

Tuesday, 30 Apr, 2024

Sentiment Remains Bullish In The Near Term

Market Review

Malaysia: The FBMKLCI (+0.48%) ended higher in tandem with the regional markets' performance following the strong rebound on Wall Street overnight, supported by the positive AI momentum following the positive earnings from Microsoft and Alphabet. Meanwhile, the key index was lifted by the YTL counters.

Global markets: Wall Street closed higher led by Tesla after showing progress on the advanced driving assistance technology and Apple after a consensus upgrade on the stock. Meanwhile, traders will be eyeing on the upcoming megacap earnings. Both the European and Asian stock markets ended higher.

The Day Ahead

The FBM KLCI extended its upward trend for the third session with the help of YTL-related heavyweights and the FBM Small Cap charged towards 52-week highs. Meanwhile, Wall Street gained momentum for another session as traders were focusing on Tesla after it had cleared a key hurdle for self-driving software in China. This week, the market will be focusing on key events such as (i) earnings releases from Amazon, Apple, Qualcomm and AMD, Mastercard, McDonald, Starbucks, Coca-Cola, (ii) FOMC meeting (concluding on Wednesday) and (iii) jobs data. On the commodity markets, Brent oil traded slightly below USD88 in view of easing geopolitical tension, while the CPO price is hovering around RM3800-3900 zone.

Sectors focus: With most of the indices charging towards fresh 52-week highs, we believe the overall sentiment will remain positive with healthy buying interest across the board. We still anticipate the Technology sector to gain focus with the KL20 summit as it may shape Malaysia into a chip powerhouse in the SEA region. Besides, we like the Construction, Property, Utilities, Solar and Building Material segments on the back of a decent renewable energy roadmap under the NETR masterplan, and the revival in mega infrastructure projects may keep the economy on a high gear.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index continued charging higher surpassing the 1580. 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 1,595-1,600 and the support is set at 1,560-1,565.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	38,386.09	0.38
S&P 500	5,116.17	0.32
NASDAQ	15,983.08	0.35
FBM KLCI	1582.66	0.48
FBM Small Cap	17,826.09	0.40
FBM ACE	5,092.01	0.59
Construction	22161	1.15
Consumer	589.88	0.35
Energy	980.49	0.31
Financial Services	17,273.40	-0.18
Healthcare	2,062.53	2.29
Ind Products	188.58	0.67
Plantation	7,459.27	0.76
Property	1020.04	0.77
REITs	833.56	0.00
Technology	65.01	1.14
Telco & Media	596.57	0.90
Transport & Logist	1024.85	0.37
Utilities	1667.78	1.92
Trading Vol (m)	4,24173	3.51
Trading Val (RM m)	3,480.55	7.33
Gainers/ Losers rat	156%	
FKLI	1578.50	-0.13
FCPO (RM)	3,888.00	-0.69
Brent oil (USD)	88.40	-1.23
Gold (USD)	2,335.66	-0.04
USD	4.7675	0.01
GBP	5.9742	-0.11
EURO	5.1082	0.21
SGD	3.5062	-0.05
Trading participation 5- day trend and value (m)		
Institution	-290.5	
Foreign	629.0	

Source: Bloomberg, Bursa Market Place



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Company Brief

Nestlé (Malaysia) Bhd's net profit for the first quarter ended March 31, 2024 (1QFY2024) dipped 0.8% to RM195.51m from RM197.15m a year earlier, due to slightly lower sales, offset by cost management initiatives and better commodity costs. Revenue slipped 3.2% to RM1.78bn from RM1.84bn. It said 2024 to be challenging from the lingering effect of inflation and foreign exchange volatility on Malaysians' purchasing power as well as heightened competition. (The Edge)

ViTrox Corp Bhd, whose net profit halved in 1QFY2024, is ramping up research and development (R&D) investments to 10%-12% of revenue, ahead of an expected semiconductor recovery towards 2H2024. The R&D focus will be on vision inspection, AI and robotics, CEO Chu Jenn Weng told The Edge. Vitrox trimmed its R&D expenditure to 7.8% of total revenue in 2023, due to a slowdown in demand. (The Edge)

LPI Capital Bhd net profit surged 37% to RM101.29m in 1QFY2024 from RM73.83m, on lower net expenses from reinsurance contracts held and higher investment income. Revenue climbed 1.4% year-on-year to RM469.8m from RM463.3m as gross written premiums rose. (The Edge)

Building materials maker **Ajiya Bhd** posted its second straight quarterly loss of RM12.71m for 1QFY2024, from net profit of RM46.11m a year ago, despite logging higher revenue. The loss was due to higher operating expenses, RM9.65m loss on disposal, and a RM6m fair value loss on other investments. In contrast, it recorded a fair value gain on other investments of RM43.31m a year before. (The Edge)

YTL Hospitality REIT is planning to develop a hotel in Hokkaido, Japan, for an estimated RM199m. The site, in Japan's skiing town of Niseko, is owned by its unit Starhill REIT Niseko GK. It involves a five-storey hotel with a two-storey basement under the Moxy brand, a segment of Marriott's millennial-focused brand. The proposed development is to be completed in 4Q2026. (The Edge)

Tex Cycle Technology (M) Bhd has partnered Evolusi Bersatu Sdn Bhd to invest RM100m in Sabah's first integrated scheduled waste management facility. Construction will start in 2H2024 to be fully operational by 4Q2025. The project is designed to complement existing scheduled waste management providers, it said. (The Edge)

Gadang Holdings Bhd called off its planned acquisition of a 21.08-acre land in Kwasa Damansara – known as R3-1 – for RM114.78m from Kwasa Development (3) Sdn Bhd (KD3). This was after it failed in its appeal to the Economic Planning Unit (EPU) for a waiver of the Bumiputera equity requirement for the land. (The Edge)

HHRG Bhd was slapped with a RM58.18m suit by Ooi Chieng Sim, in relation to a loan given out by the former executive chairman to the company. The suit named HHRG as a defendant, alongside managing director H'ng Choon Seng and deputy MD Kee Swee, as well as three of HHRG's units. Ooi alleged HHRG's three units defaulted payment on RM10m worth of loan he provided. He said HHRG unlawfully converted the said loan into HHRG shares, which were given to H'ng and Kee. Ooi is also seeking 5% interest on the sum claimed. HHRG has denied the claims. (The Edge)

Sapura Energy Bhd landed a five-year contract from PTTEP Sabah Oil Ltd and PTTEP Sarawak Oil Ltd to provide underwater services. The contract, which is on a call-out basis, will expire on Feb 20, 2029. The scope of work includes provision of a diving support vessel, air and saturation diving systems, remotely operated vehicles (ROVs), and other related underwater services. (The Edge)



Tin producer **Malaysia Smelting Corp Bhd** (MSC) declared a final dividend of 7 sen per share, amounting to RM29.4m, for the financial year ended Dec 31, 2023 (FY2023). The dividend's ex-date is June 13, and it is payable on June 28. This brings the total dividend payment for FY2023 to 14 sen per share, or RM58.8m, its highest payout in eight years. (The Edge)

Capital A Bhd said its passenger count rose 17% year-on-year (y-o-y) to 15.4m in 1Q2024, lifted by school holidays and the Chinese New Year. Load factor rose one percentage-point year-on-year to 90% in January-March. "The resurgence of China and India routes both delivered a robust load factor of 94%, higher than pre-Covid due to the visa-free travel corridors of both regions introduced at the end of 2023," it said. (The Edge)

Doris Wong Sing Ee emerged as a substantial shareholder of **BSL Corp Bhd** after acquiring 97m shares and raising her stake to 7.1%. Wong acquired the shares from the open market on April 26. The acquisition price was not disclosed. Based on a back-of-envelope calculation, the block of shares was estimated to be worth RM2.91m, based on BSL Corp's closing price of three sen on April 26. (The Edge)

Integrated circuit (IC) design service provider **Oppstar Bhd** is collaborating with South Korea's tech giant Samsung Electronics Co Ltd for the production of industrial ICs. They will be manufactured using Samsung's 14 nanometre (nm) FinFET technology foundry process. However, no other details were given on the collaboration. (The Edge)

Kossan Rubber Industries Bhd clarified that the fire at a paint factory in Meru Industrial Park, Klang on Monday had no impact on operations at its rubber glove factories. "It is Kossan Paint, which has nothing to do with Kossan Rubber Industries Bhd," its group managing director Tan Sri Lim Kuang Sia told The Edge. In the incident, two buildings of Kossan Paint's paint processing plant were destroyed by a fire. The total losses are still under investigation, according to reports. No one was injured. (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	3.930	8.0%	Initiate on 4/3/2024
2	UZMA	15-Mar	1.210	1.270	1.350	1.410	1.140	1.120	1.220	0.8%	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	0.595	-1.7%	Initiate on 5/4/2024
6	TAANN	8-Apr	4.120	4.450	4.500	4.600	4.000	3.950	4.240	2.9%	Initiate on 8/4/2024
7	PANTECH	17-Apr	1.000	1.080	1.100	1.120	0.950	0.940	1.090	9.0%	Initiate on 17/4/2024
8	MISC	22-Apr	8.040	8.400	8.500	8.600	7.700	7.650	7.950	-1.1%	Initiate on 22/4/2024
9	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.500	0.7%	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	1.72	-1.7%	Initiate on 1/4/2024
2	CSCSTEL	1-Apr	1.350	1.470	1.570	-	1.320	1.270	1.43	5.9%	Initiate on 1/4/2024
3	E&O	1-Apr	1.050	1.230	1.300	-	0.970	0.900	1.01	-3.8%	Initiate on 1/4/2024
4	GASMSIA	1-Apr	3.470	3.720	3.860	-	3.260	3.130	3.62	4.3%	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	4.90	5.6%	Initiate on 1/4/2024
7	MBSB	1-Apr	0.800	0.905	0.950	-	0.780	0.750	0.79	-1.3%	Initiate on 1/4/2024
8	MPI	1-Apr	31.180	34.000	36.000	-	30.000	28.300	30.00	-3.8%	Initiate on 1/4/2024
9	PIE	1-Apr	3.560	3.900	4.100	-	3.480	3.350	5.74	61.2%	Initiate on 1/4/2024
10	SPRITZER	1-Apr	2.240	2.390	2.490	-	2.170	2.100	2.39	6.7%	Initiate on 1/4/2024
11	TAANN	1-Apr	4.030	4.310	4.500	-	3.910	3.730	4.24	5.2%	Initiate on 1/4/2024
12	TDM	1-Apr	0.280	0.325	0.355	-	0.240	0.215	0.26	-8.9%	Initiate on 1/4/2024
13	UNISEM	1-Apr	3.840	4.100	4.350	-	3.700	3.550	3.75	-2.3%	Initiate on 1/4/2024
Average Return										3.8%	



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)	16.3%
Accuracy (2023)	42.2%
FBM KLCI (Since 30/12/2022)	5.8%
FBM Small Cap (Since 30/12/2022)	19.4%
Malaysia GDP Growth (1H23)	4.2%

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