

Friday, 29 Mar, 2024

Mild Breather Expected

Market Review

Malaysia: The FBMKLCI (-0.51%) ended lower, in line with the mixed performance across the regional stock markets, as the index was dragged by Banking and Telco heavyweights. On the broader market, the Energy sector (+0.51%) gained, while the Plantation sector (-0.63%) declined.

Global markets: Wall Street ended mixed, with all 3 indices logging a quarterly gain. Meanwhile, the 4Q US GDP grew faster at 3.4% vs. consensus of 3.2% due to stronger consumer spending and jobless claims were broadly in line with estimates. The European stock market ended higher, while Asia ended mixed.

The Day Ahead

The FBM KLCI traded lower as the market was slightly cautious and profit taking activities emerged prior to the public holiday. Meanwhile, we believe the US stock markets will be staying cautious ahead of Friday's US personal consumption expenditures (PCE) data, which is closely watched in order to determine the Fed's interest rate direction going forward. Tracking the mixed sentiment in the US, we believe the local exchange will trade in a rangebound mode today. On the commodity markets, Brent oil surged strongly amid the ongoing OPEC+ production cuts, geopolitical tensions in the Middle East and attacks on Russia's energy infrastructure, coupled with a falling US rig count. Besides, the gold price has surged above the USD2230 zone.

Sectors focus: With the stronger commodities prices such as Brent oil and Gold prices, we believe the market could focus on the O&G and gold-related sectors. Besides, the Construction and Property sectors will be taking the lead in the near term with the revival of infrastructure projects, higher investments in data centres and recovery prospects in the property segment. Other sectors that may have short term trading ideas include Finance, Technology and Packaging.

FBMKLCI Technical Outlook



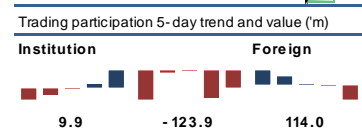
Bloomberg

The FBM KLCI index ended lower after consolidating around the 1,535 level. The technical readings on the key index were negative, with the MACD Histogram extending a negative bar, and the RSI is hovering below 50. The resistance is envisaged around 1,545-1,550 and the support is set at 1,510-1,515.

Research Team
research@msec.com.my
(603) 2201 2100

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	39,807.37	0.12
S&P 500	5,254.35	0.11
NASDAQ	16,379.46	-0.12
FBM KLCI	1530.60	-0.51
FBM Small Cap	17,246.83	-0.40
FBM ACE	4,842.73	-1.37
Construction	222.79	0.27
Consumer	57153	-0.27
Energy	942.99	0.51
Financial Services	17,182.12	-0.22
Healthcare	1940.42	-0.62
Ind Products	179.54	0.01
Plantation	7,298.56	-0.63
Property	1006.30	0.13
REITs	810.05	-0.12
Technology	64.31	-0.42
Telco & Media	591.19	-0.59
Transport & Logist	993.38	0.05
Utilities	1530.32	-0.33
Trading Vol (m)	3,751.47	-2.01
Trading Val (RM m)	3,101.27	2.05
Gainers/ Losers rat	67%	
FKLI	1530.00	-0.71
FCPO (RM)	4,136.00	-2.36
Brent oil (USD)	87.00	1.86
Gold (USD)	2,229.87	1.60
USD	4.7345	-0.30
GBP	5.9612	0.27
EURO	5.1013	0.48
SGD	3.5044	0.24



Source: Bloomberg, Bursa Market Place



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Company Brief

A reduction in orders from key customers in Malaysia, China and Indonesia continued to weigh on the earnings of electronic manufacturing services (EMS) provider **VS Industry Bhd** as its net profit for the second financial quarter ended Jan 31, 2024 (2QFY2024) almost halved from the previous corresponding quarter. VS Industry's net profit for 2QFY2024 fell 47.3% to RM16m from RM30.36m in the previous year, as revenue slipped 22% to RM895.02m from RM1.15bn. Despite the lower quarterly earnings, VS Industry declared a second interim dividend of 0.3 sen per share, payable on April 30, 2024. (The Edge)

Gamuda Bhd's net profit rose 7.29% to RM208.8m in the second quarter ended Jan 31, 2024 (2QFY2024) from RM194.62m a year earlier, on the back of higher revenue from its overseas projects. Revenue more than doubled to RM3.33bn year-on-year against RM1.44bn in 2QFY2023. However, Gamuda's net profit for the first half of the financial year 2024 (1HFY2024) declined 70.38% to RM403.84m versus RM1.36bn in 1HFY2023, while revenue surged twofold to RM6.14bn in 1HFY2024 compared with RM2.75bn in the same period last year, mainly driven by stronger overseas performances of the construction and property divisions. (The Edge)

Eduspec Holdings Bhd has secured a RM30m contract from electronic manufacturing services (EMS) provider EG Industries Bhd to provide testing services for EG Industries' 5G optical modules and other related components. The job was awarded to the education technology products and services provider's wholly-owned unit, Eduspec Technology Sdn Bhd, from EG Industries' wholly-owned subsidiary SMT Technologies Sdn Bhd (SMTT). The independent testing services Eduspec is to provide under the contract include testing and validating SMTT's 5G optical printed circuit board assembly and other related components and products. The contract spans one year commencing from April 1, 2024, according to the group. (The Edge)

Building support services provider **KJTS Group Bhd** through its subsidiary ETC Cleaning Services Sdn Bhd has secured housekeeping service and floor polishing jobs at six different manufacturing plants located in Penang. It accepted the Letters of Awards (LOAs) from Jabil Sdn Bhd and Jabil Circuit Sdn Bhd, both owned by the US-based product solutions company, Jabil Circuit Inc. The value of the contracts is expected to be finalised upon the execution of the agreements. All the housekeeping services and floor polishing jobs will begin on April 1, 2024 and the scope of work will include a three-year housekeeping service until March 31, 2027. (The Edge)

Theta Edge Bhd said it has teamed up with India-based power transmission giant KEC International Ltd to bid for Tenaga Nasional Bhd's (TNB) future grid projects. The group said it has inked a Memorandum of Understanding (MOU) with KEC International and its Malaysian unit KEC International (M) Sdn Bhd (KEC Malaysia) to submit a contractor prequalification assessment related to grid infrastructure work via a joint venture partnership. Under the MOU, the parties intend to submit their application for prequalification and appoint either KEC International or KEC Malaysia as the subcontractor to Theta Edge for providing supply and installation solutions for power transmission infrastructure. (The Edge)

Integrated engineering solutions provider **Destini Bhd** has proposed to consolidate every 10 existing shares held by its shareholders into one share on an entitlement date to be determined later. The consolidation would result in an adjustment to the market prices of its shares and warrants B. For illustrative purposes, based on March 22's (the last practicable date) 3.5 sen closing price, the theoretical adjusted reference price of its consolidated shares would be 35 sen upon the consolidation exercise's completion, while warrants B's adjusted reference price would be 15 sen versus 1.5 sen on March 22. (The Edge)



Frozen seafood supplier **PT Resources Holdings Bhd** reported a net profit of RM14.56m for its latest quarter, over seven times the RM1.97m it made a year earlier, as revenue increased amid higher domestic and overseas demand. Revenue for the three months ended Jan 31, 2024 (3QFY2024) came in at RM165.04m, up 42.96% from RM115.44m in 3QFY2023. PT Resources declared a second interim dividend of 0.65 sen per share, to be paid on May 17. (The Edge)

Total surface decorative products company **Topmix Bhd** began taking orders from investors for its initial public offering (IPO) on the ACE Market that would raise up to RM25.6m. The IPO, which is priced at 31 sen apiece, comprises a public issuance of 82.7m new ordinary shares, which represents 21% of the enlarged share capital, as well as an offer for sale of 19.7m existing shares, which represents 5% of the enlarged share capital, by way of private placement to selected investors. Out of the 82.7m new shares, the company allocated 19.7m shares to the public, 7.9m shares to eligible persons and 55.1m shares to Bumiputera and select investors through private placement. (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	FRONTKN	4-Mar	3.660	3.820	3.900	4.050	3.550	3.520	3.850	5.2%	Initiate on 4/3/2024
2	SUNCON	12-Mar	2.580	2.730	2.750	2.850	2.480	2.450	2.910	12.8%	Take profit on 22/3/2024
3	UZMA	15-Mar	1.210	1.270	1.350	1.410	1.140	1.120	1.270	5.0%	Initiate on 15/3/2024
4	DIALOG	22-Mar	2.250	2.400	2.450	2.550	2.140	2.120	2.260	0.4%	Initiate on 22/3/2024

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	1.76	6.0%	Initiate on 26/12/2023
2	CCK	26-Dec	0.840	0.950	1.000	-	0.805	0.760	1.02	21.4%	Initiate on 26/12/2023
3	INARI	26-Dec	2.979	3.300	3.450	-	2.860	2.750	3.16	6.1%	Initiate on 26/12/2023
4	ITMAX	26-Dec	1.801	1.950	2.000	-	1.760	1.700	2.30	27.7%	Initiate on 26/12/2023
5	KSL	26-Dec	1.130	1.210	1.300	-	0.995	1.070	1.47	30.1%	Initiate on 26/12/2023
6	MYEG	26-Dec	0.815	1.000	1.080	-	0.805	0.750	0.79	-3.1%	Initiate on 26/12/2023
7	NATGATE	26-Dec	1.550	1.760	1.850	-	1.480	1.350	1.53	-1.3%	Initiate on 26/12/2023
8	OSK	26-Dec	1.230	1.300	1.350	-	1.150	1.100	1.47	19.5%	Initiate on 26/12/2023
9	PBBANK	26-Dec	4.151	4.410	4.500	-	4.170	4.060	4.21	1.4%	Initiate on 26/12/2023
10	SCGBHD	26-Dec	0.425	0.475	0.500	-	0.400	0.380	0.51	20.0%	Initiate on 26/12/2023
11	SUNCON	26-Dec	1.948	2.150	2.250	-	1.920	1.850	2.94	50.9%	Initiate on 26/12/2023
12	SWIFT	26-Dec	0.532	0.600	0.635	-	0.515	0.495	0.52	-3.2%	Initiate on 26/12/2023
13	TM	26-Dec	5.462	6.000	6.250	-	5.350	5.210	6.01	10.0%	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										13.8%	

Technical Focus Tracker Summary

Total recommendations	373
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)	15.7%
Accuracy (2023)	45.8%
FBM KLCI (Since 30/12/2022)	2.3%
FBM Small Cap (Since 30/12/2022)	15.6%
Malaysia GDP Growth (1H23)	4.2%



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