

Thursday, 02 May, 2024

Weaker Sentiment After FOMC Meeting

Market Review

Malaysia: The FBMKLCI (-0.42%) ended lower as the sentiment was dragged by the mixed overnight performance on Wall Street, which led to profit taking within the YTL counters as the AI theme may have dulled while awaiting new sets of corporate earnings in the US. Sectorial wise, the Transportation and Logistics rose 1.26%.

Global markets: Wall Street ended mixed as investors assessed the Fed's decision to keep interest rates unchanged amid the lack of progress in the inflation. Meanwhile, traders will be eyeing on the upcoming April job report. Most of the European and Asian stock market was closed for the labour day holiday.

The Day Ahead

After hitting another fresh 52-week high, profit taking activities emerged amongst the YTL-related heavyweights and contributed to the negative closing in the FBMKLCI. Meanwhile, Wall Street traded mixed and retreated from their intraday highs, respectively on the 3 major indices, despite the Fed keeping the interest rate unchanged as it notes "lack of further progress" on inflation. Still, we believe the Fed will be data dependent and may only reduce the rates until the inflation is moving nearer to its inflation target of 2%. On the commodity markets, Brent oil retraced significantly and traded below USD84 as EIA reported US oil inventories rose by 7.3m barrels last week, while the CPO continues to consolidate around RM3800-3900.

Sectors focus: Despite the market sentiment turning negative after the FOMC meeting, which may cap the upside reward on the Technology sector, the KL20 summit should remain as a key catalyst, cushioning the sector and investors may accumulate selected Technology stocks for long term. Meanwhile, we favour the Construction, Property, Utilities, Solar and Building Material segments, where the sectors are likely to be driven by the domestic catalysts like (i) potential revival of mega infra projects and (ii) ongoing execution of the NETR and NIMP masterplans.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index retraced from its 52-week high. The technical readings on the key index, however, were positive with the MACD Histogram extending another positive bar, while the RSI maintains above 50. The resistance is envisaged around 1,590-1,595 and the support is set at 1,555-1,560.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	37,903.29	0.23
S&P 500	5,018.39	-0.34
NASDAQ	15,605.48	-0.33
FBM KLCI	1575.97	-0.42
FBM Small Cap	17,885.13	0.33
FBM ACE	5,076.70	-0.30
Construction	222.47	0.39
Consumer	589.30	-0.10
Energy	975.66	-0.49
Financial Services	17,214.15	-0.34
Healthcare	2,067.14	0.22
Ind Products	189.14	0.30
Plantation	7,436.76	-0.30
Property	1018.79	-0.12
REITs	831.36	-0.26
Technology	65.16	0.23
Telco & Media	599.40	0.47
Transport & Logist	1037.76	1.26
Utilities	1656.41	-0.68
Trading Vol (m)	4,480.52	-1.44
Trading Val (RM m)	3,748.30	7.69
Gainers/ Losers rat	10%	
FKLI	1576.50	-0.50
FCPO (RM)	3,818.00	-2.48
Brent oil (USD)	83.44	-3.35
Gold (USD)	2,319.56	0.13
USD	4.7717	0.02
GBP	5.9568	0.51
EURO	5.0869	0.64
SGD	3.4954	0.33
Trading participation 5- day trend and value (m)		
Institution	-630.2	
Foreign	-318.7	
	948.9	

Source: Bloomberg, Bursa Market Place



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Company Brief

Stock exchange operator **Bursa Malaysia Bhd** net profit rose 34% to RM75.03m for the financial quarter ended March 31, 2024 (1QFY2024), from RM56.17m a year before, thanks to higher trading activity and fees from listings and other services. Revenue climbed nearly 20% YoY to RM187.2m, from RM156.5m. (The Edge)

Sime Darby Plantation Bhd said it plans to change its brand name to SD Guthrie Bhd. "With this change to SD Guthrie, we will be able to assert full control over our identity and explore opportunities that will best serve the interests of our shareholders," said managing director Datuk Mohamad Helmy Othman Basha. Sime Darby Plantation demerged from Sime Darby Bhd in 2017 and was listed as a separate entity on Bursa Malaysia. (The Edge)

SEG International Bhd's (SEGi) group managing director and major shareholder Tan Sri Clement Hii has bought over private equity firm Navis Capital Partners Ltd' 20.55% stake in SEGi for RM112.98m cash or 45 sen per share. This triggered a mandatory takeover offer for the remaining shares in the education group. The offer price represents a 32% discount to SEGi's closing price on Tuesday of 66 sen. (The Edge)

Duopharma Biotech Bhd accepted 11 letters of offers from a subsidiary of **Pharmaniaga Bhd** to supply 86 pharmaceutical and/or non-pharmaceutical products worth RM578.09m in total, to government offices and facilities that Pharmaniaga operates. The contracts will be valid and binding until Dec 31, 2026, or until otherwise directed by the Malaysian government. (The Edge)

Rimbunan Sawit Bhd is expecting around 40% increase in its fresh fruit bunches (FFB) production for the financial year ending Dec 31, 2024 (FY2024) and is anticipating higher crude palm oil (CPO) prices due to growing demand. "In FY2024, our estates are strategically planned to harvest an impressive 352,126 tonnes of fresh fruit bunches [FFB], each fetching an average price of RM648 per tonne," it said. FFB production stood at 250,750 tonnes in 2023, with an average price of RM661 per tonne. (The Edge)

MKH Oil Palm (East Kalimantan) Bhd (MKHOP) is the second company this year to conclude its maiden trading day on Bursa Malaysia with its share price slipping below its initial public offering (IPO) price. It closed its debut at an intraday low of 61.5 sen, down half a sen, from its IPO price of 62 sen. Executive director Andy Lee said there will be no replanting exercise in the next few years. Approximately 94.9% of its total planted area comprises mature oil palms aged between 10-16. (The Edge)

Logistics solutions provider **Tasco Bhd's** net profit for the financial quarter ended March 31, 2024 (4QFY2024) fell 18% YoY to RM17.86m, from RM21.8m, attributable to weaker air freight and ocean freight forwarding divisions, as freight rates fell back to pre-pandemic levels. Revenue however edged up 0.7% to RM268.46m from RM266.64m. For the full year FY2024, net profit dropped 32% to RM61.74m from RM90.8m, as revenue fell 33.2% to RM1.07bn from RM1.61bn. (The Edge)

PT CIMB Niaga Tbk, the 92.5%-owned Indonesian subsidiary of **CIMB Group Holdings Bhd**, reported a 6.3% YoY growth in its consolidated net income for the financial period ended March 31, 2024 (1QFY2024). The bank attributed the improved earnings to healthy loan growth, improved asset quality indicators and effective cost management. Net income rose to 1.68T rupiah (RM493.2m) from 1.58T rupiah. EPS increased to 66.96 rupiah from 63.42 rupiah. (The Edge)

Capital A Bhd CEO Tan Sri Tony Fernandes said the low-cost carrier, which will soon merge with **AirAsia X Bhd**, will incorporate a "sustainability fee" soon. However, Fernandes did not reveal details on this sustainability fee. (The Edge)



Atrium Real Estate Investment Trust (REIT) saw its net rental income increase by 20.24% to RM10.65m for 1QFY2024, from RM9.22m a year before. Revenue was up 20.29% to RM11.85m in 1QFY2024 from RM9.85m a year before, attributed to the rental income generated from the commencement of the lease for the recently completed Atrium Shah Alam 4 property (ASA4), as well as increased rental rates for its existing leases. The REIT has declared the first interim income distribution of two sen per unit. (The Edge)

KSL Holdings Bhd has proposed to acquire 22 land parcels in Pulau measuring a total of 183.33 acres for RM211.58m from three units of Tropicana Corp Bhd, with plans to develop 628 units of residential properties beginning 2028. (The Edge)

GUH Holdings Bhd said its construction division has secured an RM69.49m contract under the Sungai Rasau water supply scheme project from Gamuda Bhd. The contract involves the installation, commissioning and maintenance of mechanical and electrical processes, surface aeration system, destratification system, and algae control system for the intake and raw water pumping plant and ponds. The job is expected to be completed by June 30, 2025. (The Edge)

Mentiga Corp Bhd's external auditor has flagged that the loss-making group's current liabilities have significantly surpassed its group's current assets, based on its financial statements for FY2023. It noted that the group had incurred a net loss of RM12.65m for the period, while current liabilities exceeded its current liabilities by RM27.16m at the group level. (The Edge)

Chin Hin Group-linked Chiau Haw Loon and Chiau Haw Yew have emerged as the second largest shareholders of **Ge-Shen Corp Bhd** after acquiring an 18.31% stake in the company. The brothers, via private entity Enrich Signature Sdn Bhd, bought 23m shares from Ge-Shen's managing director Chan Choong Kong, who remains as a substantial shareholder. The shares were transacted across three tranches at RM30.36m or RM1.32 per share, Bloomberg data showed. Shares of Ge-Shen averaged at around RM1.34 last year, but closed at RM3.89 on Tuesday. (The Edge)

Green Packet Bhd is undertaking a private placement of 598.48m shares representing 30% of its issued shares for 3.2 sen apiece or RM19.15m. The placement shares will be subscribed by six individuals under subscription agreements signed with Green Packet. Funds from the placement will be used to fund its joint venture (JV) to collaborate with the Sri Lankan government on an integrated tourism digital platform in that country (RM10m); money lending business (RM6m), and working capital (RM2.86m). (The Edge)

Fraser & Neave Holdings Bhd (F&N) posted a net profit of RM165.41m in the second quarter ended March 31, 2024 (2QFY2024), higher by 63.48% compared to RM101.18m a year before, driven by higher sales amid Chinese New Year and Hari Raya festival seasons and better margins. (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	3.940	8.2%	Initiate on 4/3/2024
2	UZMA	15-Mar	1.210	1.270	1.350	1.410	1.140	1.120	1.210	0.0%	Initiate on 15/3/2024
3	DIALOG	22-Mar	2.250	2.400	2.450	2.550	2.140	2.120	2.410	7.1%	Initiate on 22/3/2024
4	TRC	3-Apr	0.510	0.530	0.540	0.560	0.465	0.460	0.475	-6.9%	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	4.230	2.7%	Initiate on 8/4/2024
7	PANTECH	17-Apr	1.000	1.080	1.100	1.120	0.950	0.940	1.070	7.0%	Initiate on 17/4/2024
8	MISC	22-Apr	8.040	8.400	8.500	8.600	7.700	7.650	7.960	-1.0%	Initiate on 22/4/2024
9	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.470	-1.3%	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	1.77	1.1%	Initiate on 1/4/2024
2	CSCSTEL	1-Apr	1.350	1.470	1.570	-	1.320	1.270	1.41	4.4%	Initiate on 1/4/2024
3	E&O	1-Apr	1.050	1.230	1.300	-	0.970	0.900	1.02	-2.9%	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	0.99	-15.1%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.640	4.990	5.180	-	4.470	4.340	4.92	6.0%	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	30.30	-2.8%	Initiate on 1/4/2024
9	PIE	1-Apr	3.560	3.900	4.100	-	3.480	3.350	5.72	60.7%	Initiate on 1/4/2024
10	SPRITZER	1-Apr	2.240	2.390	2.490	-	2.170	2.100	2.35	4.9%	Initiate on 1/4/2024
11	TAANN	1-Apr	4.030	4.310	4.500	-	3.910	3.730	4.23	5.0%	Initiate on 1/4/2024
12	TDM	1-Apr	0.280	0.325	0.355	-	0.240	0.215	0.25	-12.5%	Initiate on 1/4/2024
13	UNISEM	1-Apr	3.840	4.100	4.350	-	3.700	3.550	3.65	-4.9%	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)	5.4%
FBM Small Cap (Since 30/12/2022)	19.8%
Malaysia GDP Growth (1H23)	4.2%

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