

Tuesday, 02 Apr, 2024

## Positive Start On Bursa Exchange For 2Q24

### Market Review

**Malaysia:** The FBMKLCI (+0.52%) ended higher, in line with the mostly positive performance across the regional stock markets, as the index was led by Consumer Products, Telco and Utilities heavyweights. On the broader market, the Utilities sector (+0.89%) gained, while the Construction sector (-0.81%) declined.

**Global markets:** Wall Street ended lower as investors are less optimistic on the timing of the rate cuts this year after the manufacturing data beat consensus expectations. The European stock markets ended higher, while Asia ended mixed as China's manufacturing data rose while Japan's business optimism fell.

### The Day Ahead

The FBM KLCI rebounded yesterday for the second consecutive day, while the FBM Small Cap charged towards another 52-week high. Meanwhile the US stock markets ended on a mixed note with Dow Jones and S&P500 were dragged lower amid worries over the timing of interest rate cuts by the Feds after a stronger-than-expected manufacturing that pushed Treasury yield higher. Moreover, the dollar index headed higher for another session, hovering around 105 zone. On the commodity markets, Brent oil traded positively above the USD87/bbl, factoring positive demand signals from China and tight supply, while the FCPO price is hovering along RM4250 zone.

**Sectors focus:** We believe the market may focus on the small cap stocks at least for the near term, while upside of the KLCI may be limited for now. The traders may be focusing on data centre related proxy within the power distribution industry as we noticed heavy trading volume was noticed in this segment. Also, we like the Poultry sector with the recovery signals coming from China. Other sectors that we favour include Property, Building Material, O&G, and Plantation riding their underlying commodity strengths.

### FBMKLCI Technical Outlook



Bloomberg

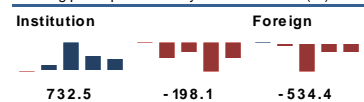
The FBM KLCI index ended higher. The technical readings on the key index were turning positive, with the MACD Histogram forming a rounding bottom formation, and the RSI has crossed above 50. The resistance is envisaged around 1,560-1,565 and the support is set at 1,525-1,530.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	39,566.85	-0.60
S&P 500	5,243.77	-0.20
NASDAQ	16,396.83	0.11
FBM KLCI	1544.02	0.52
FBM Small Cap	17,430.08	0.77
FBM ACE	4,902.08	0.10
Construction	22136	-0.81
Consumer	575.19	0.72
Energy	952.55	0.02
Financial Services	17,335.29	0.36
Healthcare	1949.52	0.32
Ind Products	180.05	0.23
Plantation	7,316.42	0.39
Property	1006.32	-0.15
REITs	810.99	0.15
Technology	64.77	0.14
Telco & Media	593.98	-0.11
Transport & Logist	1,001.68	0.52
Utilities	1556.97	0.89
Trading Vol (m)	3,184.55	4.06
Trading Val (RM m)	2,134.58	-17.74
Gainers/ Losers rat	126%	
FKLI	1542.00	-0.19
FCPO (RM)	4,247.00	-0.47
Brent oil (USD)	87.42	0.48
Gold (USD)	2,251.44	0.06
USD	4,7305	-0.12
GBP	5,9702	-0.17
EURO	5,1024	-0.18
SGD	3,5071	-0.16

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place



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## Company Brief

Electronic manufacturing services firm **Betamek Bhd** said it is acquiring tuner and car stereo maker Sanshin (Malaysia) Sdn Bhd for RM13.44m from its Japanese owner, which is expected to broaden its product offerings and profit margins. The proposed acquisition is expected to be completed by the second quarter of the financial year ending March 31, 2025, and the planned purchase will be financed entirely through internally generated funds. (The Edge)

**MISC Bhd**, which owns one of the world's largest fleets of petroleum shipping vessels, announced that it has secured long-term contracts for three liquefied natural gas (LNG) carriers from QatarEnergy. The contract involves the time charter of three newbuild LNG carriers to be constructed by Samsung Heavy Industries Co Ltd. These carriers will be chartered by QatarEnergy for a firm period of 15 years starting from 2026 onwards. (The Edge)

**Meridian Bhd** faces a trading suspension for its shares and warrants starting April 8 if it doesn't submit its 2023 annual report by April 5, having missed the March 31 deadline for its annual audited financial statements. Bursa Securities added that if Meridian fails to issue the outstanding financial statements within six months of the stipulated timeframe's expiry, the bourse regulator shall commence delisting procedures against the company, in addition to any enforcement actions it may take. (The Edge)

**Boustead Heavy Industries Corp Bhd** (BHIC) has extended the planned disposal of its 20.77% stake in the troubled Boustead Naval Shipyard Sdn Bhd (BNS, now known as Lumut Naval Shipyard Sdn Bhd) to the Ministry of Finance (MOF) for RM1 for another month until April 30. This extension, the sixth agreed upon by BHIC and MOF, allows additional time to fulfil the conditions precedent for the deal. (The Edge)

Construction outfit **Kerjaya Prospek Group Bhd** has secured a RM33.19m contract for piling and earthworks for a proposed service apartment in Pulau Andaman, Penang from Persada Mentari Sdn Bhd, a subsidiary of property developer Eastern & Oriental Bhd (E&O). The contract will commence on June 17, 2024, and is expected to be completed within 12 months. This deal is considered a recurrent related party transaction due to the significant ownership overlap between Kerjaya Prospek and E&O, with Datuk Tee Eng Ho serving as both companies' executive chairman and major shareholder. (The Edge)

**EVD Bhd** has secured two contracts worth RM19.5m for mechanical and engineering (M&E) works involving the construction of a wastepaper warehouse and a power generation facility in Kuala Langat, Selangor. The contracts were awarded to EVD Engineering Sdn Bhd, its wholly-owned subsidiary, by Sing Foong Niap Engineering Sdn Bhd. The first project, valued at RM3.52m, includes M&E works for a wastepaper warehouse owned by Best Eternity Recycle Technology Sdn Bhd, while the second project, valued at RM15.98m, involves M&E works for a power generation facility owned by BERT. (The Edge)

**Berjaya Corp Bhd** (BCorp) has finalised the acquisition of eight parcels of freehold land totaling 20,977.15 sq meters in Yokohama, Japan for ¥12.61bn (RM407.3m). The acquisition, initially announced in December 2022, was conducted through its subsidiary Berjaya Yokohama Hospitality Asset TMK (BY-TMK), with the aim of developing the Four Seasons Yokohama Harbour Edge project, featuring a luxury hotel, upscale residences, an aquarium and retail outlets, at a cost of ¥12.66bn. The final amount was reduced by ¥47.09m against the superficies of Minato Mirai Bridge as compensation to BY-TMK, which has been fully settled. Despite increased gearing from partial borrowing for the acquisition, BCorp expects the project to positively impact its earnings. (The Edge)



**Ahmad Zaki Resources Bhd** (AZRB) said it has been awarded a contract worth RM315.90m by the Public Works Department for upgrading and renovation works on Istana Abu Bakar in Pekan, Pahang. The letter of acceptance was awarded to its wholly-owned subsidiary Ahmad Zaki Sdn Bhd (AZSB) with the contract valid for 30 months, starting from April 1, 2024. The contract is expected to contribute positively to the group's future earnings. (The Edge)

**K-One Technology Bhd**, known for its significant share price surge back in 2020 due to a Nasa JPL licence for ventilator production during the Covid-19 pandemic, is proposing a diversification into the healthcare industry to lessen dependency on existing segments. It has already started developing medical products under its EMS business and aims to venture into manufacturing its brand products like ventilators. However, it acknowledges risks such as economic downturns and limited experience in the healthcare sector. Despite these challenges, it anticipates the healthcare segment to contribute 25% or more to its future net profit. (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	3.860	5.5%	Initiate on 4/3/2024
2	UZMA	15-Mar	1.210	1.270	1.350	1.410	1.140	1.120	1.300	7.4%	Initiate on 15/3/2024
3	DIALOG	22-Mar	2.250	2.400	2.450	2.550	2.140	2.120	2.320	3.1%	Initiate on 22/3/2024
4	KGB	27-Mar	2.740	2.900	2.950	3.000	2.620	2.600	2.680	-2.2%	Initiate on 27/3/2024

## Market Chat Tracker - 2Q24 Stock Picks

2Q24 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	1-Apr	1.750	1.920	2.050	-	1.690	1.630	1.78	1.7%	Initiate on 1/4/2024
2	CSCSTEL	1-Apr	1.350	1.470	1.570	-	1.320	1.270	1.36	0.7%	Initiate on 1/4/2024
3	E&O	1-Apr	1.050	1.230	1.300	-	0.970	0.900	1.09	3.8%	Initiate on 1/4/2024
4	GASMSIA	1-Apr	3.470	3.720	3.860	-	3.260	3.130	3.48	0.3%	Initiate on 1/4/2024
5	HSSEB	1-Apr	1.160	1.270	1.370	-	1.090	1.010	1.13	-2.6%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.640	4.990	5.180	-	4.470	4.340	4.64	0.0%	Initiate on 1/4/2024
7	MBSB	1-Apr	0.800	0.905	0.950	-	0.780	0.750	0.80	0.0%	Initiate on 1/4/2024
8	MPI	1-Apr	31.180	34.000	36.000	-	30.000	28.300	31.86	2.2%	Initiate on 1/4/2024
9	PIE	1-Apr	3.560	3.900	4.100	-	3.480	3.350	3.56	0.0%	Initiate on 1/4/2024
10	SPRITZER	1-Apr	2.240	2.390	2.490	-	2.170	2.100	2.24	0.0%	Initiate on 1/4/2024
11	TAANN	1-Apr	4.030	4.310	4.500	-	3.910	3.730	4.08	1.2%	Initiate on 1/4/2024
12	TDM	1-Apr	0.280	0.325	0.355	-	0.240	0.215	0.28	-1.8%	Initiate on 1/4/2024
13	UNISEM	1-Apr	3.840	4.100	4.350	-	3.700	3.550	3.84	0.0%	Initiate on 1/4/2024
Average Return										0.4%	

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)	3.2%
FBM Small Cap (Since 30/12/2022)	16.8%
Malaysia GDP Growth (1H23)	4.2%



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