

Wednesday, 15 May, 2024

Threading Higher In The Overbought Region

Market Review

Malaysia: The FBMKLCI (+0.19%) ended higher as the index was supported by the YTL-related counters, suggesting that the AI and data center theme is still intact. Meanwhile, the Utilities sector (+1.32%) was the leading sector, while the Healthcare sector (-0.70%) declined.

Global markets: Wall Street closed firmly higher as investors were reassured by the Fed that the next move may not be a rate hike and the traders were expecting that the upcoming CPI data will come in cooler than expectations. Meanwhile, the European stock market ended slightly higher, while Asia ended mixed.

The Day Ahead

The FBMKLCI extended the rebound for the second day, while the FBM Small Cap charged strongly for the session. Over in the US, Wall Street managed to close broadly higher as Jerome Powell commented that the next move is unlikely to be a rate hike, which provided reassurance on the interest rate direction to the traders after digesting a hotter-than-expected PPI data. Overall, we opine that buying interest could sustain in the near term in the regional and local stocks markets. On the commodity markets, Brent oil traded lower but still ranging along the support zone of USD81-84, while the gold price held above the USD2350 level.

Sectors focus: The recent uptrend has continued for the past month and we believe the reiteration of no rate hike from the Fed will boost the positive sentiment in the stock markets at least for the near term. Overall, we expect the local exchange to trade higher with the optimism revolving around the Utilities sector following the increased demand from AI-related investments like data center, coupled with plans to craft Malaysia into chip powerhouse in the SEA region, these will eventually benefit the Technology sector. Meanwhile, we like other sectors within the Construction, Property, Building Materials, and Consumers on the back of local driven catalysts such as NETR, NIMP and potential revival of KL-SG HSR.

FBMKLCI Technical Outlook



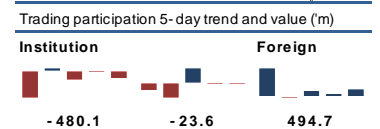
Bloomberg

The FBM KLCI index ended marginally hovering above the 1600 level. The technical readings on the key index were mixed with the MACD Histogram falling near 0, 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.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	39,558.11	0.32
S&P 500	5,246.68	0.48
NASDAQ	16,511.18	0.75
FBM KLCI	1605.88	0.19
FBM Small Cap	18,682.85	0.27
FBM ACE	5,324.41	1.08
Construction	230.12	0.65
Consumer	60189	-0.13
Energy	985.87	0.82
Financial Services	17,531.08	-0.14
Healthcare	2,138.49	-0.70
Ind Products	193.46	0.42
Plantation	7,434.59	0.14
Property	1,070.92	0.40
REITs	830.82	-0.09
Technology	68.13	0.18
Telco & Media	600.34	-0.49
Transport & Logist	1,102.82	0.42
Utilities	1,753.49	1.32
Trading Vol (m)	4,697.32	3.73
Trading Val (RM m)	3,206.10	6.56
Gainers/ Losers rat	18%	
FKLI	1608.50	0.00
FCPO (RM)	3,804.00	-0.29
Brent oil (USD)	82.38	-1.18
Gold (USD)	2,358.12	-0.04
USD	4.7175	0.25
GBP	5.9174	0.14
EURO	5.0914	0.17
SGD	3.4861	0.22



Source: Bloomberg, Bursa Market Place



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Company Brief

Malaysia Airports Holdings Bhd (AIRPORT), or MAHB, is ready to have Mohamed Rastam Shahrom at the helm of the airport operator permanently after seven months as acting group chief executive officer, according to sources. Sources told *The Edge* that MAHB will soon announce Mohamed as the next group CEO. "A company cannot be without a CEO for too long," said one of the sources. Mohamed's name was touted among a group of potential CEOs bandied about to take the top job at MAHB in February. They included the airport operator's former CEO Datuk Mohd Shukrie Mohd Salleh and its CFO from 2006 to 2015, Faizal Sham Abu Mansor. (*The Edge*)

Former **TIME dotCom Bhd** (TIMECOM) chief financial officer Shahnaz Farouque Jammal Ahmad has joined **Malaysia Building Society Bhd** (MBSB) as the banking group's new CFO. Shahnaz will be replacing Ramanathan Rajoo, who will transition into the role of a special adviser to MBSB. The changes will take effect from June 1, MBSB informed Bursa Malaysia. Shahnaz, 49, was the CFO of TIME dotCom for almost three years before stepping down on March 15. Prior to that, he was the chief executive officer of group wholesale banking and CFO of CIMB Group. (*The Edge*)

Cypark Resources Bhd (CYPARK) group chief executive officer Datuk Daud Ahmad has resigned from his post, effective from Tuesday. Daud, a co-founder and substantial shareholder, stepped down from the role to "provide the opportunity for Cypark to transition into its next phase as Malaysia's leading Bumiputera-led renewable energy company", Cypark said in a filing. "Executive chair Datuk Ami Moris and executive director Muhammad Ashraf will lead the company through a leadership transition over the next 12 months, in concert with the ongoing strategic review the company has embarked upon," Cypark added. (*The Edge*)

Uzma Bhd (UZMA) has secured a letter of award from ExxonMobil Exploration Production Malaysia Inc for non-rig assisted electric wireline logging equipment and services in West Malaysian waters. Uzma in a filing said its wholly owned subsidiary Uzma Engineering Sdn Bhd was awarded with the three-year contract effective from May 3, 2024 to May 2, 2027. The oil and gas service provider did not disclose the value of the contract, saying it is a call-off contract based on the agreed rates and work orders issued by ExxonMobil. (*The Edge*)

Taliworks Corp Bhd (TALIWRK) has posted a 49.4% year-on-year increase in its first quarter net profit amid an increase in the bulk water supply rate for its water treatment and supply division, and a higher share of results from jointly controlled entity Grand Sepadu (NK) Sdn Bhd, on the back of a toll compensation by the government. The earnings improvement for the quarter ended March 31, 2024 (1QFY2024) was also driven by cost optimisation and higher traffic in the toll highway segment, higher sundry income and lower finance costs incurred during the quarter, Taliworks said in a filing. Net profit for the January-March period stood at RM15.03m, against RM10.06m in the previous year's corresponding quarter, as revenue remained relatively flat at RM93.33m, compared with RM93.53m previously. (*The Edge*)

Teo Seng Capital Bhd's (TEOSENG) first quarter (1Q) net profit rose 42.11% to RM34m from RM19.68m a year ago, on higher egg sales, improved raw material costs, and government subsidies that eased operational expenses. Quarterly revenue rose 3.6% to RM190.1m from RM183.4m in the previous January-March period, mainly driven by improved revenue from the poultry farming segment. Teo Seng declared a first interim dividend of 2.5 sen per share, up half a sen from the same quarter last year, payable on June 3. (*The Edge*)

Heineken Malaysia Bhd's (HEIM) net profit rose 11.42% to RM122.48m for the first quarter ended March 31, 2024 (1QFY2024), from RM109.93m a year earlier, driven



by higher beer sales during the Chinese New Year and cost management. The brewery's revenue for the quarter under review increased by 6.61% to RM789.17m, from RM740.22m previously. No dividends were declared for the quarter. (The Edge)

Automated test equipment company **Aemulus Holdings Bhd** (AEMULUS) remained in the red for its sixth straight quarter even as net losses narrowed in the second quarter from a year earlier on lower expenses and higher revenue. Net loss for the three months ended March 31, 2024, was RM2.04m, or 0.31 sen per share, compared to RM6.61m, or 0.70 sen per share, in 2QFY2023. Revenue surged 76% year-on-year to RM9.32m from RM5.29m thanks to higher demand. (The Edge)

Deleum Bhd's (DELEUM) 60%-owned unit has entered into a settlement agreement with six of the 10 defendants in its RM19.88m civil lawsuit against its own executives, Petronas Carigali Sdn Bhd executives and its sub-contractors over an alleged illegal scheme. Under the agreement, Deleum Technology Solutions Sdn Bhd (DTS) – formerly known as Deleum Primera Sdn Bhd (DPSB) – will have to discontinue the suit against the six defendants and pay a sum of RM834,225 to one of the defendants, as part of outstanding invoices. Besides that, another one of the defendants will admit liability and pay RM100,000 to DTS, as part of the settlement. (The Edge)

The High Court has ruled that the requisition notice from 10 shareholders of **Kumpulan Jetson Bhd** (JETSON) seeking an extraordinary general meeting (EGM) to remove the directors of the construction group is invalid. Judge Wan Muhammad Amin Wan Yahya also ruled that any further action taken regarding the requisition notice is null and void, and granted the group RM10,000 in costs, said Kumpulan Jetson in a filing. The legal action was initiated by Kumpulan Jetson last December after the group turned down the requisition notice on the grounds that the 10 shareholders did not collectively hold at least 10% of the group's shares on the day of the request. (The Edge)

Ageson Bhd (AGES), whose external auditor raised concerns about its receivables as well as its subsidiaries' revenues and asset valuation, announced that consultant Virdos Lima Consultancy (M) Sdn Bhd did not find any "material adverse findings from its independent assessment". In October last year, the engineering construction firm's external auditor Messrs Jamal, Amin & Partners raised concerns about certain audit issues in its financial statements for the 18-month financial period ended Dec 31, 2022. (The Edge)

Soil erosion control products manufacturer **Fibromat (M) Bhd** (FBBHD) has proposed to transfer its listing from the LEAP Market of Bursa Malaysia to the ACE Market, as it sees the need for larger fundraising exercises from the equity capital market. As part of the transfer, Fibromat said it will undertake the issuance of new shares to the public and a larger pool of selected investors, for the purpose of complying with the public shareholding spread requirement as well as raising new capital for the company. (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	UZMA	15-Mar	1.210	1.270	1.350	1.410	1.140	1.120	1.210	0.0%	Initiate on 15/3/2024
2	DIALOG	22-Mar	2.250	2.400	2.450	2.550	2.140	2.120	2.480	10.2%	Initiate on 22/3/2024
3	TRC	3-Apr	0.510	0.530	0.540	0.560	0.465	0.460	0.505	-1.0%	Initiate on 3/4/2024
4	OCK	5-Apr	0.605	0.660	0.670	0.690	0.580	0.570	0.635	5.0%	Initiate on 5/4/2024
5	PANTECH	17-Apr	1.000	1.080	1.100	1.120	0.950	0.940	1.080	8.0%	Initiate on 17/4/2024
6	MISC	22-Apr	8.040	8.400	8.500	8.600	7.700	7.650	8.180	1.7%	Initiate on 22/4/2024
7	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.480	-0.7%	Initiate on 24/4/2024
8	DAYANG	3-May	2.590	2.750	2.800	2.900	2.500	2.400	2.630	1.5%	Initiate on 3/5/2024
9	CLOUDPT	9-May	0.690	0.730	0.740	0.780	0.650	0.645	0.745	8.0%	Initiate on 9/5/2024
10	MYNEWS	14-May	0.540	0.580	0.590	0.610	0.520	0.510	0.540	0.0%	Initiate on 14/5/2024



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	1.49	10.4%	Initiate on 1/4/2024
3	E&O	1-Apr	1.050	1.230	1.300	-	0.970	0.900	1.11	5.7%	Initiate on 1/4/2024
4	GASMSIA	1-Apr	3.470	3.720	3.860	-	3.260	3.130	3.51	1.2%	Initiate on 1/4/2024
5	HSSEB	1-Apr	1.160	1.270	1.370	-	1.090	1.010	1.04	-10.3%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.640	4.990	5.180	-	4.470	4.340	5.01	8.0%	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	32.60	4.6%	Initiate on 1/4/2024
9	PIE	1-Apr	3.560	3.900	4.100	-	3.480	3.350	6.00	68.5%	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	3.92	-2.7%	Initiate on 1/4/2024
12	TDM	1-Apr	0.280	0.325	0.355	-	0.240	0.215	0.25	-10.7%	Initiate on 1/4/2024
13	UNISEM	1-Apr	3.840	4.100	4.350	-	3.700	3.550	3.90	1.6%	Initiate on 1/4/2024
Average Return										6.2%	

Technical Focus Tracker Summary	
Total recommendations	383
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)	18.9%
Accuracy (2023)	40.9%
FBM KLCI (Since 30/12/2022)	7.4%
FBM Small Cap (Since 30/12/2022)	25.2%
Malaysia GDP Growth (1H23)	4.2%

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