

Tuesday, 16 Apr, 2024

Negative Sentiment Should Persist

Market Review

Malaysia: The FBMKLCI (-0.55%) ended lower, in line with the negative performance across the regional stock markets, as the index was dragged by Utilities, Banking and Telco heavyweights. On the broader market, the Property sector (-2.48%) was the worst decliner.

Global markets: Wall Street closed weaker as geopolitical tensions in the Middle East continue to drag investor sentiment, despite the strong earnings from Goldman Sachs and the strong retail sales data. The European stock markets ended mixed, while Asia declined with investors eyeing the upcoming China's Q1 GDP data.

The Day Ahead

Following the rising geopolitical tension in the Middle East, we noticed more selling this week, where companies pulled back from their respective 52-week highs. Similarly, Wall Street ended weaker on the back of (i) rising uncertainty in the Middle East, (ii) elevated Treasury yields (highest since November), and (iii) stronger-than-expected retail sales. We believe the market could be pricing in lower probability of interest rate cuts going forward; the FOMC meeting in 2024 has less than 50% probability in cutting rates. On the commodity front, Brent oil price is hovering above USD90, while gold price traded firmer above US2350 on the back of heightened geopolitical risk. The CPO price dipped below RM4200 as rebound in production offset the increase in exports.

Sectors focus: We believe the selling pressure may persist over the near term given the uncertainty in the Middle East, as well as the negative sentiment on Wall Street, stocks on the local front could be impacted. Meanwhile, the commodity-related sectors such as O&G and Gold should still be in traders' radar. Besides, we like stocks under the solar-theme as Solarvest will be installing Malaysia's largest solar system at 1Utama mall, which could provide buying flow towards the whole sector.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended lower for the 3rd consecutive day. However, the technical readings on the key index were mixed, with the MACD Histogram extending another positive bar, while the RSI dips below 50. The resistance is envisaged around 1,555-1,560 and the support is set at 1,520-1,525.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,735.11	-0.65
S&P 500	5,061.82	-1.20
NASDAQ	15,885.02	-1.79
FBM KLCI	1,542.53	-0.55
FBM Small Cap	17,476.98	-1.66
FBM ACE	4,996.47	-2.03
Construction	219.80	-1.55
Consumer	581.43	-0.69
Energy	966.49	-0.27
Financial Services	17,169.15	-0.59
Healthcare	1,950.41	-1.84
Ind Products	183.82	-0.45
Plantation	7,432.62	-0.51
Property	1,008.07	-2.48
REITs	813.05	-0.57
Technology	64.05	-1.40
Telco & Media	585.21	-1.68
Transport & Logist	1,010.29	-0.75
Utilities	1,553.17	-0.42
Trading Vol (m)	4,279.90	10.29
Trading Val (RM m)	3,247.70	8.40
Gainers/ Losers rat	24%	
FKLI	1,540.00	-0.13
FCPO (RM)	4,122.00	-0.46
Brent oil (USD)	90.10	-0.39
Gold (USD)	2,383.34	0.07
USD	4.78	-0.20
GBP	5.9681	-0.10
EURO	5.0929	-0.14
SGD	3.5133	-0.04
Trading participation 5-day trend and value (m)		
Institution	1055.8	
Foreign	-19.8	
	-1036.0	

Source: Bloomberg, Bursa Market Place



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Company Brief

Capital A Bhd, which is currently under Practice Note 17 (PN17) status, announced that its management "is in the midst of exploring a potential fundraising exercise by its aviation business", but has no intention to undertake a private placement of new Capital A shares. "Shareholders are advised not to speculate in the trading of shares in the company," the company told Bursa Malaysia in its response to The Edge's article entitled 'Capital A seeks private placement to raise up to US\$400 mil, says source', in the latest edition of the Malaysian business weekly. (The Edge)

YNH Property Bhd said the independent review of its joint venture (JV) and turnkey construction agreements, which was initially slated to be completed this week, needs more time. It had only been able to move towards finalising the appointment of a professional firm after it appointed a new audit committee chairman and engaged with new statutory auditors last month, it added. "There will be a revised timeline for the intended appointment and the estimated completion date," it said. (The Edge)

Electricity cable manufacturer **Master Tec Group Bhd** expects higher revenue growth and a demand shift towards aluminium in conductors, amid the recent surge in copper prices. Its chief executive officer Tee Kok Hwa said production cost for copper conductors has increased by around 5% and the company is passing on the higher cost to its customers. Master Tec has also observed the rising trend among customers preferring aluminium conductors. With the renewed surge in copper prices, the use of aluminium may expand to other applications, such as power cables for infrastructure, he said. (The Edge)

EP Manufacturing Bhd (EPMB) said its wholly-owned unit PEPS-JV (Melaka) Sdn Bhd (PJVM) has teamed up with China-based BAIC Motor Corporation Ltd to assemble and manufacture BAIC's authorised model vehicles in Malaysia. Under the 10-year agreement, PJVM's responsibilities include assembling and manufacturing the vehicles in Malaysia, ensuring that the assembly plant has a capacity of at least 5,000 vehicles per year by Sept 1, and at least 10,000 vehicles per year by March 1 next year. (The Edge)

Eduspec Holdings Bhd, an education technology products and services provider, has appointed its new substantial shareholder Datuk Kang Pang Kiang as executive deputy chairman, effective Monday. The 52-year-old is currently the chief executive officer (CEO) of electronic manufacturing services firm EG Industries Bhd, in which he is also the largest shareholder with a 15.71% stake. (The Edge)

HeiTech Padu Bhd said it had bagged a RM190.01m contract to provide maintenance and technical support services for the Road Transport Department's (JPJ) information and communications technology infrastructure and MySIKAP (driver and vehicle information) system. The three-year contract from May 2024 involves the provision of services at JPJ offices throughout the country. While details of the job scope were not disclosed, the contract value is higher when compared to previous similar contracts awarded to the group by JPJ. (The Edge)

Iris Corp Bhd has called off the sale of an 80% stake in its wholly-owned Iris Information Technology Systems Sdn Bhd (IITS), the former developer of the RM1.16bn National Integrated Immigration System (NIISe) project, for RM70m cash. Iris terminated the agreement after the buyer, Tass Tech Technologies Sdn Bhd (TTTSB), failed to pay the second tranche of the deal's disposal consideration. IITS lost the RM1.16bn contract to develop the NIISe after the Home Ministry terminated the job in August last year due to its failure to meet the project's planning schedule. (The Edge)



Kumpulan Kitacon Bhd has secured a letter of award (LOA) for main building works for a contract worth RM134.8m in Ijok, Selangor. Phase 1 of the project comprises 399 units of double-storey terrace houses (20' x 70'), 32 units of double-storey terrace houses (22' x 70'), and three units of TNB substations. The 22-month contract will commence on April 18 this year. (The Edge)

Eastern Pacific Industrial Corporation Bhd (Epic) has announced the appointment of Muhtar Suhaili as the new group chief executive officer (CEO) effective April 17. It said Muhtar has over 20 years of experience in the oil and gas, automotive, commodities, port management, logistics and renewable energy sectors. Prior to joining Epic, Muhtar had worked at Shell Malaysia as well as Perodua Auto Corporation Sdn Bhd. (The Edge)

Renewable energy solution provider **G Capital Bhd** has partnered with Hong Kong-based CCIAM Logistic Company Limited to raise RM325m for its small hydropower projects in Pahang. It said a full-term agreement is expected within 60 days from the effective date of the MOU, which will include the roles of the parties in the project and a success fee payable to CCIAM Logistic as capital-raising lead arranger. CCIAM Logistic is fully owned by CCIAM Future Energy Limited, a public-listed company on the Hong Kong Stock Exchange primarily involved in the provision of energy-saving solutions and loan financing business. (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	UZMA	15-Mar	1.210	1.270	1.350	1.410	1.140	1.120	1.240	2.5%	Initiate on 15/3/2024
3	DIALOG	22-Mar	2.250	2.400	2.450	2.550	2.140	2.120	2.300	2.2%	Initiate on 22/3/2024
4	KGB	27-Mar	2.740	2.900	2.950	3.000	2.620	2.600	2.560	-6.6%	Cut Loss on 15/4/2024
5	TRC	3-Apr	0.510	0.530	0.540	0.560	0.465	0.460	0.485	-4.9%	Initiate on 3/4/2024
6	OCK	5-Apr	0.605	0.660	0.670	0.690	0.580	0.570	0.605	0.0%	Initiate on 5/4/2024
7	TAANN	8-Apr	4.120	4.450	4.500	4.600	4.000	3.950	4.210	2.2%	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	1.76	0.6%	Initiate on 1/4/2024
2	CSCSTEL	1-Apr	1.350	1.470	1.570	-	1.320	1.270	1.37	1.5%	Initiate on 1/4/2024
3	E&O	1-Apr	1.050	1.230	1.300	-	0.970	0.900	1.00	-4.8%	Initiate on 1/4/2024
4	GASMSIA	1-Apr	3.470	3.720	3.860	-	3.260	3.130	3.59	3.5%	Initiate on 1/4/2024
5	HSSEB	1-Apr	1.160	1.270	1.370	-	1.090	1.010	0.96	-17.2%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.640	4.990	5.180	-	4.470	4.340	4.87	5.0%	Initiate on 1/4/2024
7	MBSB	1-Apr	0.800	0.905	0.950	-	0.780	0.750	0.76	-5.0%	Initiate on 1/4/2024
8	MPI	1-Apr	31.180	34.000	36.000	-	30.000	28.300	31.00	-0.6%	Initiate on 1/4/2024
9	PIE	1-Apr	3.560	3.900	4.100	-	3.480	3.350	3.80	6.7%	Initiate on 1/4/2024
10	SPRITZER	1-Apr	2.240	2.390	2.490	-	2.170	2.100	2.25	0.4%	Initiate on 1/4/2024
11	TAANN	1-Apr	4.030	4.310	4.500	-	3.910	3.730	4.21	4.5%	Initiate on 1/4/2024
12	TDM	1-Apr	0.280	0.325	0.355	-	0.240	0.215	0.28	0.0%	Initiate on 1/4/2024
13	UNISEM	1-Apr	3.840	4.100	4.350	-	3.700	3.550	3.70	-3.6%	Initiate on 1/4/2024
Average Return										-0.7%	



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)	15.1%
Accuracy (2023)	44.2%
FBM KLCI (Since 30/12/2022)	3.1%
FBM Small Cap (Since 30/12/2022)	17.1%
Malaysia GDP Growth (1H23)	4.2%

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