

Friday, 12 Apr, 2024

Focus Will Be On The US Corporate Earnings

Market Review

Malaysia: The FBMKLCI (+0.41%) ended lower, in line with the mixed performance across the regional stock markets, as the index was dragged by Utilities and Banking heavyweights. On the broader market, the Energy sector (+0.98%) gained, while the Healthcare sector (-0.59%) declined.

Global markets: Wall Street closed mostly higher as PPI and core PPI data came in within expectations, shrugging off some fears over the earlier CPI data and the market will be focusing on the banking earnings that will be due later today. However, both the European and Asian stock markets ended softer.

The Day Ahead

The FBM KLCI snapped a 3-day winning streak prior to the public holiday heavyweights, but the FBM Small Cap managed to maintain its upward trend around the 52-week high, suggesting that the market is still bullish on the small cap. Meanwhile, the US managed to rebound led by the Technology heavyweights as PPI came in within expectations. Currently, the market will be pricing in lesser rate cuts for 2024 and focus will be shifted towards the upcoming corporate earnings that will kick off later today. Should the earnings continue to grow significantly for the AI theme, we believe the upward momentum will sustain in the US. On the commodity front, Brent oil price is hovering along USD88-91. Meanwhile, CPO price ended above RM4,300, while gold price is charging towards a fresh 52-week high above USD2,370.

Sectors focus: With the positive sentiment on Wall Street, we believe the buying interest may flow towards stocks on the local front, especially the Technology sector. Meanwhile, we like the commodity-related sectors such as the Plantation, O&G and Gold sectors amid their firm underlying commodity prices. Besides, we favour the Consumer sector for its defensive nature and firm earnings capability.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	38,459.08	-0.01
S&P 500	5,199.06	0.74
NASDAQ	16,442.20	1.68
FBM KLCI	1,553.51	-0.41
FBM Small Cap	17,659.52	0.16
FBM ACE	5,011.16	0.61
Construction	222.42	-0.52
Consumer	586.25	0.22
Energy	970.89	0.98
Financial Services	17,243.53	-0.36
Healthcare	1,989.36	-0.59
Ind Products	183.81	-0.33
Plantation	7,478.82	-0.03
Property	1,016.07	-0.29
REITs	819.18	0.22
Technology	64.61	0.23
Telco & Media	596.51	0.08
Transport & Logist	1,013.64	0.28
Utilities	1,566.33	-0.44
Trading Vol (m)	3,463.20	-12.73
Trading Val (RM m)	2,063.69	-11.46
Gainers/Losers ra	97%	
FKLI	1,555.50	-0.32
FCPO (RM)	4,318.00	0.54
Brent oil (USD)	89.74	-0.82
Gold (USD)	2,372.52	0.15
USD	4.7478	0.10
GBP	6.0181	0.04
EURO	5.1545	0.10
SGD	3.5319	-0.10

Trading participation 5-day trend and value ('m)

Institution	Foreign
555.3	-417.6
-137.7	

Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended lower, ending a 3-day winning streak. The technical readings on the key index were positive, with the MACD Histogram extending another positive bar, while the RSI maintains above 50. The resistance is envisaged around 1,565-1,570 and the support is set at 1,535-1,540.



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Company Brief

The negotiation period for **Capital A Bhd**'s sale of AirAsia's aviation business to **AirAsia X Bhd** (AAX) has been extended for the second time until April 30, 2024. Both listed companies have mutually agreed to extend the negotiation period, initially set for two months and previously extended to April 15, for the sale of aviation subsidiaries, AirAsia Bhd (AAB) and AirAsia Aviation Group Ltd (AAAGL). This proposed sale is crucial for Capital A to present a regularisation plan to Bursa Securities by June 30, as it aims to exit Practice Note 17 status due to its negative total equity position. (The Edge)

Solarvest Holdings Bhd aims to raise up to RM56.71m through a private placement, representing 6% of its enlarged share base, to finance solar power projects. The proposal involves issuing up to 40.22m shares to third parties at a yet-to-be-determined price, estimated based on a 9.62% discount to Solarvest shares' recent average price. (The Edge)

Low Swee Foong has ceased to be a substantial shareholder of **TWL Holdings Bhd** after selling 76.83m shares in the property development and construction firm. The transaction, which occurred on April 4, amounted to approximately RM2.3m based on the closing price of three sen per share. Low previously held a 6.09% stake in TWL Holdings, but following the sale, her shareholding has decreased to 3.32%. (The Edge)

Practice Note 17 company **Sarawak Cable Bhd** (SCB) and its subsidiary, Universal Cable (Sarawak) Sdn Bhd, are both facing lawsuits from two banks, Hong Leong Bank Bhd (HLB) and Hong Leong Bank Islamic Bhd (HLISB), over a total owed sum of RM95.53m. The group said it is currently in negotiations with the banks to settle the matter, and that the lawsuits are not expected to significantly impact its operations. (The Edge)

Tycoon Tan Sri Vincent Tan is reportedly exploring the possibility of privatising **Berjaya Food Bhd**, which owns Starbucks Corp's Malaysian operations. While talks with banks for financing are underway, sources say that Tan, who holds an interest of 55% in Berjaya Food through Berjaya Corp, may still decide against the go-private deal. (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	3.910	6.8%	Initiate on 4/3/2024
2	UZMA	15-Mar	1.210	1.270	1.350	1.410	1.140	1.120	1.280	5.8%	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	2.720	-0.7%	Initiate on 27/3/2024
5	TRC	3-Apr	0.510	0.530	0.540	0.560	0.465	0.460	0.505	-1.0%	Initiate on 3/4/2024
6	OCK	5-Apr	0.605	0.660	0.670	0.690	0.580	0.570	0.610	0.8%	Initiate on 5/4/2024
7	TAANN	8-Apr	4.120	4.450	4.500	4.600	4.000	3.950	4.260	3.4%	Initiate on 8/4/2024



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	1.78	1.7%	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	1.05	0.0%	Initiate on 1/4/2024
4	GASMSIA	1-Apr	3.470	3.720	3.860	-	3.260	3.130	3.56	2.6%	Initiate on 1/4/2024
5	HSSEB	1-Apr	1.160	1.270	1.370	-	1.090	1.010	1.00	-14.2%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.640	4.990	5.180	-	4.470	4.340	4.90	5.6%	Initiate on 1/4/2024
7	MBSB	1-Apr	0.800	0.905	0.950	-	0.780	0.750	0.79	-1.9%	Initiate on 1/4/2024
8	MPI	1-Apr	31.180	34.000	36.000	-	30.000	28.300	31.20	0.1%	Initiate on 1/4/2024
9	PIE	1-Apr	3.560	3.900	4.100	-	3.480	3.350	3.82	7.3%	Initiate on 1/4/2024
10	SPRITZER	1-Apr	2.240	2.390	2.490	-	2.170	2.100	2.33	4.0%	Initiate on 1/4/2024
11	TAANN	1-Apr	4.030	4.310	4.500	-	3.910	3.730	4.26	5.7%	Initiate on 1/4/2024
12	TDM	1-Apr	0.280	0.325	0.355	-	0.240	0.215	0.29	3.6%	Initiate on 1/4/2024
13	UNISEM	1-Apr	3.840	4.100	4.350	-	3.700	3.550	3.69	-3.9%	Initiate on 1/4/2024
Average Return										1.0%	

Technical Focus Tracker Summary	
Total recommendations	376
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)	16.3%
Accuracy (2023)	44.2%
FBM KLCI (Since 30/12/2022)	3.9%
FBM Small Cap (Since 30/12/2022)	18.3%
Malaysia GDP Growth (1H23)	4.2%

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