

Monday, 22 Apr, 2024

US Technology Sector In A Correction Phase

Market Review

Malaysia: The FBMKLCI (+0.18%) ended higher, as the index was supported by PMETAL (+16.0 sen) amid the rising tension in the Middle East which pushed aluminium prices towards 2022 highs. On the broader market, the Energy sector (+1.81%) was the leading sector, while the Technology sector fell (-1.74%)

Global markets: Last Friday, Wall Street closed mixed, ending the week softer, as the strong corporate earnings were offset by significant selling within the chip sector as investors were taking profits amid rising tensions in the Middle East, coupled with the inflationary concerns. Both the European and Asian stock market ended lower.

The Day Ahead

The FBM KLCI extended its rebound for the third session. Meanwhile, the US Tech sector was hit the hardest given the market could be pricing in further delay on the interest rate cut by the Fed after the stronger than expected economic data and elevated inflationary pressure. Generally, the higher-for-longer environment could pose downside risk towards the stock markets, capping the upside momentum on the local front. Nevertheless, traders will be focusing on several key events with the US GDP due on Friday, and several corporate earnings like Tesla, Meta, Microsoft and Alphabet will be released this week. On the commodity markets, Brent oil retraced from intraday high of USD90.7, to close around USD87, while the gold price traded along USD2400. However, the FCPO traded below the RM4000 level.

Sectors focus: As the US Technology sector was bashed lower on Friday, it may cap the upside move on the local tech stocks. We expect given the spike in the Brent crude oil price, the oil and gas sector will stay attractive and may push higher in the near term. Meanwhile, we think investors may be focusing on the defensive sector such as Utilities and Consumer. Also, we favour selected stocks within the Automotive and Shipping sectors.

FBMKLCI Technical Outlook



Bloomberg

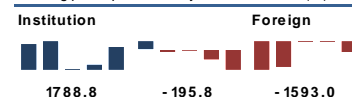
The FBM KLCI index ended higher for the third consecutive day. The technical readings on the key index were mixed, with the MACD Histogram extending another negative bar, while the RSI climbed above 50. The resistance is envisaged around 1,560-1,565 and the support is set at 1,525-1,530.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,986.40	0.56
S&P 500	4,967.23	-0.88
NASDAQ	15,282.01	-2.05
FBM KLCI	1547.57	0.18
FBM Small Cap	17,188.13	-1.77
FBM ACE	4,858.98	-1.79
Construction	215.09	-1.29
Consumer	577.72	-0.45
Energy	969.19	1.81
Financial Services	17,118.78	-0.08
Healthcare	1949.91	-1.17
Ind Products	184.49	0.02
Plantation	7,375.65	0.29
Property	976.63	-1.22
REITs	817.46	0.02
Technology	62.78	-1.74
Telco & Media	581.98	-0.73
Transport & Logist	1008.15	-0.55
Utilities	1568.88	-0.02
Trading Vol (m)	4,713.29	22.79
Trading Val (RM m)	3,396.79	29.55
Gainers/ Losers rat	33%	
FKLI	1547.50	0.19
FCPO (RM)	3,926.00	-1.46
Brent oil (USD)	87.29	-0.36
Gold (USD)	2,391.93	-0.23
USD	4.7832	0.05
GBP	5.9564	0.21
EURO	5.0985	0.15
SGD	3.5132	0.16

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place



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Company Brief

Shares of **Sapura Energy Bhd** have been suspended from trading, pending a material announcement. The suspension took effect from 2.30pm onwards on Friday, according to an exchange filing. (The Edge)

PIE Industrial Bhd confirmed that it has secured a new customer and said it is expecting the new customer to contribute an additional RM2.5bn in revenue to the group, of which RM1bn will be recognised as early as next year. The client specialises in servers and switches, the group's managing director Alvin Mui told The Edge, but did not disclose its identity. "We are optimistic of achieving RM2bn (total) revenue in 2025," Mui said. (The Edge)

Construction company **Lim Seong Hai Capital Bhd** has obtained approval from its shareholders to transfer the group's listing from the LEAP Market to the ACE Market. The group expects to complete the transfer by the fourth quarter of 2024. The resolutions pertaining to the transfer include the listing of the group's entire enlarged issued share capital on the ACE Market as well as a proposed public offering involving up to 191m shares, representing approximately 22.78% of its enlarged issued shares. (The Edge)

YX Precious Metals Bhd, a 70%-owned subsidiary of Tomei Consolidated Bhd, has proposed to transfer its listing from the ACE Market to the Main Market as it has met the profit requirements for the transfer. YX recorded a net profit of RM9.01m for the financial year ended Dec 31, 2023 (FY2023) on the back of RM239.8m revenue. This meets SC's requirements, which mandate an aggregate profit after tax (PAT) of at least RM20m over the past three financial years, with a PAT of at least RM6m for the most recent financial year. (The Edge)

Westports Holdings Bhd said its new sukuk wakalah programme of up to RM5bn will provide the group with the flexibility to raise medium to long-term funding to meet business funding requirements and general corporate purposes. The sukuk programme, which has a perpetual tenure, was assigned an AAA/stable rating by RAM Rating Services Bhd on April 15. The company added that the proceeds raised will be used to finance its wholly-owned subsidiary Westports Malaysia Sdn Bhd's capital expenditure, assets acquisition, general corporate purposes and general working capital requirements. (The Edge)

Yinson Holdings Bhd said its indirect wholly-owned subsidiary Yinson Production Offshore Pte Ltd has successfully placed a US\$500m five-year senior secured bond issue. The bonds, issued under Yinson Production Financial Services Pte Ltd, have a fixed coupon of 9.625% per annum in the Nordic bond market. Yinson said "net proceeds from the bonds will be used to refinance Yinson Production's existing corporate loan and for general corporate purposes". An application will also be made for the bonds to be listed on the Oslo Børs in due course. (The Edge)

Sime Darby Property Bhd has secured commitment for the remaining 30% of its industrial development fund to close at RM1bn. The investors were not identified. The fund, set up as a 51:49 joint venture with Australia's Logos Property Group, will complete Metrohub 1 and 2 at the E-Metro Logistics Park. It also managed to secure J&T Distribution Solutions Sdn Bhd as the first pre-committed tenant. (The Edge)

Meta Bright Group Bhd's unit FBO Land (Serendah) Sdn Bhd is forming a joint venture company (JVco) with a Bumiputera firm Doople Tech Sdn Bhd to bid for renewable energy (RE) projects with a Bumiputera equity requirement. Doople will own a 51% stake and FBO Land will hold the remainder. Under the agreement, FBO Land will also subscribe to onem redeemable, non-convertible preference shares (RNCPS) in the JVco at an issue price of RM1 per share. (The Edge)



MISC Bhd, via its petroleum arm AET, has entered into time charter party contracts with PETCO Trading Labuan Company Ltd (PTLCL) for the world's first two ammonia dual-fuel Aframax (tankers with a deadweight of between 80,000 and 120,000 tonnes), as it seeks to reduce overall emissions from its operations. Both MISC and PTLCL are units of national oil company Petronas. MISC said the tankers will enable PTLCL to transport its products to customers around the world while contributing to the industry decarbonisation by utilising ammonia as the cleaner alternative to conventional fuel. (The Edge)

EG Industries Bhd has secured a second letter of intent (LOI) from US-based Cambridge Industries Group (CIG) to produce a new 1.6 terabit optical signal transmitter and receiver for a 5G wireless network at EG Industries' new smart factory 4.0 in Penang. The latest LOI will include the production of 800-gigabit (G) optical modules, complementing the previous 100G, 200G, and 400G models in the first LOI in 2022. Additionally, CIG will transfer its technology and intellectual property (IP) to EG Industries. (The Edge)

Hextar Capital Bhd plans to diversify into the construction and project management business. The proposed diversification is expected to boost the group's net profit by about 25%, aligning with its long-term strategy to pursue more engineering, procurement, construction and commissioning (EPCC) projects beyond telecommunications network projects. For the first quarter ended December 2023 (1QFY2024), Hextar Capital posted a net profit of RM965,000 – after reporting two consecutive quarters of net loss – on the back of revenue of RM34.29m. (The Edge)

Uzma Bhd plans to raise RM68.35m via a private placement of 15% of its current share base to help fund the development of a water injection facility (WIF) which it is to lease to a unit of Hibiscus Petroleum Bhd. It plans to issue up to 58.08m shares to third-party investors at an issue price to be fixed later. However, the group's RM68.35m estimate is based on an illustrative issue price of RM1.1768 per share, a 9.99% discount to Uzma shares' five-day volume-weighted average price up to April 3. (The Edge)

Software company **Nova MSC Bhd** said it has signed term sheets for investments totalling about RM41.4m into two of its subsidiaries by Singapore-based family office Jostar Investment VCC. The term sheets record Jostar's desire to invest S\$5m (RM17.5m) into 60%-owned Dex-Lab Pte Ltd, and US\$5m (RM23.9m) separately into EyRIS Pte Ltd – a 42% owned subsidiary. The non-binding term sheets only serve as the basis for further discussions, negotiation and execution of definitive agreements, completion of due diligence, and fulfilment of any regulatory requirements. (The Edge)

Iconic Worldwide Bhd has raised a total of RM95.6m through its rights issue exercise with free warrants, which was oversubscribed. At the close of acceptance, the group received valid acceptances and excess applications, totalling 1.125bn rights shares, surpassing the total number of rights shares available for subscription. (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	3.820	4.9%	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	2.390	6.2%	Initiate on 22/3/2024
4	TRC	3-Apr	0.510	0.530	0.540	0.560	0.465	0.460	0.465	-8.8%	Initiate on 3/4/2024
5	OCK	5-Apr	0.605	0.660	0.670	0.690	0.580	0.570	0.585	-3.3%	Initiate on 5/4/2024
6	TAANN	8-Apr	4.120	4.450	4.500	4.600	4.000	3.950	4.150	0.7%	Initiate on 8/4/2024
7	PANTECH	17-Apr	1.000	1.080	1.100	1.120	0.950	0.940	1.000	0.0%	Initiate on 17/4/2024
8	MFCB	18-Apr	4.370	4.550	4.650	4.800	4.150	4.100	4.800	9.8%	TP on 18Apr @ LT Target RM4.80



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	1.74	-0.6%	Initiate on 1/4/2024
2	CSCSTEL	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	0.95	-10.0%	Initiate on 1/4/2024
4	GASMSIA	1-Apr	3.470	3.720	3.860	-	3.260	3.130	3.58	3.2%	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	4.87	5.0%	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	31.10	-0.3%	Initiate on 1/4/2024
9	PIE	1-Apr	3.560	3.900	4.100	-	3.480	3.350	5.75	61.5%	Initiate on 1/4/2024
10	SPRITZER	1-Apr	2.240	2.390	2.490	-	2.170	2.100	2.21	-1.3%	Initiate on 1/4/2024
11	TAANN	1-Apr	4.030	4.310	4.500	-	3.910	3.730	4.15	3.0%	Initiate on 1/4/2024
12	TDM	1-Apr	0.280	0.325	0.355	-	0.240	0.215	0.25	-10.7%	Initiate on 1/4/2024
13	UNISEM	1-Apr	3.840	4.100	4.350	-	3.700	3.550	3.50	-8.9%	Initiate on 1/4/2024
Average Return										1.1%	

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)	15.0%
Accuracy (2023)	43.2%
FBM KLCI (Since 30/12/2022)	3.5%
FBM Small Cap (Since 30/12/2022)	15.2%
Malaysia GDP Growth (1H23)	4.2%

Upcoming Dividend List

Stock	Entitlement	Description	Declare Date (DD)	Ex-Date	DD Price (RM)	Last Price (RM)	DY (%)	Price Chg Since DD (%)
OSK (5053)	Final	RM0.04	22/2/2024	22/4/2024	RM1.53	RM1.48	2.7	-3.3
TSH (9059)	Final	RM0.03	22/2/2024	22/4/2024	RM1.11	RM1.13	2.2	1.8
VSTEC5 (5162)	Interim	RM0.04	27/2/2024	23/4/2024	RM1.50	RM2.46	1.7	64.0
VELESTO (5243)	Interim	RM0.00	27/2/2024	24/4/2024	RM0.27	RM0.28	0.9	3.8
KMLOONG (5027)	Interim	RM0.05	26/3/2024	24/4/2024	RM2.17	RM2.27	2.2	4.6
CRESMDO (6718)	Interim + Special Cash	RM0.18	27/3/2024	24/4/2024	RM2.81	RM3.70	4.9	31.7
EDGENTA (1368)	Interim	RM0.02	28/2/2024	24/4/2024	RM1.00	RM0.93	2.2	-7.0
UTDPLT (2089)	Final + Speical Cash	RM1.10	26/2/2024	26/4/2024	RM20.92	RM25.40	4.3	21.4
TWRREIT (5111)	Rights Issue	3:4	7/3/2024	29/4/2024	RM0.36	RM0.33	-	-8.5
WILLOW (0008)	Final	RM0.02	28/2/2024	29/4/2024	RM0.35	RM0.36	4.2	2.9
UEMS (5148)	Interim	RM0.01	27/2/2024	29/4/2024	RM1.04	RM1.01	0.7	-2.9
MALAKOF (5264)	Final	RM0.02	25/3/2024	29/4/2024	RM0.63	RM0.66	2.3	4.8
MRCB (1651)	Final	RM0.01	29/2/2024	30/4/2024	RM0.59	RM0.63	1.6	7.7
IGBCR (5299)	Distribution	RM0.01	18/4/2024	30/4/2024	RM0.50	RM0.50	1.9	1.0
ASIAFLE (7129)	Interim	RM0.04	29/2/2024	30/4/2024	RM2.20	RM2.26	1.5	2.7
IGBREIT (5227)	Distribution	RM0.03	18/4/2024	30/4/2024	RM1.79	RM1.83	1.6	2.2
NOTION (0083)	Bonus-Options	1:10	26/2/2024	2/5/2024	RM0.48	RM0.50	-	3.1
SNS (0259)	Interim	RM0.00	26/3/2024	2/5/2024	RM0.28	RM0.35	0.7	27.3
PTRANS (0186)	Interim	RM0.01	22/2/2024	2/5/2024	RM0.84	RM0.74	1.0	-11.9
CHINHIN (5273)	Bonus	1:1	18/4/2024	2/5/2024	RM4.58	RM4.89	-	6.8
ORNA (5065)	Final	RM0.02	28/2/2024	2/5/2024	RM0.98	RM1.11	1.8	13.3
IDEAL (9687)	Interim	RM0.02	29/2/2024	2/5/2024	RM3.50	RM3.20	0.6	-8.6
PESONA (8311)	Final	RM0.01	18/4/2024	3/5/2024	RM0.17	RM0.17	3.0	-2.9
SIMPLET (5285)	Final	RM0.06	22/2/2024	3/5/2024	RM4.50	RM4.46	1.4	-0.9
AMFIRST (5120)	Distribution	RM0.01	18/4/2024	8/5/2024	RM0.34	RM0.34	3.5	-1.5
MAHSING (8583)	Final	RM0.04	27/2/2024	9/5/2024	RM0.96	RM1.22	3.3	27.7
VIS (0120)	Final	RM0.01	21/12/2023	9/5/2024	RM0.41	RM0.37	2.7	-8.6
INGENIEU (5178)	Bonus-Options	RM0.50	27/10/2023	9/5/2024	RM0.14	RM0.14	-	3.7
OKA (7140)	Interim	RM0.01	28/2/2024	10/5/2024	RM0.74	RM0.70	1.6	-5.4
SEM (5250)	Interim	RM0.03	18/4/2024	10/5/2024	RM1.99	RM2.00	1.4	0.5
SENHENG (5305)	Interim	RM0.01	5/4/2024	14/5/2024	RM0.32	RM0.29	1.8	-7.9
ZHULIAN (5131)	Interim	RM0.03	17/4/2024	14/5/2024	RM1.45	RM1.43	2.1	-1.4
AHEALTH (7090)	Final + Special Cash	RM0.23	21/2/2024	15/5/2024	RM3.01	RM2.99	7.5	-0.7
YXPM (0250)	Final	RM0.01	2/4/2024	16/5/2024	RM0.28	RM0.28	2.9	1.8
PPB (4065)	Final	RM0.30	28/2/2024	20/5/2024	RM15.32	RM15.74	1.9	2.7
TOMEI (7230)	Final	RM0.04	4/4/2024	20/5/2024	RM1.48	RM1.67	2.4	12.8
DUFU (7233)	Final	RM0.02	27/2/2024	29/5/2024	RM1.83	RM2.06	1.0	12.6
GASMSIA (5209)	Final	RM0.09	25/3/2024	30/5/2024	RM3.40	RM3.58	2.4	5.3
KSENG (3476)	Final + Special Cash	RM0.10	5/4/2024	31/5/2024	RM5.84	RM5.70	1.8	-2.4
CCK (7035)	Final	RM0.04	18/4/2024	31/5/2024	RM1.02	RM1.02	4.2	0.0
KPS (5843)	Final	RM0.01	26/3/2024	31/5/2024	RM0.73	RM0.72	1.4	-1.6
WANGZNG (7203)	Final	RM0.02	17/4/2024	31/5/2024	RM0.69	RM0.67	3.0	-2.9
MSNIAGA (5011)	Final	RM0.03	29/2/2024	5/6/2024	RM1.49	RM1.48	1.7	-0.7
KKB (9466)	Final	RM0.07	22/2/2024	5/6/2024	RM1.75	RM1.75	4.0	0.0
UCHITEC (7100)	Final	RM0.08	19/4/2024	7/6/2024	RM3.82	RM3.82	2.0	0.0
CARLSBG (2836)	Final	RM0.31	21/3/2024	7/6/2024	RM18.62	RM18.28	1.7	-1.8
SHANG (5517)	Final	RM0.07	28/2/2024	13/6/2024	RM2.18	RM2.17	3.2	-0.5
OSKVI (0053)	Final	RM0.02	26/2/2024	14/6/2024	RM0.59	RM0.61	3.3	4.3
KOSSAN (7153)	Final	RM0.02	16/4/2024	20/6/2024	RM2.10	RM2.12	0.9	1.0
HEIM (3255)	Final	RM0.88	16/4/2024	27/6/2024	RM22.50	RM22.40	3.9	-0.4
LBS (5789)	Interim	RM0.01	17/4/2024	27/6/2024	RM0.69	RM0.68	2.0	-1.5
RHONEMA (5278)	Final	RM0.01	16/4/2024	27/6/2024	RM0.65	RM0.66	1.5	1.5
LEONFB (5232)	Final	RM0.02	9/4/2024	27/6/2024	RM0.55	RM0.54	2.8	-2.7
NATGATE (0270)	Final	RM0.00	29/2/2024	2/7/2024	RM1.41	RM1.56	0.2	10.6
DKSH (5908)	Final	RM0.17	16/4/2024	2/7/2024	RM4.80	RM4.79	3.5	-0.2
AEONCR (5139)	Final	RM0.14	8/4/2024	4/7/2024	RM6.61	RM6.90	2.0	4.4
GOPENG (2135)	Final	RM0.01	4/4/2024	16/7/2024	RM0.34	RM0.35	2.9	1.5



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