding year. (The Edge)

**Affin Bank Bhd** said its net profit more than doubled in the fourth quarter from a year earlier thanks to a sharp decline in provisions and lower taxes. The company however, missed some of its own targets for 2023, with profit-before-tax, net interest margin and cost-to-income ratio coming in lower than expected. Net profit for the three months ended Dec 31, 2023 stood at RM39.54m, compared to RM16.56m over the same period a year earlier. Net interest income fell 24% year-on-year to RM177.27m while non-interest income was a tad lower at RM62.22m. Allowances for credit impairment losses fell to RM11.1m from over RM170m. For the full year of 2023, net profit was down 66% to RM402.19m from RM1.18bn, largely due to lower dividends from subsidiaries. The company booked RM1.3bn in dividends from the divestment of its asset management arm. Affin proposed a dividend of 5.76 sen per share for FY2023, presenting a total dividend payout of RM135.3m or 33.6% of net profit for the year. (The Edge)

**Capital A Bhd** sank into the red for the final quarter of 2023, dragged by higher operating expenses, asset depreciation and higher financing costs. Net loss for the three months ended Dec 31, 2023 was RM159.57m compared with net profit of RM109.95m over the same period a year prior. Revenue, however, more than doubled year-on-year to RM4.86bn from RM2.2bn on strong recovery of both domestic and international travel demand. Nevertheless, Capital A returned to the black after four consecutive years of net losses with net profit of RM836.99m in FY2023 versus a net loss of RM2.63bn in FY2022. Revenue for the full year more than doubled to RM14.77bn from RM6.44bn a year earlier. (The Edge)

**TIME dotCom Bhd** saw a 30.54% drop in fourth-quarter net profit from a year earlier dragged by asset writedown but ended 2023 with record profits and dividend plan. Net profit for the three months ended Dec 31, 2023 was RM84.91m compared to RM122.24m a year earlier. Revenue, however, rose 6.6% year-on-year to RM422.26m from RM396.2m, with the largest growth coming from retail, followed by wholesale and enterprise customers. The group declared a record high total dividend of 85.8 sen per share for FY2023 after announcing an interim dividend of 8.25 sen per share and special dividend of 6.9 sen per share. For the full FY2023, the group posted a record-breaking net profit of RM2.57bn on revenue of RM1.59bn, boosted by gains from the divestment of AIMS and one-off items. In comparison, the group made RM449.91m net profit on revenue of RM1.45bn a year ago. (The Edge)



**Malaysian Resources Corp Bhd** (MRCB) said its net profit jumped to RM80.23m for the fourth quarter ended Dec 31, 2023 (4QFY2023), from RM13.02m a year earlier, as gains from disposal of two properties offset a decline in revenue. Revenue fell nearly 20% to RM668.78m, from RM833.94m previously, following the completion of major infrastructure and property development projects. For the full FY2023, net profit rose 56% to RM101.03m from RM64.85m a year earlier, while revenue was 22% lower at RM2.51bn versus RM3.21bn. MRCB declared a first and final dividend of 1 sen per share for a total payout of RM44.7m, payable on May 20. (The Edge)

**Sarawak Oil Palms Bhd** (SOP) said its net profit more than doubled in the fourth quarter from a year earlier, thanks to higher production and sales volume. Net profit for the three months ended Dec 31, 2023 (4QFY2023) was RM113.61m compared with RM47.87m over the same period a year earlier. Revenue for the quarter rose 28% year-on-year to RM1.47bn from RM1.15bn. For the full-year (FY2023) however, net profit fell 37% to RM300.45m, or 33.75 per share, from RM479.65m or 54.56 sen per share due to lower average realised prices of palm products. Revenue slipped 3.5% to RM5.12bn from RM5.3bn. (The Edge)

**CIMB Group Holdings Bhd** said its net profit rose nearly 30% year-on-year for the fourth quarter from a year earlier, thanks to higher operating income and lower provisions. Net profit for the three months ended Dec 31, 2023 (4QFY2023) was RM1.72bn compared to RM1.32bn in the previous year's corresponding quarter. For the quarter under review, the group recommended a second interim dividend of 18.5 sen per share and a special dividend of seven sen per share. This brings the total dividend declared for FY2023 to a record high of 43 sen per share, up from the previous year's 26 sen per share. For the full year, net profit climbed 28.3% to RM6.98bn from RM5.44bn a year ago. Net interest income dipped marginally by 3.5% to RM14.63bn, while non-interest income surged 36.5% to RM6.39bn from investment and market-related income. (The Edge)

Higher maintenance and overhaul cost, elevated staff cost and a rise in fuel prices have dragged down **AirAsia X Bhd's** (AAX) fourth quarter net profit despite a jump in revenue. For the three months ended Dec 31, 2023 (4QFY2023), AAX's net profit tumbled 82.17% to RM27.37m from RM153.48m a year earlier. In contrast, revenue more than doubled to RM818.22m from RM339.3m in the previous October-December quarter, due to healthy passenger load factor and higher average passenger fare. For FY2023 as a whole, AAX registered a net profit of RM366.47m on revenue of RM2.53bn. (The Edge)

**DRB-Hicom Bhd** posted a net profit of RM26.47m for the fourth quarter ended Dec 31, 2023 (4QFY2023), compared with a net loss of RM100.06m a year earlier, helped by higher financing income from its banking sector. The net profit was, however, lower than the RM70.8m reported for the immediate preceding quarter. The group said revenue for 4QFY2023 declined 13.3% year-on-year to RM3.77bn from RM4.35bn. For FY2023 as a whole, DRB-Hicom's net profit rose 27.3% to RM238.88m from RM187.71m in FY2022, while revenue increased 2.2% to RM15.85bn from RM15.51bn. (The Edge)

**S P Setia Bhd** has reported a 71.12% jump in its fourth quarter net profit to RM148.24m from RM86.63m a year earlier, helped by higher sales of its properties. Revenue for the quarter ended Dec 31, 2023 (4QFY2023) fell 18.98% year-on-year to RM1.38bn from RM1.71bn, which the group attributed to lower revenue from the property development segment following the completion of the group's Daintree Residence in Singapore in the previous year. The property developer highlighted that it achieved RM5.1bn sales in FY2023, exceeding its target of RM4.2bn and surpassing RM4.11bn sales in FY2022. Full-year net profit slipped by a marginal 1.92% to RM298.57m from RM304.4m in FY2023, as revenue fell 1.81% to RM4.37bn from RM4.54bn. The group declared a dividend of 1.34 sen per share for FY2023. (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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