

Friday, 17 May, 2024

Fresh 52-Week High Spotted On FBM KLCI

Market Review

Malaysia: The FBMKLCI (+0.49%) ended higher as investors resumed buying interest after the US CPI data came in below expectations, suggesting higher chances for rate cuts going forward. Meanwhile, the glove counters retraced from their massive rally on Wednesday. The leading sector on the bourse was Technology at +1.81%.

Global markets: Wall Street closed modestly lower as some investors may be taking profits from the previous day rally and are waiting for a fresh catalyst to resume further buying interest. Meanwhile, the European stock markets ended lower, while Asia ended higher amid Japan's GDP contraction, suggesting rate hikes are unlikely.

The Day Ahead

The FBMKLCI and FBM70 managed to register fresh 52-week highs with strong buying interest emerging within the broader market. Also, the investors in general were buying into the Technology sector following the cooler-than-expected US CPI data. As the Fed maintained a less hawkish stance in its monetary policies going forward, we believe the overall buying support should continue on Wall Street. The investors will be watching the industrial production and retail sales data from China to reassess the recovery trend in China. On the commodity markets, Brent oil noticed support above USD81 and traded along USD83/bbl, while the gold price rallied nearer to USD2400.

Sectors focus: Despite the profit taking activities on the glove companies, we believe the new tariffs on Chinese goods announced by the US could benefit the local companies in view of further trade diversions going forward. Besides, under this US tariff theme, we like sectors like Semiconductor, EMS, and Metal-related. Meanwhile, in view of the ongoing domestic catalysts such as the potential revival of mega infrastructure projects like KL-SG HSR, optimism over NETR and NIMP master plans, we opine it should be benefiting the Construction, Building Materials and Property sectors moving forward.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended higher, surpassing the 1,610 level. The technical readings on the key index were mixed with the MACD Histogram extending a negative bar, while the RSI maintains above 50. The resistance is envisaged around 1,625-1,630 and the support is set at 1,590-1,595.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	39,869.38	-0.10
S&P 500	5,297.10	-0.21
NASDAQ	16,698.32	-0.26
FBM KLCI	1611.11	0.49
FBM Small Cap	18,723.79	0.46
FBM ACE	5,296.78	0.21
Construction	230.66	0.80
Consumer	606.10	0.88
Energy	986.84	0.09
Financial Services	17,593.64	0.48
Healthcare	2,260.62	-3.59
Ind Products	193.47	0.56
Plantation	7,408.94	0.33
Property	1076.94	0.79
REITs	830.87	0.31
Technology	70.14	1.81
Telco & Media	600.54	0.15
Transport & Logist	1,095.55	-0.23
Utilities	1,766.92	0.24
Trading Vol (m)	6,050.41	-2.40
Trading Val (RM m)	4,354.68	-6.73
Gainers/ Losers rat	50%	
FKLI	1610.50	0.12
FCPO (RM)	3,826.00	0.58
Brent oil (USD)	83.27	0.63
Gold (USD)	2,376.86	0.08
USD	4.683	0.50
GBP	5.9327	0.14
EURO	5.0907	0.10
SGD	3.483	0.16
Trading participation 5-day trend and value ('m)		
Institution	-467.7	
Foreign	-283.8	
	751.5	

Source: Bloomberg, Bursa Market Place



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Company Brief

Iconic Medicare Sdn Bhd (IMED), a wholly-owned unit of Iconic Worldwide Bhd (ICONIC), is suing Jovian Apparel Sdn Bhd over an alleged outstanding sum of RM4.96m in unpaid face masks supplied by the company to the fashion retailer. Iconic Worldwide said IMED, which is currently a major contributor to the financial performance of the group, had filed a writ of summons and statement of claim against Jovian Apparel on May 13, 2024 at the Penang High Court. According to the statement of claim filed with the court, IMED had supplied customised face masks to Jovian Apparel based on the latter's specification and customised order under the Jovian RTW brand. However, IMED claimed that Jovian Apparel failed to make full payment for the stock delivered, with a sum of RM3.16m still owed for the face masks which had been delivered and accepted by the fashion retailer, taking into account warehouse charges and interest. On top of that, Jovian Apparel had also placed orders for face masks which IMED had prepared, but, till now, has ignored or refused to provide a delivery schedule for said face masks. The total value of the neglected face masks stood at RM1.80m as at April 19. (The Edge)

Hup Seng Industries Bhd (HUPSENG) said its first quarter net profit rose 44.6% RM13.97m, from RM9.65m a year earlier, thanks to higher sales and lower material input costs. Revenue for the first quarter ended March 31, 2024 (1QFY2024) was up 8% to RM93.57m, from RM86.38m in 1QFY2023. This is Hup Seng's best quarterly net profit since 4QFY2017, when it reported earnings of RM14.4m, on the back of stronger demand for biscuits. It also marks the group's fourth consecutive quarter of earnings growth, exceeding its preceding quarter's net profit of RM13.7m. (The Edge)

SEG International Bhd (SEG) said its first-quarter net profit dropped 22.38% to RM3.57m from RM4.6m a year ago, primarily due to higher acquisition cost for students at the time of enrolment. Earnings per share for the quarter ended March 31, 2024 (1QFY2024) fell to 0.29 sen from 0.38 sen for 1QFY2023. Revenue increased 8% year-on-year to RM49.67m from RM45.99m, driven by an increase in new enrolments. Compared to 4QFY2023, net profit nearly quadrupled from RM896,000, while revenue rose 13.6% from RM43.74m. (The Edge)

Hong Leong Industries Bhd's (HLIND) net profit for its third financial quarter jumped 51% year-on-year, thanks to a RM25m insurance compensation it received for the disruption caused by floods in its motorcycle business during the third quarter of FY2022. Its net profit for the third financial quarter ended March 31, 2024 (3QFY2024) increased to RM99.43m versus RM65.91m a year earlier. However, revenue for the quarter fell 17.9% to RM758.03m from RM923.35m in 3QFY2023, due to lower motorcycle sales. The group declared a second interim single tier dividend of 37 sen per share for the quarter under review, with an ex-date of June 4, payable on June 25. This brings the year-to-date dividend to RM1.07 per share, exceeding the total dividend of 57 sen paid for the full financial year ended June 30, 2023 (FY2023) and 52 sen paid for FY2022. (The Edge)

Pansar Bhd (PANSAR) has secured a RM30.1m contract to undertake facilities management and maintenance for the Borneo Cultures Museum and annex building at the Sarawak Museum Complex in Kuching. The Sarawak-based engineered solutions provider said the job, awarded by the state Public Works Department, involves civil, structural and architectural services, as well as mechanical, electrical, landscape, and housekeeping services. Pansar said the project will run for 39 months from May 27, and is expected to contribute positively to the group's earnings. Including the latest win, Pansar has announced three contractor project awards since the start of 2024, with a total value of RM429.20m, all of which are located in Sarawak. (The Edge)



Kawan Food Bhd's (KAWAN) net profit in the first quarter ended March 31, 2024 (1QFY2024) rose 17.1% to RM9.22m from RM7.88m in the same quarter last year, in line with higher revenue. Quarterly revenue improved 9.4% to RM80.64m from RM73.70m a year ago, mainly contributed by the local market and rising demand in the North American market. As a result, earnings per share went up to 2.54 sen from 2.17 sen in 1QFY2023. On a quarterly basis, the group's net profit came in 4.1% higher than the RM8.86m it logged in the immediate preceding quarter (4QFY2023) while revenue increased by 5.8% from RM76.2m. (The Edge)

Malaysian Pacific Industries Bhd (MPI) posted a net profit of RM32.76m for the third quarter ended March 31, 2024 (3QFY2024), in contrast to a net loss of RM17.83m a year ago, thanks to higher revenue and better foreign exchange rates. Earnings per share stood at 16.47 sen, against a loss per share of 8.97 sen for 3QFY2023. Quarterly revenue grew 11.5% to RM526.06m from RM471.86m last year, driven by higher revenues from its Asia, US and Europe segments. MPI declared a second interim dividend of 25 sen per share, to be paid on June 26, bringing total dividends so far to 35 sen for FY2024. Despite the improved results, MPI expects the semiconductor industry to stay volatile and uncertain in the near future, despite a gradual recovery in certain segments. (The Edge)

S P Setia Bhd (SPSETIA) posted a 39.46% year-on-year jump in its net profit for the first quarter of the year, as it recorded stronger revenue, driven by higher contribution from both its domestic business as well as its operations in Vietnam. Net profit for the quarter ended March 31, 2024 (1QFY2024) rose to RM77.33m from RM55.45m in 1QFY2023, with revenue climbing almost 53% to RM1.48bn from RM967.67m. Earnings per share rose to 0.56 sen from 0.36 sen. The group's main property development segment achieved a profit before tax (PBT) of RM180.8m in 1QFY2024, up 38.6% from 1QFY2023, which it attributed to higher contribution from its Eco Xuan development project in Vietnam, supported by land bank management and higher contribution from domestic property development. (The Edge)

Thong Guan Industries Bhd (TGUAN) is teaming up with the Kedah State Development Corporation (PKNK) to jointly develop 221 units of shop and office lots with an estimated gross development value (GDV) of RM200m. The project will be developed on a 20-acre land, the group said, without specifying the location of the plot. Thong Guan said that the project aligns with its strategic planning to diversify into property development and grow a new income source. Under the joint venture, Thong Guan is obligated to pay a guaranteed minimum sum of RM19.75m, including cash payments of RM15m in six instalments. PKNK is entitled to six completed commercial units valued at no less than RM4.75m. Apart from PKNK's entitlement, Thong Guan retains all proceeds from the project, including unsold units, with no further claims from the agency. (The Edge)

Pertama Digital Bhd (PERTAMA), which runs the digital court bail payment system e-Jamin, said it is in discussions with the relevant authorities to allow the company to continue operating the system. Pertama said its unit Dapat Vista (M) Sdn Bhd had received a "directive letter" dated April 30 from the Office of the Chief Registrar of the Federal Court of Malaysia, requiring it to transfer all e-Jamin funds and accrued interest to the main receiving account of the Prime Minister's Department. Additionally, the company was instructed to cease operations of the e-Jamin system and revert to manual bail processes from May 19 onwards. In response to the letter, Pertama said its subsidiary Dapat Vista is currently "working towards obtaining the approval from the relevant regulatory authorities to continue providing services via e-Jamin moving forward". (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	1.230	1.7%	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	0.500	-2.0%	Initiate on 3/4/2024
4	OOCK	5-Apr	0.605	0.660	0.670	0.690	0.580	0.570	0.630	4.1%	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	8.240	2.5%	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	2.600	0.4%	Initiate on 3/5/2024
9	CLOUDPT	9-May	0.690	0.730	0.740	0.780	0.650	0.645	0.740	7.2%	Initiate on 9/5/2024
10	MYNEWS	14-May	0.540	0.580	0.590	0.610	0.520	0.510	0.545	0.9%	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	1.69	-3.4%	Initiate on 1/4/2024
2	CSCSTEL	1-Apr	1.350	1.470	1.570	-	1.320	1.270	1.48	9.6%	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	3.50	0.9%	Initiate on 1/4/2024
5	HSSEB	1-Apr	1.160	1.270	1.370	-	1.090	1.010	1.02	-12.1%	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	0.84	5.0%	Initiate on 1/4/2024
8	MPI	1-Apr	31.180	34.000	36.000	-	30.000	28.300	33.50	7.4%	Initiate on 1/4/2024
9	PIE	1-Apr	3.560	3.900	4.100	-	3.480	3.350	5.90	65.7%	Initiate on 1/4/2024
10	SPRITZER	1-Apr	2.240	2.390	2.490	-	2.170	2.100	2.46	9.8%	Initiate on 1/4/2024
11	TAANN	1-Apr	4.030	4.310	4.500	-	3.910	3.730	3.95	-2.0%	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	4.06	5.7%	Initiate on 1/4/2024
Average Return										6.7%	

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)	19.6%
Accuracy (2023)	40.9%
FBM KLCI (Since 30/12/2022)	7.7%
FBM Small Cap (Since 30/12/2022)	25.5%
Malaysia GDP Growth (1H23)	4.2%

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