

Thursday, 14 Mar, 2024

Traders Stayed Cautious Ahead Of PPI Data

Market Review

Malaysia: The FBM KLCI (-1.06%) ended lower, in line with the mostly negative performance in the regional stock markets, dragged by selected Industrial Product and Telco heavyweights. On the broader market, the Energy sector (+1.05%) was the leading sector, while the Financial Services sector (-1.19%) declined.

Global markets: Wall Street ended mixed as the S&P500 and Nasdaq was dragged by technology stocks as traders traded cautiously ahead of the upcoming PPI data, jobs data and retail sales data. The European stock markets ended higher, while Asia ended mixed.

The Day Ahead

The FBM KLCI ended softer after several index heavyweights exercised for dividends, while selected Telco heavyweights closed in the negative territory. Meanwhile, the US stock markets traded mixed prior to the release of PPI data later tonight as the inflation number will be crucial for the Fed in determining the interest outlook going forward. However, we expect the general tone on the local front may remain positive amid bargain hunting activities in the small cap stocks. On the commodity markets, Brent oil experienced a breakout above USD84 supported by a drop in U.S. crude inventories and potential supply disruptions after Ukrainian attacks on Russian refineries. Meanwhile, the Gold price pulled back but rebound above the USD2150 zone. For the FCPO, the momentum continued as the price breaches above RM4200.

Sectors focus: Given the weakness in the Technology sector in the US, we believe the upside for Technology stocks could be minimal on the local front. Meanwhile, we believe traders could focus on the commodities sector like O&G and Plantation sector, with the firmer performance on the underlying commodities overnight. Besides, we favour selected Consumer, Property, Construction and Banking stocks.

FBMKLCI Technical Outlook



Bloomberg

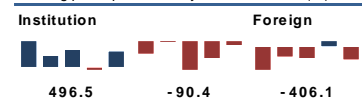
The FBM KLCI index pulled back after a 4-day winning streak. The technical readings on the key index were positive, with the MACD Histogram forming a rounding top formation, while the RSI is above 50. The resistance is envisaged around 1,555-1,560 and the support is set at 1,525-1,530.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	39,043.32	0.10
S&P 500	5,165.31	-0.19
NASDAQ	16,177.77	-0.54
FBM KLCI	1538.13	-1.06
FBM Small Cap	16,842.46	0.82
FBM ACE	4,706.42	-0.33
Construction	213.23	0.88
Consumer	57188	-0.51
Energy	906.50	1.05
Financial Services	17,235.57	-1.19
Healthcare	1915.50	0.31
Ind Products	175.69	-0.17
Plantation	7,275.20	-1.11
Property	926.59	0.96
REITs	813.59	0.02
Technology	63.30	0.44
Telco & Media	599.65	-1.06
Transport & Logist	958.77	-0.27
Utilities	1508.90	0.68
Trading Vol (m)	4,175.23	-2.54
Trading Val (RM m)	2,727.77	-6.93
Gainers/ Losers rat	15%	
FKLI	1532.50	-0.03
FCPO (RM)	4,212.00	0.41
Brent oil (USD)	84.03	2.58
Gold (USD)	2,174.41	0.05
USD	4.686	-0.17
GBP	5.9885	-0.08
EURO	5.1201	-0.13
SGD	3.5146	0.01

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place



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Company Brief

Retirement Fund Inc (KWAP) emerged as a substantial shareholder in **CTOS Digital Bhd** amid heavy selling pressure on Tuesday (March 12) following an unfavourable outcome towards the group in a legal dispute. Malaysia's public sector pension fund bought 28.81m shares on the open market, raising its holdings to 135.51m shares or a 5.87% stake in CTOS. The credit reporting agency also disclosed that KWAP's fund manager disposed of 1.37m shares on the same day, paring its shareholdings to 134.14m shares or a 5.81% stake. (The Edge)

Bermaz Auto Bhd, which mainly assembles Mazda-branded vehicles, reported its net profit fell 19.23% in the third quarter from a year earlier dragged by lower sales. Net profit for the three months ended Jan 31, 2024 (3QFY2024) fell to RM70.5m or 6.04 sen per share compared with RM87.29m or 7.5 sen per share in the corresponding quarter a year ago. Revenue for the quarter dropped 8.14% year-on-year to RM896.51m, from RM975.97m. For its first nine months (9MFY2024), net profit rose 28.41% to RM260.82m from RM203.12m while revenue climbed 20.88% to RM3bn from RM2.48bn, thanks to higher sales volume from the domestic operations. (The Edge)

Kumpulan Jetson Bhd's wholly owned unit received a notice of arbitration from its former client O&C Makok Isola Sdn Bhd (OCMI) in relation to an RM88.03m job to build four blocks of serviced apartments in Jalan Yap Kwan Seng. OCMI is seeking to claim RM30.88m, or a sum to be assessed by the Tribunal for the additional costs relating to the appointment of a replacement contractor to complete the works. Other OCMI claims include liquidated damages, reimbursement of all and any over payment of works, advance payment under the contract, interest and cost and expenses of the arbitration. (The Edge)

Tropicana Corp Bhd and Pantai Kok Resort Development Bhd have mutually agreed to terminate a 44.61-acre land development at Padang Mat Sirat, Langkawi. Tropicana inked the joint development agreement with Pantai Kok Resort in April 2019 to develop the land at Padang Mat Sirat across 15 years, with an estimated gross development value (GDV) of RM3.02bn. The termination enables the group to save on such development costs associated with the Pantai Kok land, which will allow the group to allocate financial resources more efficiently towards the other existing businesses. (The Edge)

Reservoir Link Energy Bhd through its wholly owned subsidiary Reservoir Link Sdn Bhd has secured a contract from Petronas Carigali Sdn Bhd for the provision of well leak repair equipment and services, with the value based on the number of works executed. The scope of work includes providing engineering consultancy, diagnostic and rectification services of well leak issues, and testing on sealant performance, among others. (The Edge)

JAG Bhd has proposed a bonus issue of 125.36m new shares on the basis of one bonus share for every five existing shares held. It is also planning a bonus issue of up to 376.07m free warrants on the basis of three warrants for every five existing shares held. It said the bonus issue of both the new shares and warrants is intended to reward existing shareholders. The bonus shares will be issued as fully paid, at no consideration and without capitalisation of the company's reserves. (The Edge)

Mattress manufacturer **Lee Swee Kiat Group Bhd** (LSK) announced that it is proposing a bonus issue of up to 83.91m new shares where shareholders will get one bonus share for two existing shares held. The entitlement date for the corporate exercise will be determined at a later date upon receipt of relevant approvals. The proposal is the "most appropriate avenue to reward its shareholders" by raising their



equity participation in the company and maintaining their percentage equity shareholding without incurring any cost, among others. (The Edge)

Construction group **Eversendai Corp Bhd** has secured four new projects worth RM5.4bn in Saudi Arabia, the United Arab Emirates and India, making its outstanding order book rise to a record high of RM6.6bn. The project in Saudi Arabia, in collaboration with Albawani Company Ltd, is for the structural steel signature building at the Trojena Ski Village, a year-round mountain resort destination. Meanwhile, the project in UAE involves structural steel works for the Wynn Al Marjan Island Integrated Resort Development in Ras Al Khaimah – which will feature a 1,500-room hotel with shopping, meeting and convention facilities, restaurants and lounges, entertainment and other amenities. On the other hand, its subsidiary in India has secured two structural steel projects for the Rupa IT Building and the Rupa Crystal IT Building. (The Edge)

Prolintas Infra Business Trust has fixed the final price of its initial public offering (IPO) at 95 sen per unit, unchanged from the initial price set, valuing the highway concession owner at RM1.05bn. At that price, the IPO raised RM445.3m for the trust's sole shareholder Projek Lintasan Kota Holdings Sdn Bhd (PLKH) from selling a 49% stake. PLKH is wholly owned by state-controlled asset management company Permodalan Nasional Bhd. This follows the close of the retail offering and the completion of the bookbuilding process under the institutional offering on March 12, Prolintas Infra. The trust is set for listing on March 25. (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	CTOS	28-Feb	1.490	1.600	1.610	1.660	1.420	1.400	1.250	-16.1%	Cut Loss on 12/3/2024
2	FRONTKN	4-Mar	3.660	3.820	3.900	4.050	3.550	3.520	3.690	0.8%	Initiate on 4/3/2024
3	SUNCON	12-Mar	2.610	2.730	2.750	2.850	2.480	2.450	2.640	1.1%	Initiate on 12/3/2024

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	1.67	0.6%	Initiate on 26/12/2023
2	CCK	26-Dec	0.840	0.950	1.000	-	0.805	0.760	0.99	17.9%	Initiate on 26/12/2023
3	INARI	26-Dec	3.000	3.300	3.450	-	2.860	2.750	3.14	4.7%	Initiate on 26/12/2023
4	ITMAX	26-Dec	1.810	1.950	2.000	-	1.760	1.700	2.26	24.9%	Initiate on 26/12/2023
5	KSL	26-Dec	1.130	1.210	1.300	-	0.995	1.070	1.43	26.5%	Initiate on 26/12/2023
6	MYEG	26-Dec	0.815	1.000	1.080	-	0.805	0.750	0.80	-2.5%	Initiate on 26/12/2023
7	NATGATE	26-Dec	1.550	1.760	1.850	-	1.480	1.350	1.31	-15.5%	Initiate on 26/12/2023
8	OSK	26-Dec	1.230	1.300	1.350	-	1.150	1.100	1.44	17.1%	Initiate on 26/12/2023
9	PBBANK	26-Dec	4.250	4.410	4.500	-	4.170	4.060	4.22	-0.7%	Initiate on 26/12/2023
10	SCGBHD	26-Dec	0.425	0.475	0.500	-	0.400	0.380	0.49	15.3%	Initiate on 26/12/2023
11	SUNCON	26-Dec	1.970	2.150	2.250	-	1.920	1.850	2.64	34.0%	Initiate on 26/12/2023
12	SWIFT	26-Dec	0.540	0.600	0.635	-	0.515	0.495	0.55	1.9%	Initiate on 26/12/2023
13	TM	26-Dec	5.462	6.000	6.250	-	5.350	5.210	5.97	9.3%	Initiate on 26/12/2023
14	WCEHB	26-Dec	0.930	1.000	1.070	-	0.880	0.820	1.00	7.5%	Initiate on 26/12/2023
Average Return										10.1%	

Technical Focus Tracker Summary	
Total recommendations	370
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)	14.8%
Accuracy (2023)	47.5%
FBM KLCI (Since 30/12/2022)	2.9%
FBM Small Cap (Since 30/12/2022)	12.9%
Malaysia GDP Growth (1H23)	4.2%



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