

Thursday, 04 Apr, 2024

Banking On The Commodity Rally

Market Review

Malaysia: The FBMKLCI (-0.71%) ended lower, in line with the negative performance across the regional stock markets, as the index was dragged by Banking heavyweights. On the broader market, the Energy sector (+0.95%) gained, while the Financial Services sector (-1.20%) declined.

Global markets: Wall Street ended mixed after the Fed chair indicated that a rate cut may not come so soon and the US services industry data showed weaker growth in March, meanwhile traders will be eyeing the upcoming nonfarm payroll data. The European stock markets ended higher, while Asia ended lower.

The Day Ahead

The FBM KLCI snapped 3-day winning streak as profit taking activities emerged on Banking heavyweights, while the FBM Small Cap charged higher, marking its fresh 52-week high. Meanwhile, the US stock markets ended on a mixed note where the Dow fell 0.11%, but the S&P500 and Nasdaq rose 0.11% and 0.23%, respectively following a mixed bag of economic data; the ADP's non-farm employment added 184k jobs (vs. estimate of 148k), while ISM services PMI came in at 51.4 (below consensus of 52.8). On the commodity front, Brent oil gained momentum, rising near the USD90 zone, while the FCPO closed above RM4,400. Besides, the gold price ended at another all-time-high above RM2,300.

Sectors focus: Despite the mixed sentiment abroad, we expect market to stabilise and trade on a positive note on the local front within the commodity-related sectors such as O&G, Plantation and Gold-related supported by their respective firm underlying commodity prices. Meanwhile, we like selected Construction, Building Material and Property stocks as well as selected Healthcare stocks.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended lower after a 3-day rebound. The technical readings on the key index were mixed, with the MACD Histogram turned positive, while the RSI is slightly below 50. The resistance is envisaged around 1,550-1,555 and the support is set at 1,515-1,520.

Research Team

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

Market Scorecard

| Key indices | Last price | Change (%) |
|---------------------|------------|------------|
| Dow Jones | 39,127.14 | -0.11 |
| S&P 500 | 5,214.9 | 0.11 |
| NASDAQ | 16,277.46 | 0.23 |
| FBM KLCI | 1,537.01 | -0.71 |
| FBM Small Cap | 17,504.10 | 0.17 |
| FBM ACE | 4,954.75 | 0.14 |
| Construction | 222.57 | 0.68 |
| Consumer | 579.46 | -0.04 |
| Energy | 966.04 | 0.95 |
| Financial Services | 17,151.85 | -1.20 |
| Healthcare | 1,976.07 | -0.16 |
| Ind Products | 179.91 | 0.04 |
| Plantation | 7,311.16 | 0.01 |
| Property | 996.64 | -0.59 |
| REITs | 814.36 | 0.10 |
| Technology | 64.90 | -0.22 |
| Telco & Media | 593.14 | -0.10 |
| Transport & Logist | 1,008.03 | 0.62 |
| Utilities | 1,558.57 | 0.29 |
| Trading Vol (m) | 4,266.42 | -5.83 |
| Trading Val (RM m) | 2,877.25 | 1.98 |
| Gainers/ Losers rat | 83% | |
| FKLI | 1,542.00 | 0.13 |
| FCPO (RM) | 4,407.00 | 0.00 |
| Brent oil (USD) | 89.35 | 0.48 |
| Gold (USD) | 2,300.00 | 0.02 |
| USD | 4.756 | -0.07 |
| GBP | 5.9795 | -0.10 |
| EURO | 5.1211 | -0.31 |
| SGD | 3.5171 | -0.07 |

Trading participation 5-day trend and value (m)

| Institution | Foreign |
|-------------|---------|
| 848.9 | -215.0 |
| | -633.9 |

Source: Bloomberg, Bursa Market Place



JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

M+Online
Equipping Traders For The Win

Global
Winning The World

Company Brief

Boustead Heavy Industries Corp Bhd (BHIC) will receive a repayment sum of RM49.7m, as a result of the write-off of the RM384.43m net debt owed by Lumut Naval Shipyard Sdn Bhd (Lunas). Both parties will enter into an intercompany trade receivables settlement agreement (ITRSA), after BHIC has obtained its shareholders' approval. The proposed ITRSA is one of the conditions precedent to be fulfilled in the share sale agreement in relation to BHIC's proposed disposal of its 20.77% stake in troubled Lunas. BHIC intends to utilise the repayment sum for the redemption of redeemable preference shares and working capital purposes. (The Edge)

HeiTech Padu Bhd has appointed Salmi Nadia Mohd Hilmey as group managing director, effective Wednesday. Salmi, 42, was promoted to group chief executive officer in October last year to replace her father Datuk Seri Mohd Hilmey Mohd Taib, who stepped down from his position due to "personal commitment". The company also appointed Sandraruben Neelamagham as its new executive director and Datuk Mohd Jimmy Wong Abdullah as the group's non-independent and non-executive director. (The Edge)

Kobay Technology Bhd said its 70%-owned subsidiary Avelon Healthcare Sdn Bhd has secured banking facilities totalling RM21m from CIMB Islamic Bank Bhd. Of this, RM15m comprises a revolving credit for the acquisition of a company and subsequent working capital needs, Kobay said, without naming the company. It added that the balance of the banking facilities will mainly be used for working capital purposes. (The Edge)

Guan Chong Bhd has witnessed a significant upside since March, in tandem with the sharp rise in cocoa prices due to shortages. Cocoa futures breached US\$9,000 (RM42,750) a tonne in late March, having swelled 132.4% year to date as bad weather and disease battered crops of major growers. Guan Chong's shares have rallied as much as 58.8% since the beginning of March to a peak of RM2.54 on March 29. (The Edge)

UMediC Group Bhd has secured approval from the Securities Commission Malaysia for the proposed transfer to the Main Market of Bursa Malaysia Securities. The medical equipment supplier was listed on the ACE Market on July 26, 2022. It booked a net profit of RM10.36m and revenue of RM45.43m for its financial year ended July 31, 2023. (The Edge)

MN Holdings Bhd has secured a contract worth RM17.6m for the supply, erection and commissioning of transmission main intake for the Pasir Gudang power station extension in Johor by Tenaga Nasional Bhd. The scope of work involves establishing two new units of 275kV OHL bays in Permas Jaya and replacing two existing units of 275kV OHL bays at the Pasir Gudang power station north, among others. The contract will be effective immediately and span 730 days from the commencement date. (The Edge)

JAG Capital Holdings Sdn Bhd has increased its shareholding in **KUB Malaysia Bhd** to 62.72% following the conclusion of a mandatory general offer. The MGO at 60 per share was concluded on March 18, with JAG Capital acquiring an additional 163.82m shares, representing 29.44% of KUB. (The Edge)

Tune Protect Group Bhd's group chief executive officer Rohit Chandrasekharan Nambiar is resigning from his position "due to personal reasons," effective May 10. Rohit, 43, was appointed to the position more than three years ago in October 2020. Tune Protect remarked that Rohit did not have any disagreement with its board of directors. (The Edge)



UCrest Bhd has signed an agreement with MDC Asia Link Bhd to provide the iMedic clinic management system to MDC Asia Link for five years, for an undisclosed amount. The digital health firm said it is optimistic about rising technology adoption in the healthcare sector, which will boost demand for its services. (The Edge)

Kumpulan Kitacon Bhd's wholly-owned subsidiary has secured a contract worth RM80.98m for a housing development project in Shah Alam. The contract, awarded by Sime Darby Property (City of Elmina) Sdn Bhd, involves constructing and completing 40 double-storey cluster houses, 86 double-storey semi-detached houses, and one Tenaga Nasional Bhd substation. The project is scheduled to begin on April 22 and slated for completion within 18 months. (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 | 3.840 | 4.9% | Initiate on 4/3/2024 |
| 2 | UZMA | 15-Mar | 1.210 | 1.270 | 1.350 | 1.410 | 1.140 | 1.120 | 1.320 | 9.1% | Initiate on 15/3/2024 |
| 3 | DIALOG | 22-Mar | 2.250 | 2.400 | 2.450 | 2.550 | 2.140 | 2.120 | 2.370 | 5.3% | Initiate on 22/3/2024 |
| 4 | KGB | 27-Mar | 2.740 | 2.900 | 2.950 | 3.000 | 2.620 | 2.600 | 2.690 | -1.8% | Initiate on 27/3/2024 |
| 5 | TRC | 3-Apr | 0.510 | 0.530 | 0.540 | 0.560 | 0.465 | 0.460 | 0.500 | -2.0% | Initiate on 3/4/2024 |

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 | 1.75 | 0.0% | Initiate on 1/4/2024 |
| 2 | CSCSTEL | 1-Apr | 1.350 | 1.470 | 1.570 | - | 1.320 | 1.270 | 1.38 | 2.2% | Initiate on 1/4/2024 |
| 3 | E&O | 1-Apr | 1.050 | 1.230 | 1.300 | - | 0.970 | 0.900 | 1.03 | -1.9% | Initiate on 1/4/2024 |
| 4 | GASMSIA | 1-Apr | 3.470 | 3.720 | 3.860 | - | 3.260 | 3.130 | 3.50 | 0.9% | Initiate on 1/4/2024 |
| 5 | HSSEB | 1-Apr | 1.160 | 1.270 | 1.370 | - | 1.090 | 1.010 | 1.06 | -8.6% | Initiate on 1/4/2024 |
| 6 | MBMR | 1-Apr | 4.640 | 4.990 | 5.180 | - | 4.470 | 4.340 | 4.74 | 2.2% | Initiate on 1/4/2024 |
| 7 | MBSB | 1-Apr | 0.800 | 0.905 | 0.950 | - | 0.780 | 0.750 | 0.79 | -1.3% | Initiate on 1/4/2024 |
| 8 | MPI | 1-Apr | 31.180 | 34.000 | 36.000 | - | 30.000 | 28.300 | 32.00 | 2.6% | Initiate on 1/4/2024 |
| 9 | PIE | 1-Apr | 3.560 | 3.900 | 4.100 | - | 3.480 | 3.350 | 3.54 | -0.6% | Initiate on 1/4/2024 |
| 10 | SPRITZER | 1-Apr | 2.240 | 2.390 | 2.490 | - | 2.170 | 2.100 | 2.18 | -2.7% | Initiate on 1/4/2024 |
| 11 | TAANN | 1-Apr | 4.030 | 4.310 | 4.500 | - | 3.910 | 3.730 | 4.09 | 1.5% | Initiate on 1/4/2024 |
| 12 | TDM | 1-Apr | 0.280 | 0.325 | 0.355 | - | 0.240 | 0.215 | 0.29 | 1.8% | Initiate on 1/4/2024 |
| 13 | UNISEM | 1-Apr | 3.840 | 4.100 | 4.350 | - | 3.700 | 3.550 | 3.82 | -0.5% | Initiate on 1/4/2024 |
| Average Return | | | | | | | | | | -0.3% | |

Technical Focus Tracker Summary

| | |
|----------------------------------|-------|
| Total recommendations | 374 |
| 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) | 15.5% |
| Accuracy (2023) | 45.2% |
| FBM KLCI (Since 30/12/2022) | 2.8% |
| FBM Small Cap (Since 30/12/2022) | 17.3% |
| Malaysia GDP Growth (1H23) | 4.2% |



Disclaimer

Research analyst(s) of MSSB whom produced this report hereby certifies that the views expressed in this report accurately reflect his/her personal opinions about all of the subject corporation(s) and securities in this report. He/She does not carry out, whether for himself/herself or on behalf of MSSB or any other persons did not receive and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. As of the report date, the analyst whom prepared this report does not have any interest in the following securities covered in this report, unless otherwise stated.

