

Friday, 19 Apr, 2024

Positive Momentum To Persist On Local Exchange

Market Review

Malaysia: The FBMKLCI (+0.28%) ended higher, in line with the positive sentiment across the regional stock markets, despite the weak performance on Wall Street overnight. On the broader market, the Utilities sector (+1.91%) was the leading sector, while the Energy sector fell (-0.75%)

Global markets: Wall Street closed lower as the sentiment is still dampened by the expectations of delayed rate cuts or no rate cuts entirely for 2024, coupled with the ongoing geopolitical tensions. Both the European and Asian stock market ended higher, with traders in the latter eyeing the upcoming Australian unemployment rate.

The Day Ahead

The FBM KLCI extended its rebound for the second consecutive day as bargain hunting activities emerged in tandem with the movements of the broader market. Meanwhile, sentiment on Wall Street turned more negative throughout the session with mixed economic data being released; (i) jobless claims were below consensus expectations, (ii) factory data beat estimates, and (iii) home sales were weaker than expectations. On the commodity front, Brent oil price traded along USD86-87/bbl, while the CPO price fell below RM4000 amid expectations of rising output and slowing demand after the Eid al-Fitr festive season. For the gold price, it is still hovering above USD2350.

Sectors focus: We expect bargain hunting activities to persist on the local front with the traders shifting their focus towards defensive sectors like Utilities, REITs and Consumer, while investors may focus on companies with solid dividend yields. Also, we like stocks in the gold sector as the underlying gold prices remain in the uptrend tone. Other sectors that traders may focus on will be the Solar, Building Material, O&G and Packaging sectors.

FBMKLCI Technical Outlook



Bloomberg

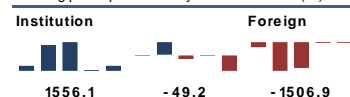
The FBM KLCI index ended higher for the 2nd consecutive day. The technical readings on the key index were mixed, with the MACD Histogram extending another negative bar, while the RSI climbed above 50. The resistance is envisaged around 1,560-1,565 and the support is set at 1,525-1,530.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,775.38	0.06
S&P 500	5,011.12	-0.22
NASDAQ	15,601.50	-0.52
FBM KLCI	1,544.76	0.28
FBM Small Cap	17,497.33	0.62
FBM ACE	4,947.52	0.45
Construction	217.89	0.23
Consumer	580.32	0.31
Energy	952.00	-0.75
Financial Services	17,132.64	0.15
Healthcare	1,973.09	0.78
Ind Products	184.45	0.62
Plantation	7,354.45	-0.05
Property	988.68	-0.21
REITs	817.27	0.66
Technology	63.89	0.14
Telco & Media	586.28	-0.46
Transport & Logist	1,013.70	0.20
Utilities	1,569.25	1.91
Trading Vol (m)	3,838.47	11.18
Trading Val (RM m)	2,621.96	-1.90
Gainers/ Losers rat	123%	
FKLI	1,544.00	-0.03
FCPO (RM)	3,979.00	-0.13
Brent oil (USD)	87.11	-0.21
Gold (USD)	2,379.04	0.01
USD	4,785.55	0.16
GBP	5,968.7	0.12
EURO	5,106.1	-0.12
SGD	3,518.9	-0.01

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place



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Company Brief

Datuk Farhash Wafa Salvador, former political aide to Prime Minister Datuk Seri Anwar Ibrahim, has ceased to be a substantial shareholder of **HeiTech Padu Bhd**, just one month after acquiring a 15.9% stake via a private vehicle in the company. The latest development comes after HeiTech Padu was awarded a contract worth RM190.01m by the Ministry of Transport on April 15, inviting criticism that the group won the large contract due to Farhash's connection with Anwar. (The Edge)

Axiata Group Bhd and India's Bharti Airtel Ltd signed a definitive agreement on Thursday to combine their Sri Lankan operations. Under a share swap deal, Axiata's unit Dialog Axiata will acquire a 100% stake in Airtel Lanka, with issuance equivalent to 10.355% of Dialog shares to Bharti Airtel. The Telecommunications Regulatory Commission of Sri Lanka has granted its approval for the proposed merger, though the transaction is still pending other relevant approvals. (The Edge)

AmanahRaya Real Estate Investment Trust (REIT) is aiming to achieve a portfolio occupancy rate of at least 90% by the financial year ending Dec 31, 2025 (FY2025). It is counting on Vista Tower to bolster its earnings potential, as it expects the tower's occupancy rate to reach 60% by July. The 63-storey office tower is part of an integrated development known as The Intermark located on Jalan Tun Razak, Kuala Lumpur. As at December 2022, its valuation stood at RM521m. (The Edge)

AmFirst REIT said its net property income fell 7.82% to RM14.5m for the fourth quarter ended March 31, 2024 (4QFY2024) from RM15.73m a year earlier mainly due to higher property expenses. Revenue slipped 0.26% year-on-year to RM25.61m from RM25.67m, due to lower occupancy at several of its properties. It expects the office market to remain challenging due to oversupply while the retail sector is expected to grow at a moderate level amid soft consumer demand. (The Edge)

RHB Bank has raised its target to provide over RM50bn by 2026, after cumulatively mobilising RM23.8bn in sustainable financial services by the end of the financial year 2023. Of this amount, RM11.3bn was allocated to green initiatives, including renewable energy projects and energy efficiency solutions. It said it views sustainable financing as presenting more opportunities than challenges, rather than affecting its overall profit from financing activities. (The Edge)

7-Eleven Malaysia Holdings Bhd declared on Thursday an interim dividend of 2.7 sen per share for its financial year ended Dec 31, 2023 (FY2023). The dividend, its sole payout for the year so far, will be paid on May 28, with ex-date set on May 13. 7-Eleven saw its net profit for FY2023 jump more than four-fold to RM276.23m from RM66.88m in FY2022, boosted mainly by a divestment gain from the sale of its entire stake in Caring Pharmacy Group Bhd. (The Edge)

Malaysia Building Society Bhd (MBSB) has recommended a final dividend of 3.5 sen for FY2023. This would equate to a payout of RM287.78m, based on the bank's share base of 8.22bn shares as at end-December 2023. The proposed final dividend represents its sole payout for the 12-month period. For FY2023, MBSB's net profit rose 6.9% to RM491.81m from RM460.19m a year earlier, as lower operating income was offset by higher net other income. (The Edge)

AwanBiru Technology Bhd (Awantec) said trading in its shares will be suspended from April 26, after the group failed to submit its regularisation plan to the regulators for approval within the stipulated timeframe that ended on April 13. Awantec said the group faces the risk of being delisted if no appeal is submitted within five market days from the date of notification of delisting. Awantec was classified as an affected listed issuer in 2021 due to the termination of its wholly-owned unit Prestariang Systems Sdn Bhd's membership in the Microsoft Partner Network. (The Edge)



MAA Group Bhd, its major shareholder Tunku Datuk Yaacob Khyra and Turiya Bhd have been dropped as parties in the suit from Empire Holdings Ltd over MAA's purchase of Turiya shares from a Bahrain-based bank. It is understood that the only parties remaining in the case are Empire as the appellant, and Bahrain-based Ithmaar Development Co Ltd and Ithmaar Bank BSC as respondents. This was per a consent judgement recorded before the Court of Appeal (COA), whereby Empire agreed to drop MAA, Yaakob and Turiya as parties in the appeal without liberty to file afresh. (The Edge)

Bursa Malaysia Securities Bhd has approved the transfer of **UMediC Group Bhd's** listing status from the ACE Market to the Main Market, under the 'health care' sector. The transfer will take effect immediately two market days upon the announcement to Bursa Securities on the transfer date via Bursa Link. The group believes its transfer to the Main Market would enhance its credibility and recognition, and reflect its current scale of operations. (The Edge)

IT services firm **Systemch Bhd** said shareholders have endorsed its acquisition of Wilstech Sdn Bhd for RM20m in cash and RM55m in shares at 36 sen apiece. The acquisition of Wilstech also comes with a profit guarantee by the seller of an audited profit after tax of at least RM5m for a year. The company has also secured approval for a one-for-four bonus warrant issue. It secured approval to issue up to 144m new shares and to set up an employees' share scheme of up to 15% of the total number of issued shares. (The Edge)

Pansar Bhd has secured a contract worth RM269.1m to upgrade the capacity of a water treatment plant in Sibul, Sarawak. The construction and infrastructure outfit secured the job from Lembaga Air Sibul via an open tender, through its wholly-owned Perbena Emas Sdn Bhd. The 30-month job from May this year would require Pansar to upgrade the capacity of the Salim Water Treatment Plant from its current 150m litres per day (MLD) to 300 MLD. (The Edge)

Timber products manufacturer **Auro Holdings Bhd** (formerly known as NWP Holdings Bhd) is proposing to venture into the food and beverage (F&B) business, more than a year after it diversified into the sand dredging business. The proposed diversification is aimed at expanding its revenue stream and reducing its reliance on the wood-based and sand-mining industries. Auro has been in the red for several years but has managed to trim its net loss to RM5.25m for the financial year ended Feb 28, 2023 (FY2023) from RM17.38m in FY2022. (The Edge)

Kimlun Corporation Bhd has bagged a construction contract worth RM150m for the Aliva Mount Austin residential project from Astaka Development Sdn Bhd, a subsidiary of Singapore-listed Astaka Holdings Limited. The construction work is expected to be completed in the fourth quarter of 2026. As at Dec 31, 2023, Kimlun has an estimated construction balance order book of approximately RM1.9bn. (The Edge)

AWC Bhd has bagged two contracts worth a total of RM19.39m for plumbing works. The first contract was awarded by the project's main contractor, IJM Construction Sdn Bhd, for the plumbing works at Hospital Kapar, Selangor. Valued at RM17.8m, the subcontract is required to be completed within 26 months by May 22, 2026. The second contract to undertake plumbing works at the Vantage KUL 14 Data Centre is worth RM1.59m. It was awarded by We Progress Centre Engineering Sdn Bhd and is scheduled to be completed by Feb 17, 2025. (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	3.640	3.820	3.900	4.050	3.550	3.520	3.870	6.3%	Initiate on 4/3/2024
2	UZMA	15-Mar	1.210	1.270	1.350	1.410	1.140	1.120	1.290	6.6%	Initiate on 15/3/2024
3	DIALOG	22-Mar	2.250	2.400	2.450	2.550	2.140	2.120	2.350	4.4%	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	0.465	-8.8%	Initiate on 3/4/2024
6	OCK	5-Apr	0.605	0.660	0.670	0.690	0.580	0.570	0.600	-0.8%	Initiate on 5/4/2024
7	TAANN	8-Apr	4.120	4.450	4.500	4.600	4.000	3.950	4.190	1.7%	Initiate on 8/4/2024
8	PANTECH	17-Apr	1.000	1.080	1.100	1.120	0.950	0.940	1.040	4.0%	Initiate on 17/4/2024
9	MFCB	18-Apr	4.370	4.550	4.650	4.800	4.150	4.100	4.680	7.1%	Initiate on 18/4/2024

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	CSGSTEL	1-Apr	1.350	1.470	1.570	-	1.320	1.270	1.35	0.0%	Initiate on 1/4/2024
3	E&O	1-Apr	1.050	1.230	1.300	-	0.970	0.900	0.98	-6.7%	Initiate on 1/4/2024
4	GASMSIA	1-Apr	3.470	3.720	3.860	-	3.260	3.130	3.52	1.4%	Initiate on 1/4/2024
5	HSSEB	1-Apr	1.160	1.270	1.370	-	1.090	1.010	0.91	-22.0%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.640	4.990	5.180	-	4.470	4.340	4.91	5.8%	Initiate on 1/4/2024
7	MBSB	1-Apr	0.800	0.905	0.950	-	0.780	0.750	0.77	-4.4%	Initiate on 1/4/2024
8	MPI	1-Apr	31.180	34.000	36.000	-	30.000	28.300	30.86	-1.0%	Initiate on 1/4/2024
9	PIE	1-Apr	3.560	3.900	4.100	-	3.480	3.350	5.57	56.5%	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	4.19	4.0%	Initiate on 1/4/2024
12	TDM	1-Apr	0.280	0.325	0.355	-	0.240	0.215	0.27	-5.4%	Initiate on 1/4/2024
13	UNISEM	1-Apr	3.840	4.100	4.350	-	3.700	3.550	3.53	-8.1%	Initiate on 1/4/2024
Average Return										1.6%	

Technical Focus Tracker Summary

Total recommendations	378
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)	15.9%
Accuracy (2023)	43.2%
FBM KLCI (Since 30/12/2022)	3.3%
FBM Small Cap (Since 30/12/2022)	17.2%
Malaysia GDP Growth (1H23)	4.2%

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