

Friday, 03 May, 2024

Sentiment Turning Positive With Earnings Beat

Market Review

Malaysia: The FBMKLCI (+0.27%) ended higher due to buying interest in selected consumer and utilities heavyweights, as the sentiment was lifted after the PM's statement on the civil servants' wage hikes and the RM10bn local investment from Microsoft on AI and cloud infrastructure.

Global markets: Wall Street ended higher as the sentiment was lifted with the Fed's less hawkish tone on interest rates, while traded higher prior to Apple's results. Meanwhile, traders will be eyeing the upcoming April jobs report later tonight. The European stock market ended lower, while Asia ended mixed.

The Day Ahead

Again, the FBM KLCI has rebounded, charging towards its 52-week high with the help of selected YTL-related and Consumer heavyweights. Over in the US, Wall Street gained momentum on the back of bargain hunting activities as the market perceived the Fed's action to keep the interest rates unchanged and the less hawkish interest rate guidance. We believe the post-market jump in Apple and Qualcomm after their earnings beat will be able to provide decent buying support in the local exchange. Still, the market will be monitoring closely on the jobs data that will be released later tonight. On the commodity markets, Brent oil further retraced and traded below USD84, while the CPO continues to rangebound around RM3800-3900.

Sectors focus: With the post-market bullish tone from Apple and Qualcomm, coupled with the Microsoft investments in Malaysia, these should provide decent support towards the Technology sector. Meanwhile, the FBM Small Cap has trended positively at its 52-week high, which may suggest more upside on the overall market conditions. We opine that the Construction, Property, Utilities, Solar and Building Material segments will trade relatively strong on the back of 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

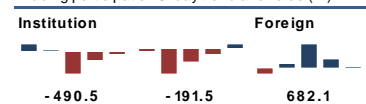
The FBM KLCI index returned to the 1580. The technical readings on the key index, however, were positive with the MACD Histogram extending another positive bar, while the RSI maintains above 50. The resistance is envisaged around 1,595-1,600 and the support is set at 1,560-1,565.

Research Team
research@msec.com.my
(603) 2201 2100

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	38,225.66	0.85
S&P 500	5,064.20	0.91
NASDAQ	15,840.96	1.51
FBM KLCI	1580.30	0.27
FBM Small Cap	17,942.64	0.32
FBM ACE	5,107.68	0.61
Construction	22179	-0.31
Consumer	592.54	0.55
Energy	963.94	-1.20
Financial Services	17,243.26	0.17
Healthcare	2,071.67	0.22
Ind Products	190.03	0.47
Plantation	7,455.19	0.25
Property	1013.57	-0.51
REITs	836.02	0.56
Technology	64.77	-0.60
Telco & Media	594.31	-0.85
Transport & Logist	1038.82	0.10
Utilities	1652.39	-0.24
Trading Vol (m)	3,811.50	-8.83
Trading Val (RM m)	3,055.38	-8.49
Gainers/ Losers rat	88%	
FKLI	1585.00	0.03
FCPO (RM)	3,830.00	-0.42
Brent oil (USD)	83.67	0.28
Gold (USD)	2,303.83	0.02
USD	4.7545	0.38
GBP	5.9501	0.11
EURO	5.089	-0.04
SGD	3.498	-0.07

Trading participation 5- day trend and value (m)



JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

M+Online
Equipping Traders For The Win

Global
Winning The World

Company Brief

Yinson Holdings Bhd has closed the limited recourse term loan facility of up to US\$1.3bn (RM6.2bn) for the financing of its Agogo floating, production, storage and offloading (FPSO) vessel, to be deployed in Angola. As at Jan 31, Yinson's net borrowing stood at RM13.31bn, up 66% from the RM8.01bn recorded a year ago. (The Edge)

Protasco Bhd has received an offer for its education unit Ikram Education Sdn Bhd, which owns the Infrastructure University Kuala Lumpur (IUKL), from Hong Kong-based Star Teenagers International Group Ltd (STI). STI has paid an unspecified earnest deposit for the acquisition and will have three months to conduct due diligence on Ikram Education. The group's education segment has been loss-making since the Covid-19 pandemic. (The Edge)

Lotte Chemical Titan Holdings Bhd (LCTitan) logged a net loss of RM178.03 in the first quarter ended March 31, 2024 (1QFY2024), making it the group's eighth straight quarter in the red as product costs continued to exceed revenue. Nevertheless, the latest quarterly loss narrowed year-on-year from RM224.76, mainly stemming from a decreased share of losses from its associate company, Lotte Chemical USA Corp. Revenue for the quarter dropped 2.72% to RM1.92bn, from RM1.97bn a year before, which LCTitan attributed to lower sales volume, but partially offset by higher average selling prices amid a strengthening US dollar. (The Edge)

Westports Holdings Bhd's net profit rose 11.4% year-on-year to RM204.51 or 6 sen per share in 1QFY2024, from RM183.59 or 5.38 sen per share, thanks to higher container revenue coupled with higher finance income and share of results of a joint venture (JV). Quarterly revenue rose 5.9% y-o-y to RM543.15 from RM512.92. It is forecasting a low single-digit growth rate over the previous year, noting that the prospects of stable or lower interest rates this year could provide some buffer to consumers' containerised consumption. (The Edge)

UOA REIT's net rental income fell 12.7% to RM18.48 in 1QFY2024 from RM21.17 a year earlier, due to lower occupancy rates and higher property operating expenses. Total income fell 12.3% year-on-year to RM18.66 from RM21.29. Net profit fell 20.2% to RM11.67 from RM14.61, while earnings per unit dropped to 1.73 sen from 2.16 sen. "We foresee the improvement in rental rates will remain restrained in the near term," it said. (The Edge)

Frontken Corp Bhd recorded a 27.4% jump in its net profit for 1QFY2024 to RM30.05 from RM23.58 last year, mainly due to improved revenue and profit margin. Quarterly revenue rose 23.3% to RM140.52 from RM113.99 in 1QFY2023, attributed to improved revenue due to higher contributions from its subsidiaries in Taiwan, Malaysia and Singapore. (The Edge)

Pasukhas Group Bhd has secured a RM56.98 contract from an undisclosed company to build a data centre in Selangor. Pasukhas described the company as "one of the leading multinational technology corporations headquartered in the US". The project is expected to be completed by June 30, 2025. (The Edge)

Boustead Heavy Industries Corp Bhd (BHIC) has secured a contract worth RM43.6 from the Ministry of Defence for the in-service support for its Royal Malaysian Navy Prime Minister Class submarines. The award is an expansion of the scope of work of an earlier contract awarded in May 2023, which amounted to RM99.8 and ended in mid-February this year. (The Edge)



JAKS Resources Bhd's unit has signed a Memorandum of Understanding (MOU) with China-based CALB Group Co Ltd to explore opportunities in the battery energy storage system (BESS) market, with a particular focus on the Southeast Asia region. The MOU is a non-binding agreement and will not have any financial implications until a definitive agreement is signed, which is expected to occur within six months, it said. (The Edge)

Construction outfit and bus operator **Epicon Bhd** will exit Practice Note 17 (PN17) status on Friday as it has regularised its financial condition. The group slipped into PN17 status in April 2020 after its auditor flagged that its current liabilities exceeded current assets by RM63 for the financial year ended Dec 31, 2018 (FY2018). (The Edge)

Sarawak Cable Bhd (SCB) has once again obtained a time extension from March 31 to Sept 30 to submit its Practice Note 17 (PN17) regularisation plan from Bursa Malaysia. The original deadline was Nov 1, 2023. Trading of SCB shares could be suspended and the company delisted if it fails to submit its regularisation plan to the authorities on or before the new deadline. (The Edge)

Annum Bhd received a show-cause notice from Bursa Malaysia over the company's failure to issue its annual report for the financial period ended June 30, 2023 (FY2023), which was due on Oct 31, 2023. It has been accorded five market days to make written representations to Bursa Malaysia as to why Annum's securities should not be delisted. (The Edge)

Aldrich Resources Bhd is reconsidering an earlier plan to diversify into dolomite and gold mining and has suspended these operations for the time being. The suspension of the business, which it had entered in May 2023, is "pending further compliance of necessary guidelines and requirements". Aldrich has spent some RM2.85 – initially raised via a private placement exercise for other businesses – on the venture. (The Edge)

Ajinomoto (M) Bhd's RM2.12 special dividend announced in July last year will go ex on May 15. The payment date will be May 30. The dividend, totalling RM128, is derived from the sale of six land parcels along Jalan Kuchai Lama to Tan Sri David Law Tien Seng for RM408m. (The Edge)

South Malaysia Industries Bhd (SMI) has appointed Leow Thang Fong as its new chief executive officer, effective May 1, after a group of shareholders rejected him from being re-elected executive director at its annual general meeting in March. Leow has served as executive director in SMI for nearly 30 years since September 1994 and has a deemed interest of 1.15% in SMI. (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	3.890	6.9%	Initiate on 4/3/2024
2	UZMA	15-Mar	1.210	1.270	1.350	1.410	1.140	1.120	1.200	-0.8%	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	0.470	-7.8%	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	4.240	2.9%	Initiate on 8/4/2024
7	PANTECH	17-Apr	1.000	1.080	1.100	1.120	0.950	0.940	1.080	8.0%	Initiate on 17/4/2024
8	MISC	22-Apr	8.040	8.400	8.500	8.600	7.700	7.650	8.000	-0.5%	Initiate on 22/4/2024
9	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.460	-2.0%	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	1.76	0.6%	Initiate on 1/4/2024
2	CSCSTEL	1-Apr	1.350	1.470	1.570	-	1.320	1.270	1.44	6.7%	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	3.55	2.3%	Initiate on 1/4/2024
5	HSSEB	1-Apr	1.160	1.270	1.370	-	1.090	1.010	0.97	-16.4%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.640	4.990	5.180	-	4.470	4.340	4.96	6.9%	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	30.42	-2.4%	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	2.37	5.8%	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	0.25	-12.5%	Initiate on 1/4/2024
13	UNISEM	1-Apr	3.840	4.100	4.350	-	3.700	3.550	3.56	-7.3%	Initiate on 1/4/2024
Average Return										3.4%	

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)	16.5%
Accuracy (2023)	42.2%
FBM KLCI (Since 30/12/2022)	5.7%
FBM Small Cap (Since 30/12/2022)	20.2%
Malaysia GDP Growth (1H23)	4.2%

Disclaimer

Research analyst(s) of MSSB whom produced this report hereby certifies that the views expressed in this report accurately reflect his/her personal opinions about all of the subject corporation(s) and securities in this report. He/She does not carry out, whether for himself/herself or on behalf of MSSB or any other persons did not receive and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. As of the report date, the analyst whom prepared this report does not have any interest in the following securities covered in this report, unless otherwise stated

