

Friday, 24 May, 2024

## NVDA Charged Towards New High

### Market Review

**Malaysia:** The FBMKLCI (+0.44%) ended higher as the key index had seen buying interest in utilities heavyweights, TENAGA (+32.0 sen) & YTL (+6.0 sen) after NVIDIA posted stronger-than-expected earnings, which suggests that the AI optimism is still intact and there are likely further investments in the power generation sector.

**Global markets:** Wall Street closed mixed despite post-earnings surge in NVIDIA as demand for generative AI drove data center revenue stronger. Meanwhile, the European stock markets ended mostly higher after digesting Fed meeting minutes, while assessing the UK inflation data, while Asia markets traded mixed.

### The Day Ahead

After a brief pullback, the FBM KLCI charged towards fresh 52-week high, with the support of Utilities heavyweights, while the FBM ACE started to break its 52-week high. Meanwhile, sentiment on Wall Street was mixed despite (i) better-than-expected results from NVIDIA, (ii) better-than-expected manufacturing and services PMI data and softer-than-expected new homes sales. Given the mixed trading on Wall Street, coupled with weaker QoQ results on the local corporate recently, we expect profit taking to emerge on the local exchange. On the commodity markets, Brent oil traded lower with a negative bias trading environment and the upside is capped around USDD83-84. Meanwhile, gold price extended the pullback and could be heading towards support of USD2324.

**Sectors focus:** With the solid uptrend tone on NVIDIA, we expect the buying interest to spillover towards stocks on the local front, specifically the Technology sector, coupled with the data centre related stocks. Also, we believe Property stocks with huge land banks may bode well under the data centre theme. Nevertheless, we still like the Construction, Building Materials, and Solar sectors with optimism over the ongoing execution of NETR and NIMP master plans.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index rebounded, close to breaching the 1,630 level. The technical readings on the key index were mixed with the MACD Histogram extending another positive bar, while the RSI overbought. The resistance is envisaged around 1,645-1,650 and the support is set at 1,610-1,615.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	39,065.26	-153
S&P 500	5,267.84	-0.74
NASDAQ	16,736.03	-0.39
FBM KLCI	1,629.18	0.44
FBM Small Cap	1,155.66	0.30
FBM ACE	5,519.12	1.77
Construction	239.72	0.93
Consumer	608.89	0.08
Energy	1,003.96	1.02
Financial Services	1,776.127	0.39
Healthcare	2,242.82	-0.29
Ind Products	197.45	0.40
Plantation	7,297.62	0.10
Property	1,088.96	0.90
REITs	836.77	0.03
Technology	73.46	0.88
Telco & Media	617.36	0.79
Transport & Logist	1,109.59	1.06
Utilities	1,820.46	1.01
Trading Vol (m)	6,156.12	13.38
Trading Val (RM m)	4,679.08	10.71
Gainers/ Losers rat		
FKLI	1,629.50	0.43
FCPO (RM)	3,894.00	0.67
Brent oil (USD)	81.36	-1.83
Gold (USD)	2,329.27	-3.79
USD	4.7038	0.05
GBP	5.9853	0.16
EURO	5.1017	-0.09
SGD	3.4859	-0.05

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place



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## Company Brief

**Sime Darby Property Bhd** (SIMEPROP) will build and lease out a hyperscale data centre at its Elmina Business Park in a deal worth RM2b, marking the group's entry into the data centre segment. The project is expected to begin in the second quarter of this year, and be completed in 2026. Once construction is completed, the group will sign a 20-year lease with Pearl Computing Malaysia Sdn Bhd – a wholly owned unit of Singapore-based Raiden APAC Pte Ltd – with options to renew for two additional five-year terms. On a separate matter, its group managing director Datuk Azmir Merican Azmi Merican said it is confident of continuing to defend its profit margin via a strategic product mix for the group's financial result for the first quarter ended March 31, 2024 (1QFY2024) serves as a strong testament to the effectiveness of having a good product mix as a tool to fortify margins. (The Edge)

Meanwhile, **Sime Darby Bhd** (SIME), which assembles motor vehicles and sells heavy equipment, saw its net profit rose 41.7% for the third quarter from a year earlier, thanks to higher sales and income from newly acquired businesses. Net profit for 3QFY2024 was RM340m, compared with RM240m a year earlier, while revenue surged 63.4% to RM18.84b, from RM11.53b previously. (The Edge)

**Axis Real Estate Investment Trust** (AXREIT) is acquiring two automotive service centres worth RM125m. Under the purchase agreements, the trust will then lease the properties back to the seller, Cycle & Carriage Bintang Bhd. The group said that the proposed acquisition "will be accretive to Axis' distributable income, and adds to the portfolio of properties that will benefit the fund in the long term," the trust said. (The Edge)

**Public Bank Bhd** (PBBANK) has lost a case against a house buyer, who sued the bank for terminating a loan facility agreement after the first disbursement. The court found that the bank failed to provide documents of purported falsified supporting documents and claims that the customer inflated his income, which had resulted in the facility and house purchase to be terminated. As a result, the Kuala Lumpur High Court ordered the bank to pay close to RM65,000 in damages to the house buyer, in addition to a sum the court will decide on after assessing the man's loss of the property and his subsequent loss of reputation on being blacklisted by the Central Credit Reference Information System (CCRIS) and CTOS data system. (The Edge)

**YTL Corp Bhd** (YTL) posted a 19.8% increase in net profit for its third financial quarter ended March 31, 2023 (3QFY2024), as all of its business segments reported higher earnings. Quarterly net profit rose to RM496.23m from RM414.14m a year earlier, despite revenue coming in slightly lower by 1.7% at RM7.21b compared with RM7.33b previously. The conglomerate's two biggest contributors were utilities through the listed **YTL Power International Bhd** (YTLPOWR), in which it has a 49.08% direct and a 6.49% indirect stake, and cement and building materials through its 78.58% indirectly owned **Malayan Cement Bhd** (MCEMENT). (The Edge)

**KLCCP Stapled Group** (KLCC) registered a 4.1% increase in net profit for the first quarter ended March 31, 2024 (1QFY2024) to RM188.03m from RM180.56m a year earlier, on the back of steady performance across its business segments. The group – comprising KLCC Property Holdings Bhd (KLCCP) and KLCC Real Estate Investment Trust (KLCC REIT) – saw quarterly revenue rising 7.4% to RM408.9m from RM380.74m. The group declared a dividend of 9 sen per stapled security for the quarter, payable on June 28. (The Edge)

**Berjaya Food Bhd** (BJFOOD) or BFood incurred a net loss of RM29.76m for the third quarter ended March 31, 2024 (3QFY2024), its second straight quarterly loss amid lower revenue because of an ongoing boycott of its franchised coffee chain Starbucks Malaysia over the current Middle East conflict. Revenue for the quarter declined 47.85% to RM138.65m compared to RM265.85m a year ago. (The Edge)



**British American Tobacco** (Malaysia) Bhd (BAT), or BAT Malaysia, posted a 34.46% year-on-year (y-o-y) lower net profit for the first quarter of 2024, dragged down by higher operating expenses due to ongoing investments as the tobacco group transitions towards a multicategory business, coupled with inflationary pressures and higher cost of vapour products. Net profit for the three months ended March 31, 2024 (1QFY2024) was RM29.99m – the lowest level seen in over two decades since 4QFY2000 – against RM40.32m a year earlier. Quarterly revenue, however, grew 5.57% to RM411.97m from RM390.23m in 1QFY2023, thanks to its new vapour brand Vuse, which was introduced to the market in the second half of last year. The group has declared a first interim dividend of 10 sen per share – the lowest ever declared – amounting to RM28.55m for FY2024, payable on June 20. (The Edge)

**Velesto Energy Bhd's** (VELESTO) first quarter net profit more than tripled year-on-year, driven by higher utilisation and average daily charter rates for jack-up rigs. Net profit for the quarter ended March 31, 2024 (1QFY2024) rose to RM46.81m, from RM14.22m. The group, which is 41.7%-controlled by Permodalan Nasional Bhd, said revenue grew 18% to RM338.58m from RM287.25m in 1QFY2023. (The Edge)

**Inari Amertron Bhd** (INARI), Malaysia's biggest outsourced semiconductor assembly and test firm saw its net profit rose 29% RM73.72m in its 3QFY2024 from RM57.36m a year earlier, thanks to higher loading volume and currency gains. Revenue for the quarter surged 26% to RM347.63m from RM275.6m. in the near term, Inari expects "continued positive results" for FY2024 from improvements in production capacity and utilisation, operational efficiencies and a strong US dollar. (The Edge)

Sugar manufacturer **MSM Malaysia Holdings Bhd** (MSM) saw its second consecutive quarter of net profit as better selling prices and utilisation offset higher production costs. Net profit for 1QFY2024 was RM41.71m compared to a net loss of RM35.88m last year, while revenue climbed 54% to RM906.61m from RM588.39m on higher volume and prices. MSM remains focused on expanding its domestic market share by widening market channels, increasing industry outreach, and enhancing consumer reach points, leveraging steady demand, said CEO Syed Feizal Syed Mohammad. (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	1.220	0.8%	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	0.645	6.6%	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	8.450	5.1%	Initiate on 22/4/2024
7	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.490	0.0%	Initiate on 24/4/2024
8	DAYANG	3-May	2.590	2.750	2.800	2.900	2.500	2.400	2.820	8.9%	Initiate on 3/5/2024
9	CLOUDPT	9-May	0.690	0.730	0.740	0.780	0.650	0.645	0.790	14.5%	Take Profit on 9/5/2024
10	MYNEWS	14-May	0.540	0.580	0.590	0.610	0.520	0.510	0.575	6.5%	Initiate on 14/5/2024
11	BDB	20-May	0.400	0.430	0.435	0.450	0.380	0.370	0.425	6.3%	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	1.72	-1.7%	Initiate on 1/4/2024
2	CSCSTEL	1-Apr	1.350	1.470	1.570	-	1.320	1.270	1.53	13.3%	Initiate on 1/4/2024
3	E&O	1-Apr	1.050	1.230	1.300	-	0.970	0.900	1.10	4.8%	Initiate on 1/4/2024
4	GASMSIA	1-Apr	3.470	3.720	3.860	-	3.260	3.130	3.58	3.2%	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	5.00	7.8%	Initiate on 1/4/2024
7	MBSB	1-Apr	0.800	0.905	0.950	-	0.780	0.750	0.93	16.3%	Initiate on 1/4/2024
8	MPI	1-Apr	31.180	34.000	36.000	-	30.000	28.300	39.16	25.6%	Initiate on 1/4/2024
9	PIE	1-Apr	3.560	3.900	4.100	-	3.480	3.350	6.08	70.8%	Initiate on 1/4/2024
10	SPRITZER	1-Apr	2.240	2.390	2.490	-	2.170	2.100	2.61	16.5%	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	-10.7%	Initiate on 1/4/2024
13	UNISEM	1-Apr	3.840	4.100	4.350	-	3.700	3.550	4.09	6.5%	Initiate on 1/4/2024
Average Return										10.6%	



## 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)	20.4%
Accuracy (2023)	40.4%
FBM KLCI (Since 30/12/2022)	8.9%
FBM Small Cap (Since 30/12/2022)	28.4%
Malaysia GDP Growth (1H23)	4.2%

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