

Thursday, 09 May, 2024

Profit Taking Activities May Pick Up

Market Review

Malaysia: The FBMKLCI (-0.06%) ended flat due to the gains in SIMEPLT, after the proposed solar project announcement, was offset by the selling pressure in selected banking heavyweights as investors were waiting for fresh leads after the dull overnight performance on Wall Street.

Global markets: Wall Street ended mixed as the market is currently driven by a mixed set of corporate earnings from Airbnb and Robinhood. Meanwhile, traders will be eyeing the upcoming corporate earnings, as well as the weekly jobless claims data. The European stock market closed higher, while Asia ended lower.

The Day Ahead

The FBMKLCI has turned negative with the emergence of profit taking activities after a 4-day rally, but the FBM70 managed to charge towards fresh all-time-high. Meanwhile, in the US, stocks traded mixed as the selected Fed official's statement was still maintaining a relatively hawkish view as it is believed to take more time than previously thought to lower down the inflation back to the 2% target. Also, UBER registered an unexpected first-quarter loss that contributed to the softer sentiment for S&P500 and Nasdaq. On the commodity markets, Brent oil traded along our initial support zone of USD81-83 after EIA reported US oil inventories fell last week. For the CPO, it could have found support along RM3,800.

Sectors focus: The market could be heading for a healthy pullback after a significant rally over the past two weeks. Nevertheless, there is still buying momentum surfacing within the Technology sector, which is riding on the AI and data center trends. As the profit taking activities picked up, we believe traders may turn into more defensive sectors like Consumer and Utilities. Besides, we like smaller Construction companies in view of potential flow down construction projects going forward. Other favourable sectors include Properties, Building Material, Shipping and Solar.

FBMKLCI Technical Outlook



Bloomberg

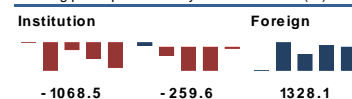
The FBM KLCI index ended flat after ascending to a 52-week high. The technical readings on the key index were positive with the MACD Histogram extending another positive bar, while the RSI maintains above 50. The resistance is envisaged around 1,620-1,625 and the support is set at 1,585-1,590.

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

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	39,056.39	0.44
S&P 500	5,187.67	0.00
NASDAQ	16,302.76	-0.18
FBM KLCI	1604.75	-0.06
FBM Small Cap	18,318.45	-0.22
FBM ACE	5,136.05	0.95
Construction	226.80	0.60
Consumer	599.42	0.03
Energy	98131	0.54
Financial Services	17,475.96	-0.28
Healthcare	2,108.08	0.65
Ind Products	192.92	0.20
Plantation	7,500.86	0.82
Property	1044.33	0.12
REITs	828.98	-0.55
Technology	67.22	0.64
Telco & Media	602.79	-0.13
Transport & Logist	1080.37	0.27
Utilities	1748.11	0.39
Trading Vol (m)	5,395.68	-0.53
Trading Val (RM m)	3,572.27	-5.83
Gainers/ Losers rat	103%	
FKLI	1,610.50	0.28
FCPO (RM)	3,884.00	0.39
Brent oil (USD)	83.58	0.51
Gold (USD)	2,308.85	0.01
USD	4.7415	-0.06
GBP	5.9234	0.30
EURO	5.0978	0.02
SGD	3.4974	0.08

Trading participation 5- day trend and value (m)



Source: Bloomberg, Bursa Market Place



JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

M+Online
Equipping Traders For The Win

Global
Winning The World

Company Brief

Sentral Real Estate Investment Trust (SENTRAL), posted a 30.29% increase in its net property income in the first quarter ended March 31, 2024 (1QFY2024) to RM38.15m from RM29.28m a year ago, on higher contribution from its key properties. Gross revenue rose 27.58% to RM48.12m from RM37.71m. However, net income grew at a slower pace of 12.63% to RM19.89m from RM17.66m, due to higher finance costs and fees for its trustee and manager. (The Edge)

Vstecs Bhd's (VSTECs) wholly-owned subsidiary Vstecs Ku Sdn Bhd has been picked as Amazon Web Services' (AWS) first distributor in Malaysia. Vstecs will offer AWS' portfolio of highly scalable and cost-effective cloud services, including computing, storage, databases, analytics, networking and application services to enterprises in the private and public sectors in Malaysia. (The Edge)

Dufu Technology Corp Bhd's (DUFU) net profit for the first quarter ended March 31, 2024 (1QFY2024) fell by 59.3% year-on-year to RM4.43m or 0.8 sen per share from RM10.88m or 2.1 sen per share on lower revenue and higher overhead costs. Quarterly revenue shrank by 22% to RM57.86m in 1QFY2024 from RM74.18m a year ago due to lower sales in its hard disk drives (HDD) components. The group said it is navigating the tail-end of an unprecedented downturn in the storage market. (The Edge)

MNRB Holdings Bhd's (MNRB) net profit more than doubled year-on-year (y-o-y) in the fourth quarter, thanks to lower insurance expenses and higher investment income, sending its shares surging to an all-time high. Net profit for the three months ended March 31, 2024 (4QFY2024) stood at RM232.63m or 29.71 sen per share versus RM94.95m or 12.12 sen per share a year ago, MNRB said. Revenue for the quarter rose 28% y-o-y to RM816.79m from RM637.97m. Profit for the full year (FY2024) tripled to a new high of RM428.34m from RM142.65m in FY2023, while revenue increased 21.23% to RM3.6bn from RM2.97bn a year ago. (The Edge)

Mega First Corp Bhd (MFCB) (MFCB) is buying a 64% stake in CSC Agriculture Holdings Sdn Bhd, a company that is involved in plantations and the wholesale of fruits and vegetables, for RM25m. The group is buying CSC Agriculture from existing shareholders, namely CSC Chin Family Sdn Bhd, Chin Boon Tak, Chin Boon Ching and Chin Boon Thiam. The group, however, did not share its rationale for the acquisition. (The Edge)

Practice Note 17 (PN17) company **Ivory Properties Group Bhd** (IVORY) said it had been granted a restraining order by the High Court of Malaya in Penang against its creditors including winding up, execution and arbitration from its creditors. The three-month restraining order from April 19, 2024 is to enable Ivory Gleneary Sdn Bhd (IGSB), a wholly-owned subsidiary of Ivory Properties, and its creditors to formalise the proposed scheme of arrangement and thus allow for the extension of time to submit the company's regularisation plan to get out of the PN17 status. (The Edge)

Paragon Globe Bhd (PGLOBE) is selling part of a parcel of freehold land it had just acquired in the district of Plentong, Johor Bahru, for RM238.32m. It had just completed the purchase of the land, measuring 104.5 acres (42.29ha), for RM71.5m in November 2023. It is now selling 47.86 acres of that to Bridge Data Centres Malaysia IV Sdn Bhd. Of the proceeds, Paragon Globe will use RM94.47m to build roads and infrastructure on the plot, RM57m to repay bank borrowings, RM26.76m to fund purchases of other lands, RM38m to fund ongoing projects and RM21.7m for working capital. Paragon Globe expects a net pro forma gain of RM68.47m, which is expected to increase its net assets per share to 49 sen from 40 sen. (The Edge)



Sarawak Cable Bhd (SCABLE) will have to go back to the drawing board and look for a new white knight to regularise its financials. The PN17 company announced that the Memorandum of Agreement it entered with Serendib Capital Ltd has fallen through. Both parties were said to be “unable to agree upon an exclusive working relationship governed by a Memorandum of Agreement entered on Dec 29, 2023”. The loss-making cable manufacturer said it would provide further updates if there is any development regarding this matter. (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	4.140	13.7%	Take Profit on 6/5/2024
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	2.520	12.0%	Initiate on 22/3/2024
4	TRC	3-Apr	0.510	0.530	0.540	0.560	0.465	0.460	0.495	-2.9%	Initiate on 3/4/2024
5	OCK	5-Apr	0.605	0.660	0.670	0.690	0.580	0.570	0.645	6.6%	Initiate on 5/4/2024
6	TAANN	8-Apr	4.120	4.450	4.500	4.600	4.000	3.950	3.880	-5.8%	Cut Loss on 6/5/2024
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	8.200	2.0%	Initiate on 22/4/2024
9	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.450	-2.7%	Initiate on 24/4/2024
10	DAYANG	3-May	2.590	2.750	2.800	2.900	2.500	2.400	2.650	2.3%	Initiate on 3/5/2024

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	1.74	-0.6%	Initiate on 1/4/2024
2	CSCSTEL	1-Apr	1.350	1.470	1.570	-	1.320	1.270	1.45	7.4%	Initiate on 1/4/2024
3	E&O	1-Apr	1.050	1.230	1.300	-	0.970	0.900	1.04	-1.0%	Initiate on 1/4/2024
4	GASMSIA	1-Apr	3.470	3.720	3.860	-	3.260	3.130	3.54	2.0%	Initiate on 1/4/2024
5	HSSEB	1-Apr	1.160	1.270	1.370	-	1.090	1.010	1.00	-13.8%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.640	4.990	5.180	-	4.470	4.340	5.03	8.4%	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	31.20	0.1%	Initiate on 1/4/2024
9	PIE	1-Apr	3.560	3.900	4.100	-	3.480	3.350	5.83	63.8%	Initiate on 1/4/2024
10	SPRITZER	1-Apr	2.240	2.390	2.490	-	2.170	2.100	2.38	6.2%	Initiate on 1/4/2024
11	TAANN	1-Apr	4.030	4.310	4.500	-	3.910	3.730	3.94	-2.2%	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	3.75	-2.3%	Initiate on 1/4/2024
Average Return										4.6%	

Technical Focus Tracker Summary	
Total recommendations	381
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)	18.2%
Accuracy (2023)	41.8%
FBM KLCI (Since 30/12/2022)	7.3%
FBM Small Cap (Since 30/12/2022)	22.7%
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

