

Tuesday, 21 May, 2024

Technology Sector Remains At The Forefront

Market Review

Malaysia: The FBMKLCI (+0.67%) ended higher as investors were still optimistic after the foreign fund's inflow turned positive last week on a YTD basis, while the key index was lifted by PMETAL (+19.0 sen) amid the recent surge in aluminium spot prices. Meanwhile, the Construction sector (+2.46%) was the leading sector.

Global markets: Wall Street closed mixed, as the Dow retraced from the 40,000 level but the Nasdaq index broke the all-time high, spearheaded by NVIDIA amid the optimism on AI as investors look forward to its earnings report on Wednesday. Meanwhile, both the European and Asian stocks markets rose.

The Day Ahead

The overall local market conditions continued to stay bullish for most of the indices, charging towards fresh 52-week highs as foreign funds have turned net buy since last week on the YTD basis. We believe buying momentum may persist with the ongoing trade diversions theme as the US imposed higher tariffs on China products. Meanwhile, sentiment on Wall Street turned mixed; Nasdaq registered fresh all-time-high, but the Dow dipped for the session as the investors re-assessed statements from the Fed's officials where some of the comments were slightly hawkish. Nevertheless, this week, the key focus will be on Nvidia's result. On the commodity markets, Brent oil rangebound along USD82-84 over the past week, while gold and silver traded near all-time high zone banking on the US rate cut expectations.

Sectors focus: Given the Nasdaq has traded to all-time-high, coupled with the ongoing trade war between US and China, we expect the market to focus on the Technology and EMS sectors in the local front, not forgetting the gloves companies. Meanwhile, we think there could be trading potential in the Construction, Building Materials, Property, and Solar industries in view of potential revival of mega infra projects like the KL-SG HSR as well as optimism over the execution of NETR and NIMP master plans.

FBMKLCI Technical Outlook



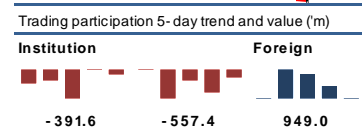
Bloomberg

The FBM KLCI index ended higher, surpassing the 1,625 level. However, the technical readings on the key index were mixed with the MACD Histogram formed a rounding bottom and hovers around the 0 level, while the RSI maintains above 50. The resistance is envisaged around 1,640-1,645 and the support is set at 1,605-1,610.

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Market Scorecard

| Key indices | Last price | Change (%) |
|---------------------|------------|------------|
| Dow Jones | 39,806.77 | -0.49 |
| S&P 500 | 5,308.13 | 0.09 |
| NASDAQ | 16,794.88 | 0.65 |
| FBM KLCI | 1627.50 | 0.67 |
| FBM Small Cap | 19,173.54 | 1.12 |
| FBM ACE | 5,419.53 | 1.28 |
| Construction | 238.23 | 2.46 |
| Consumer | 613.28 | 0.39 |
| Energy | 998.18 | 1.24 |
| Financial Services | 17,727.11 | 0.46 |
| Healthcare | 2,281.52 | 0.62 |
| Ind Products | 197.79 | 1.52 |
| Plantation | 7,400.70 | 0.19 |
| Property | 1,099.69 | 1.18 |
| REITs | 832.78 | 0.45 |
| Technology | 72.42 | 0.70 |
| Telco & Media | 613.18 | 1.53 |
| Transport & Logist | 1,102.22 | 0.34 |
| Utilities | 1,808.38 | 0.89 |
| Trading Vol (m) | 6,984.83 | -3.39 |
| Trading Val (RM m) | 4,366.38 | -3.82 |
| Gainers/ Losers rat | 190% | |
| FKLI | 163100 | 0.25 |
| FCPO (RM) | 3,964.00 | 1.10 |
| Brent oil (USD) | 83.71 | -0.32 |
| Gold (USD) | 2,425.31 | 0.12 |
| USD | 4.6862 | 0.03 |
| GBP | 5.9537 | -0.35 |
| EURO | 5.0937 | -0.20 |
| SGD | 3.482 | -0.07 |



Source: Bloomberg, Bursa Market Place



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Company Brief

Sarawak-based shipping company **Hubline Bhd** (HUBLINE) says it is in talks with state-owned equity firm Ekuiti Nasional Bhd (Ekuinas) for the potential acquisition of Orkim Sdn Bhd. Hubline said that it is in the “preliminary stage” of discussion with Ekuinas, as it is assessing the feasibility and strategic alignment of such an acquisition with its long-term goal. Ekuinas owns 95.5% of Orkim, a ship-owning company that specialises in energy transportation. (The Edge)

Public Bank Bhd (PBBANK), Malaysia’s third-largest banking group by assets, said on Monday its net profit slipped 3.5% for the first quarter ended March 31, 2024 (1QFY2024) from a year earlier, mainly due to higher personnel costs and higher provisions. Net profit stood at RM1.65b, or 8.52 sen per share, compared with RM1.71b, or 8.83 sen per share, a year ago. Net interest income rose 2.8% year-on-year to RM2.73b, while non-interest income edged up 0.5% to RM649.64m. The net interest margin – a measure of profitability from interests charged on loans after deducting returns paid to depositors – slipped five basis points to 2.21%, but improved six basis points from 4QFY2023. (The Edge)

Batu Kawan Bhd (BKAWAN) and its 47.74%-owned associate **Kuala Lumpur Kepong Bhd** (KLK) on Monday reported lower earnings for their second quarter ended March 31, 2024 (2QFY2024) amid continued underperformance in the manufacturing and property segments. Batu Kawan reported a 29.43% decrease in net profit to RM84.72m or 21.54 sen per share in 2QFY2024, from RM120.05m or 30.51 sen per share a year earlier. Revenue, meanwhile, fell 10.3% to RM5.66b from RM6.31b in 2QFY2023. An interim dividend of 20 sen per share has been declared, to be paid on Aug 1. KLK, on the other hand, said its net profit fell 38.65% to RM117.07m or 10.8 sen per share, from RM190.81m or 17.70 sen per share a year earlier. Quarterly revenue saw a 9.81% decrease to RM5.46b from RM6.05b in 2QFY2023. The group announced an interim dividend of 20 sen per share, payable on July 30. (The Edge)

Property development and management group **Menang Corp (M) Bhd** (MENANG) has declared a special dividend of 6 sen a share as its quarterly earnings rose to a six-year high. Net profit more than doubled to RM7.32m for the third quarter ended March 31, 2024 (3QFY2024) from RM3.28m a year earlier, while revenue fell 5.13% to RM21.03m from RM22.17m. The better quarterly earnings were due to an adjustment it made to reverse the over-accrued liability in the current quarter, totalling RM4.57m. Meanwhile, it attributed the lower quarterly revenue to maintenance works and a lower interest income derived from operating financial assets. (The Edge)

Health products manufacturer **Kotra Industries Bhd** (KOTRA) said its net profit dropped 61% to RM6.83m for its third quarter ended March 31, 2024 (3QFY2024), from RM17.5m a year ago, mainly due to a less favourable product mix and lower sales. Revenue for the quarter fell 6% to RM55.88m from RM59.4m in 3QFY2023 due to weaker sales of pharmaceutical products in both the local and export markets, as well as supplement products in the local market. (The Edge)

Loss-making **Media Chinese International Ltd** (MEDIAC) said it expects its net loss to swell to between US\$11m (RM51.53m) and US\$13m (RM60.91m) for the year ended March 31, 2024 (FY2024), from US\$200,000 (RM937,039) a year earlier. The bigger loss is due, among others, to the decrease in turnover from the publishing and printing segment for FY2024 compared with the previous year. It is also due to write-off and provisions for impairment losses of not less than US\$6m (RM28.11m) on the group’s property, plant and equipment as well as intangible assets for FY2024. (The Edge)



A court in Sabah has struck out a man's claim for RM24.92m damages against **FGV Holdings Bhd** (FGV) for alleged fraudulent transactions and trespass relating to land in the state held under a native title. FGV said its wholly-owned units Sri Kehuma Sdn Bhd and Yapidmas Plantation Sdn Bhd had succeeded in striking out Euggne Kousai's claim with costs of RM2,000. The suit revolved around 41 parcels of land, which Kousai claimed to be the registered owner of under a native title, and accused the two FGV units of conducting fraudulent transactions relating to the land and trespassing on the land. (The Edge)

Binastra Corp Bhd's (BNASTRA) managing director and largest shareholder Datuk Tan Kak Seng has sold a 6% stake in the construction outfit for RM36m. Tan's vehicle JT Conglomerate Sdn Bhd offloaded 30m shares in Binastra – formerly known as Comintel Corp Bhd – at RM1.20 apiece. The share disposal slashed Tan's total stake in Binastra to 57.3%. Meanwhile, a separate filing showed that Binastra's executive director Lee Seng Yong acquired the 30m share block, raising his stake in the company to 14.16%. (The Edge)

Bright Packaging Industry Bhd's (BRIGHT) largest shareholder Datuk Ricky Wong Shee Kai, who has been embroiled in a legal battle with the Securities Commission Malaysia (SC), has trimmed his stake in the company after selling 20m shares or 9.74% stake in the company. The aluminium foil packaging materials manufacturer said Wong had offloaded the stake last Friday (May 17). Post-disposal, Wong is left with an indirect stake of 23.2% or 47.63m shares in the company, via Wong SK Holdings Sdn Bhd. The group did not reveal the transaction costs. Based on the group's closing price of 20.5 sen on May 17, the sale of shares is estimated to be worth RM4.1m. Meanwhile, Datai Holdings Pte Ltd emerged as the group's new substantial shareholder after it acquired the 20m shares. (The Edge)

Annum Bhd's (ANNUM) largest shareholder Annum Bhd's (ANNUM) largest shareholder, Datuk Seri Chin Kok Foong, has disposed of his entire 14.83% stake in the Practice Note 17 (PN17) wood-based products manufacturer. The former executive director of engineering construction firm Ageson Bhd (AGES) sold the stake comprising 33.73m shares on May 16 in a direct business transaction. Annum's filing did not reveal the disposal value. However, based on the company's closing price of 7 sen on Thursday, Annum would have earned RM2.36m from the transaction. Annum said Ageson's largest shareholder and former non-executive director Datuk Seri Larry Liew Kok Leong has meanwhile acquired 33.73m shares in the company on May 16, which is the same number of shares that Chin disposed of on the same day. (The Edge)

Pertama Digital Bhd (PERTAMA) said it had been allowed to continue operating the digital court bail payment system known as e-Jamin by the government. The approval from the Legal Affairs Division of the Prime Minister's Department at all applicable courts in Malaysia was received last Friday, the digital services firm said in an exchange filing. Following the approval, the group now sees that it "will be no significant impact on the group's operations as well as revenue stream". (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 | 1.240 | 2.5% | Initiate on 15/3/2024 |
| 2 | DIALOG | 22-Mar | 2.250 | 2.400 | 2.450 | 2.550 | 2.140 | 2.120 | 2.470 | 9.8% | 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 | 0.630 | 4.1% | Initiate on 5/4/2024 |
| 5 | PANTECH | 17-Apr | 1.000 | 1.080 | 1.100 | 1.120 | 0.950 | 0.940 | 1.100 | 10.0% | Initiate on 17/4/2024 |
| 6 | MISC | 22-Apr | 8.040 | 8.400 | 8.500 | 8.600 | 7.700 | 7.650 | 8.280 | 3.0% | Initiate on 22/4/2024 |
| 7 | FFB | 24-Apr | 1.490 | 1.600 | 1.620 | 1.650 | 1.410 | 1.400 | 1.500 | 0.7% | Initiate on 24/4/2024 |
| 8 | DAYANG | 3-May | 2.590 | 2.750 | 2.800 | 2.900 | 2.500 | 2.400 | 2.800 | 8.1% | Initiate on 3/5/2024 |
| 9 | CLOUDPT | 9-May | 0.690 | 0.730 | 0.740 | 0.780 | 0.650 | 0.645 | 0.755 | 9.4% | Initiate on 9/5/2024 |
| 10 | MYNEWS | 14-May | 0.540 | 0.580 | 0.590 | 0.610 | 0.520 | 0.510 | 0.560 | 3.7% | Initiate on 14/5/2024 |
| 11 | BDB | 20-May | 0.400 | 0.430 | 0.435 | 0.450 | 0.380 | 0.370 | 0.420 | 5.0% | Initiate on 20/5/2024 |



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 | 1.52 | 12.6% | Initiate on 1/4/2024 |
| 3 | E&O | 1-Apr | 1.050 | 1.230 | 1.300 | - | 0.970 | 0.900 | 1.12 | 6.7% | 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 | 1.05 | -9.5% | Initiate on 1/4/2024 |
| 6 | MBMR | 1-Apr | 4.640 | 4.990 | 5.180 | - | 4.470 | 4.340 | 4.99 | 7.5% | Initiate on 1/4/2024 |
| 7 | MBSB | 1-Apr | 0.800 | 0.905 | 0.950 | - | 0.780 | 0.750 | 0.94 | 17.5% | Initiate on 1/4/2024 |
| 8 | MPI | 1-Apr | 31.180 | 34.000 | 36.000 | - | 30.000 | 28.300 | 39.40 | 26.4% | Initiate on 1/4/2024 |
| 9 | PIE | 1-Apr | 3.560 | 3.900 | 4.100 | - | 3.480 | 3.350 | 5.84 | 64.0% | Initiate on 1/4/2024 |
| 10 | SPRITZER | 1-Apr | 2.240 | 2.390 | 2.490 | - | 2.170 | 2.100 | 2.58 | 15.2% | 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 | 0.25 | -12.5% | Initiate on 1/4/2024 |
| 13 | UNISEM | 1-Apr | 3.840 | 4.100 | 4.350 | - | 3.700 | 3.550 | 4.16 | 8.3% | Initiate on 1/4/2024 |
| Average Return | | | | | | | | | | 10.4% | |

| Technical Focus Tracker Summary | |
|----------------------------------|-------|
| Total recommendations | 384 |
| 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) | 20.5% |
| Accuracy (2023) | 40.4% |
| FBM KLCI (Since 30/12/2022) | 8.8% |
| FBM Small Cap (Since 30/12/2022) | 28.5% |
| Malaysia GDP Growth (1H23) | 4.2% |

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