

Thursday, 25 Apr, 2024

Buying Interest May Sustain On The Local Front

Market Review

Malaysia: The FBMKLCI (+0.63%) ended higher, due to the positive overnight performance on Wall Street amid the reduced geopolitical tension in the middle east, respectively. On the broader market, the Property sector (+1.78%) was the leading sector, followed by the Healthcare sector (+1.73%) with no negative sector.

Global markets: Wall Street closed mixed as the positive momentum was shaken by the poor guidance of certain tech giants, meanwhile traders will be eyeing the upcoming US 1Q GDP and PCE data. The European stock markets ended lower, while Asia ended higher.

The Day Ahead

The FBM KLCI traded positively to close with a 6-day winning streak, supported by Utilities and Telco heavyweights. Meanwhile in the US, despite the fading geopolitical tensions in the Middle East, the US Treasury yields saw an uptick and contributed to mixed trading activities on Wall Street. Post-market, META share price dropped more than 15% as the company issued a softer revenue forecast going forward, but capex for 2024 will be increased to USD35-40bn as META will continue to accelerate the infrastructure investments to support the AI roadmap. On the commodity markets, Brent oil traded along USD88, while gold price maintained around USD2310, without significant noise from the Middle East. Besides, the CPO could be oversold around RM3950 and may be due for a rebound.

Sectors focus: Although the trading activities in the US were mixed and could see further selling pressure following META's statements on lighter revenue forecast, we expect buying support to persist on the local front as the KL20 summit is still fresh from the oven that may shape Malaysia into a chip powerhouse for the SEA region; this could provide upside opportunity towards the Technology sector. Meanwhile, we still favour the O&G, Construction, Property, Utilities and Building Material segments on the back of revival of the infrastructure theme.

FBMKLCI Technical Outlook



Bloomberg

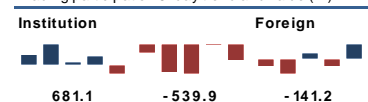
The FBM KLCI index ended higher for the sixth consecutive day. The technical readings on the key index were positive, with the MACD Histogram extending another positive bar, while the RSI maintains above 50. The resistance is envisaged around 1,585-1,590 and the support is set at 1,550-1,555.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	38,460.92	-0.11
S&P 500	5,071.63	0.02
NASDAQ	15,712.75	0.10
FBM KLCI	1571.48	0.63
FBM Small Cap	17,729.04	1.45
FBM ACE	5,066.81	2.39
Construction	219.38	0.40
Consumer	587.27	0.38
Energy	973.80	0.48
Financial Services	17,386.06	0.18
Healthcare	2,016.47	1.73
Ind Products	187.80	1.21
Plantation	7,433.54	0.67
Property	1010.75	1.78
REITs	823.87	0.26
Technology	64.16	1.55
Telco & Media	593.58	1.36
Transport & Logist	1016.91	0.55
Utilities	1590.70	0.34
Trading Vol (m)	4,249.10	13.92
Trading Val (RM m)	3,033.93	8.66
Gainers/ Losers rat	24.1%	
FKLI	1568.50	-0.16
FCPO (RM)	3,957.00	0.38
Brent oil (USD)	88.02	-0.45
Gold (USD)	2,316.17	0.08
USD	4.7773	0.06
GBP	5.9374	-0.49
EURO	5.1048	-0.18
SGD	3.5097	-0.05

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place



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Company Brief

KLCCP Stapled Group said it is still on the lookout for foreign assets as part of its portfolio expansion mandate. The group, comprising KLCC Property Holdings Bhd and KLCC Real Estate Investment Trust (REIT), is seeking matured assets “with good yield,” chief executive officer Datuk Md Shah Mahmood told reporters. Meanwhile, Suria KLCC’s occupancy rate jumped to 98% in December 2023, while footfall rose by 30% from 2022. “I think we don’t see [the new mall openings having] a big impact [on Suria KLCC]. There was a risk initially, but now it has stabilised,” said Md Shah. (The Edge)

Suria Capital Holdings Bhd’s wholly owned Sabah Ports Sdn Bhd has roped in DP World, an Emirati multinational logistics company based in Dubai, to manage the Sapangar Bay Container Port (SBCP), in a bid to cement the port’s position as a regional trade hub for the East Asean growth area spanning Brunei, Indonesia, Malaysia and the Philippines (BIMP-EAGA). Under the collaboration, DP World will facilitate the growth of the port’s container handling capacity to 1.25m TEUs by 2025. (The Edge)

Hibiscus Petroleum Bhd said its wholly-owned subsidiary Hibiscus Oil & Gas Malaysia Limited has completed the drilling of the Bunga Aster-1 exploration well and is expecting its first oil production to begin in May. According to the group, the well has approximately 17.5 metres of oil-bearing sandstone with up to 46 metres of potential oil column. The unit will progress with a thorough evaluation and appraisal of the discovery to further define the size of the discovery. (The Edge)

Chin Hin Group Property Bhd said it has signed two agreements to develop two separate residential projects in Kuala Lumpur worth RM1.08bn in combined gross development value (GDV). The project – which involves the development of 2,434 units of serviced apartments in Segambut worth RM685.1m in GDV – is expected to begin in July 2025, and will be completed in June 2030. Separately, it had also been appointed to develop 974 units of serviced apartments valued at RM395.51m in Dutamas. The project is expected to start in May 2025, running until April 2030. (The Edge)

OCR Group Bhd has entered into a deal with a landowner to jointly develop a residential project on 18.37 acres (7.43 hectares) of freehold land in Templer, Rawang, with an estimated gross development value of RM313m. The project comprises 118 semi-detached houses, 37 bungalow lots, and five shoplots. OCR said that under the joint venture (JV) agreement, the landowner, Lecca Properties (M) Sdn Bhd, stands to gain RM45m for partnering with the developer. OCR said that the project is expected to be launched in 2025. (The Edge)

Fajarbaru Builder Group Bhd has bagged a RM252.26m contract from WCT Holdings Bhd to undertake the first phase of a two-phased development involving two blocks of serviced apartments in Johor Bahru. The construction works for phase one comprise eight towers housing 2,048 units and 69 units of commercial lots. The contract period is 36 months, commencing May 6 this year and to be completed on May 5, 2027. (The Edge)

I-Bhd said it is planning to issue preference shares to its major shareholder in a deal that could raise up to RM100m. The proposal calls for the issuance of up to 100m redeemable preference shares to Sumurwang Sdn Bhd at RM1 apiece. Sumurwang is controlled by I-Bhd chairman Tan Sri Lim Kim Hong, and the deal will allow I-Bhd to speed up the development pipeline in i-City to “leverage the anticipated upswing” in the property market. (The Edge)



Carlsberg Brewery Malaysia Bhd has confirmed price increases for its beer products starting this month. The company's priority is to preserve its margin, managing director Stefano Clini said at a press conference after the company's annual general meeting. The last time the company raised the prices of its beers was in 2022, he noted. "There was a price increase," Clini said. "The details, however, we cannot talk about." (The Edge)

Capital A Bhd's board of directors has decided to extend Tan Sri Tony Fernandes' tenure as chief executive officer for another five years and as a strategic adviser to the airlines business, which is poised to be merged into AirAsia X Bhd. "That's the start of many announcements over the next two weeks," said Fernandes at a briefing here, as he declined to reveal further, due to regulatory restrictions. (The Edge)

Farm Price Holdings Bhd has begun taking orders for its initial public offering (IPO) on the ACE Market to raise up to RM32.4m. The IPO, priced at 24 sen apiece, involves a public issuance of 102m new shares as well as an offer for sale of 33m existing shares. All in, the listing offers investors a 30% stake in the Johor-based wholesalers and vegetables distributor. The application period for the IPO will close on April 30, with the listing scheduled for May 14. (The Edge)

United Plantations Bhd's (UP) net profit grew 18.54% year-on-year to RM132.87m for the first quarter ended March 31, 2024 (1QFY2024), mainly due to a sharp drop in finance cost. Its revenue grew 3.64% to RM476.75m, from RM459.99m a year earlier, due to an increase in revenue for the plantation and refinery segments, as a result of higher crude palm oil and palm kernel prices. Going forward, UP is watching the impact of weather conditions on total palm oil production for its Malaysian operations. (The Edge)

AME Real Estate Investment Trust (AME REIT) recorded an 11.9% year-on-year growth in net property income in the fourth quarter ended March 31, 2024 (4QFY2024) to RM11.4m, driven by a 15.9% increase in rental income. During the quarter, AME REIT registered RM12.48m in rental income, compared with RM10.77m previously (3QFY2024). However, the REIT's distributable income for the quarter only grew by 2.65% to RM9.77m. The industrial properties REIT declared a 1.87 sen per unit distribution for the quarter. (The Edge)

Axis Real Estate Investment Trust (Axis REIT), which focuses on industrial assets, is disposing of its property in Nusajaya, Johor, for RM162m, cash, to a data centre operator. It did not disclose the identity of the purchaser. "Axis REIT Managers Bhd (the REIT's manager) believes that in the nine years of owning this property, it has maximised the income-generating potential of this asset, and there is limited upside to future rental growth in the asset's current capacity as a manufacturing facility," it said. (The Edge)

MyEG Services Bhd and Zetrix Foundation have signed a memorandum of understanding (MOU) with Hong Kong licensed virtual asset manager MaiCapital to collaborate on the launch of a Securities and Futures Commission of Hong Kong (SFC)-approved ETF, which would consist of a basket of cryptocurrencies, such as bitcoin and Zetrix. MaiCapital has received SFC's approval to manage funds that may comprise up to 100% virtual assets. (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	3.850	5.8%	Initiate on 4/3/2024
2	UZMA	15-Mar	1.210	1.270	1.350	1.410	1.140	1.120	1.250	3.3%	Initiate on 15/3/2024
3	DIALOG	22-Mar	2.250	2.400	2.450	2.550	2.140	2.120	2.430	8.0%	Initiate on 22/3/2024
4	TRC	3-Apr	0.510	0.530	0.540	0.560	0.465	0.460	0.480	-5.9%	Initiate on 3/4/2024
5	OCK	5-Apr	0.605	0.660	0.670	0.690	0.580	0.570	0.590	-2.5%	Initiate on 5/4/2024
6	TAANN	8-Apr	4.120	4.450	4.500	4.600	4.000	3.950	4.160	1.0%	Initiate on 8/4/2024
7	PANTECH	17-Apr	1.000	1.080	1.100	1.120	0.950	0.940	1.030	3.0%	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 19Apr @ LT Traget RM4.80
9	MISC	22-Apr	8.040	8.400	8.500	8.600	7.700	7.650	7.900	-1.7%	Initiate on 22/4/2024
10	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.490	0.0%	Initiate on 24/4/2024

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	1.70	-2.9%	Initiate on 1/4/2024
2	CSCSTEL	1-Apr	1.350	1.470	1.570	-	1.320	1.270	1.39	3.0%	Initiate on 1/4/2024
3	E&O	1-Apr	1.050	1.230	1.300	-	0.970	0.900	0.99	-5.7%	Initiate on 1/4/2024
4	GASMSIA	1-Apr	3.470	3.720	3.860	-	3.260	3.130	3.53	1.7%	Initiate on 1/4/2024
5	HSSEB	1-Apr	1.160	1.270	1.370	-	1.090	1.010	0.99	-15.1%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.640	4.990	5.180	-	4.470	4.340	4.86	4.7%	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	30.22	-3.1%	Initiate on 1/4/2024
9	PIE	1-Apr	3.560	3.900	4.100	-	3.480	3.350	6.03	69.4%	Initiate on 1/4/2024
10	SPRITZER	1-Apr	2.240	2.390	2.490	-	2.170	2.100	2.36	5.4%	Initiate on 1/4/2024
11	TAANN	1-Apr	4.030	4.310	4.500	-	3.910	3.730	4.16	3.2%	Initiate on 1/4/2024
12	TDM	1-Apr	0.280	0.325	0.355	-	0.240	0.215	0.26	-7.1%	Initiate on 1/4/2024
13	UNISEM	1-Apr	3.840	4.100	4.350	-	3.700	3.550	3.63	-5.5%	Initiate on 1/4/2024
Average Return										3.6%	

Technical Focus Tracker Summary

Total recommendations	380
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)	16.2%
Accuracy (2023)	42.2%
FBM KLCI (Since 30/12/2022)	5.1%
FBM Small Cap (Since 30/12/2022)	18.8%
Malaysia GDP Growth (1H23)	4.2%

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