

Wednesday, 29 May, 2024

## Nvidia's Data Center Revenue Is The Key

### Market Review

**Malaysia:** The FBMKLCI (-0.15%) ended lower as the key index was dragged by profit taking in selected heavyweights, as investors are seizing profits before the end of the corporate earnings season. On the broader market, the Consumer products & services sector (+0.12%) was the sole gainer led by GCB (+12.69%).

**Global markets:** Wall Street ended mixed with the Dow declining as investors are reducing expectations for rate cuts, however NASDAQ surpassed the 17,000 level for the first time, led by NVIDIA suggesting that investors are still buying into the AI theme. Meanwhile, both the European and Asian stock markets ended lower.

### The Day Ahead

The FBM KLCI extended its pullback mode as profit taking activities persisted in the broader market. Meanwhile, Wall Street traded on a mixed note as the Nasdaq was pushed higher towards 17,000 level for the first time led by the rally in NVIDIA as investors stayed bullish reassessing its stronger-than-expected results driven by the demand for generative artificial intelligence which drove the record data-center revenue, but the Dow declined 0.55%. Key events that traders will be monitoring include (i) manufacturing PMI, (ii) unemployment claims, (iii) core PCE index and (iv) US GDP data. Brent oil jumped above USD84/bbl level as the expectation of the US driving season should offer a boost to demand ahead of the OPEC+ meeting. The CPO price headed higher as well for the session near the RM4,000 level.

**Sectors focus:** With the solid buying interest in Nvidia and observing the rally in Nasdaq, we believe the buying interest may flow over towards stocks on the local front, specifically in stocks that have a relationship with the data center theme. Hence, we believe the Technology sector such as HDD players, hardware components and cloud distributors providers will be on the lookout. Besides, we think the Property, Construction, Building Material, and Utilities sectors may benefit under the data center catalyst.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended lower for the third session. The technical readings on the key index were mixed with the MACD Histogram extending the first negative bar, while the RSI fell maintains above 50. The resistance is envisaged around 1,630-1,635 and the support is set at 1,595-1,600.

**Research Team**  
[research@msec.com.my](mailto:research@msec.com.my)  
(603) 2201 2100

### Market Scorecard

| Key indices                                     | Last price | Change (%) |
|---|------------|------------|
| Dow Jones                                       | 38,852.86  | -0.55      |
| S&P 500   | 5,306.04   | 0.02       |
| NASDAQ  | 17,019.88  | 0.59       |
| FBM KLCI  | 1615.82    | -0.15      |
| FBM Small Cap                                   | 18,922.31  | -0.45      |
| FBM ACE   | 5,489.56   | -1.09      |
| Construction                                    | 24181      | -0.53      |
| Consumer  | 605.69     | 0.12       |
| Energy  | 992.45     | -0.70      |
| Financial Services                              | 17,631.94  | -0.15      |
| Healthcare                                      | 2,135.09   | -0.90      |
| Ind Products                                    | 195.72     | -0.39      |
| Plantation                                      | 7,245.66   | -0.17      |
| Property  | 1096.51    | -0.76      |
| REITs   | 834.66     | -0.27      |
| Technology                                      | 735.55     | -0.96      |
| Telco & Media                                   | 604.54     | -1.18      |
| Transport & Logist                              | 1,105.22   | -0.38      |
| Utilities                                       | 1,794.80   | -1.70      |
| Trading Vol (m)                                 | 4,865.59   | -13.80     |
| Trading Val (RM m)                              | 3,795.59   | -3.27      |
| Gainers/ Losers rat                             | 45%        |            |
| FKLI  | 1612.00    | -0.09      |
| FCPO (RM)                                       | 3,981.00   | 0.53       |
| Brent oil (USD)                                 | 84.22      | 1.35       |
| Gold (USD)                                      | 2,361.31   | -0.11      |
| USD   | 4.69       | 0.14       |
| GBP   | 5.9919     | -0.03      |
| EURO  | 5.1019     | 0.03       |
| SGD   | 3.4798     | 0.05       |
| Trading participation 5-day trend and value (m) |            |            |
| Institution                                     | Retail     | Foreign    |
| 169.3   | -187.9     | 19.6       |

Source: Bloomberg, Bursa Market Place



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## Company Brief

**YTL Power International Bhd's** (YTLPOWER) 70% subsidiary SIPP Power Sdn Bhd is buying 405.18m shares, or a 31.42% stake, in **Ranhill Utilities Bhd** (RANHILL) for RM405.18m or 99.5 sen per share. The block of shares is owned by its major shareholder Tan Sri Hamdan Mohamad and his vehicles – Hamdan Inc (Labuan) Pte Ltd and Hamdan (L) Foundation. SIPP Power has signed an unconditional share purchase agreement with Hamdan and his two investment vehicles on Tuesday. The latest transaction will raise SIPP Power's direct stake to 34.32% from 2.9%. Consequently, SIPP Power, together with YTL Power, will collectively own a 53.19% stake in Ranhill, up from 21.77% currently. Given the rise in shareholding, SIPP Power is obliged to make a mandatory general offer at 99.5 sen per share to buy out all the Ranhill shares it does not already own. The MGO will be funded by internally generated funds. (The Edge)

**MPHB Capital Bhd's** (MPHBCAP) controlling shareholder and chairman Tan Sri Surin Upatkoorn plans to take the credit services provider private through a selective capital reduction totalling RM748.11m. Entitled shareholders will receive RM1.70 per share under the capital repayment proposed by Upatkoorn and his family, who together control 43% of MPHBCAP. The offer price represents an 8.3% premium to MPHBCAP's closing price of RM1.57 on Monday, and a 30.8% premium to the prevailing three-month volume-weighted average price of RM1.30. The board will deliberate on the proposed capital reduction and decide on the next course of action, MPHBCAP said. (The Edge)

**IHH Healthcare Bhd** (IHH) said it is still in the midst of looking for potential mergers and acquisitions (M&As) in Indonesia and Vietnam, with a focus on deals that are earnings accretive and offer significant synergies. According to group chief executive officer Dr Prem Kumar Nair, the group has not made any specific decision yet, as it would need to evaluate market attractiveness, availability of a sufficient and skilled workforce, and proximity to its current markets for any deals, he told a press conference after IHH's annual general meeting. In addition to expanding in Indonesia and Vietnam, IHH is also exploring M&As in Malaysia, its core market, according to group chief corporate officer Ashok Pandit, adding that it is consistently evaluating opportunities that can deliver sustainable profits. (The Edge)

**Aurelius Technologies Bhd** (ATECH) has proposed to undertake a private placement of up to 39.41m shares, or 10% of its issued share capital, mainly to build a new manufacturing plant at the Kulim Hi-Tech Park in Kedah. The placement is expected to raise RM123.34m based on an illustrative issue price of RM3.13 per share. In a separate filing, Aurelius posted a quarterly net profit of RM15.73m – its highest since being listed in the Main Market of Bursa Malaysia in December 2021 – for the first quarter ended March 31, 2024 (1QFY2024), on revenue of RM125.70m. There are no comparative figures as the group has changed its financial year end to Dec 31, from Jan 31. Aurelius declared a first interim dividend of 2.7 sen per share, with an ex-date of June 12 and a payment date of July 12. (The Edge)

**Pestech International Bhd** (PESTECH) has filed a counterclaim against **Syarikat Pembinaan Yeoh Tiong Lai** (SPYTL) at the Asian International Arbitration Centre (AIAC) over their dispute arising from the termination of a subcontract for electrification system works pertaining to the Electrified Double Track project from Gemas to Johor Bahru. SPYTL is the wholly-owned construction arm of **YTL Corp Bhd** (YTL). "PESTECH is seeking a set-off against all amounts claimed by SPYTL and has further filed a counterclaim against SPYTL for reliefs in respect of the issues arising from the termination of subcontract dated Dec 18, 2018 entered between SPYTL and PESTECH for the electrification systems works of the Electrified Double Track from Gemas to Johor Bahru," Pestech said. (The Edge)



**CelcomDigi Bhd** (CDB), Malaysia's largest mobile carrier by subscribers, said on Tuesday that its net profit rose 18% y-o-y in the first quarter, thanks largely to a writeback on provisions. Net profit for the three months ended March 31, 2024 (1QFY2024) was RM376.46m compared to RM317.92m over the same period last year. Revenue for the quarter slipped 0.8% y-o-y to RM3.15b from RM3.18b, as lower interconnect rate, reduced bulk messaging traffic and overall softer usages dragged on service revenue, despite an enlarged subscriber base. The company declared a first interim dividend of 3.5 sen per share for FY2024. (The Edge)

Real estate developer **UEM Sunrise Bhd's** (UEMS) first-quarter net profit nearly halved from a year earlier as sales fell while operating expenses rose. Net profit for the three months ended March 31, 2024 (1QFY2024) was RM8.18m, compared to RM15.35m over the same period in the prior year. Revenue for the quarter slipped 6.57% year-on-year to RM224.96m from RM240.78m. The company also did not declare any dividend for the quarter under review. (The Edge)

**IGB Bhd** (IGBB) saw its net profit more than triple for the first quarter from a year earlier, thanks largely to land disposal gains. Net profit for the three months ended on March 31, 2024 (1QFY2024) was RM185.34m, compared to RM56.07m in the same period last year. Revenue for the quarter, meanwhile, increased by 5% year-on-year to RM416.46m, from RM396.06m, thanks to higher rental income, occupancy rate and room rate. IGB did not declare any dividend for the quarter under review. (The Edge)

**FGV Holdings Bhd** (FGV) posted a net loss of RM13.49m for the first quarter ended March 31, 2024 versus net profit RM12.09m in the year-ago quarter, due to reduced profits from almost all divisions. The plantation group said revenue for the quarter dipped to RM4.54b from RM4.59b a year ago. The plantation group did not declare any dividend for the quarter under review. (The Edge)

**Eastern & Oriental Bhd's** (E&O) net profit for the financial year ended March 31, 2024 (FY2024) tripled to RM133.61m, from RM44.54m a year earlier, on the back of higher revenue from its properties segment. Revenue for the full year rose to RM422.83m from RM318.07m. For the fourth quarter ended March 31, 2024 (4QFY2024), net profit more than doubled to RM36.48m from RM16.09m. Quarterly revenue jumped 85.8% to RM121.33m compared to RM65.30m a year earlier. E&O did not declare any dividend for the latest quarter. (The Edge)

**Supermax Corp Bhd** (SUPERMX) posted its sixth straight quarterly loss on Tuesday, but the loss for its third quarter ended March 31, 2024 (3QFY2024) was smaller than a year earlier thanks to improved profit margins. Its net loss for 3QFY2024 was RM686,000, compared to a net loss of RM39.92m a year ago. Quarterly revenue dropped 18.63% to RM143.01m from RM175.74m in 3QFY2023, which the group said was due to weak glove demand as customers overstocked during the pandemic. Supermax did not declare any dividend for the quarter. (The Edge)

**Berjaya Land Bhd** (BJLAND) said its net profit surged more than sevenfold for the third quarter ended March 31, 2024 (3QFY2024), attributed to gains from equity disposal and the revaluation of retained equity interest. Net profit rose to RM29.33m from RM4.05m, while revenue was little changed at RM1.95b compared with RM1.94b previously, its bourse filing showed. It did not declare any dividend for the quarter. (The Edge)

**Magnum Bhd** (MAGNUM) said its first quarter net profit rose 64.71% to RM25.99m from RM15.78m a year earlier, boosted by higher earnings posted by its investment holdings division. Revenue rose 7.03% to RM584.4m from RM546m in 1QFY2023 on higher gaming sales per draw, the group said. Magnum declared a first interim dividend of 1.5 sen per share, with an ex-date of June 12 and payment date of June 25. (The Edge)



**Star Media Group Bhd** (STAR) registered a net loss of RM193,000 for the first quarter ended March 31, 2024 versus a net profit of RM1.14m a year earlier, dragged down by higher operating costs. The media company, whose major shareholder is MCA with a 43.23% stake, said it is continuing to explore potential merger and acquisition opportunities to diversify its income streams. Quarterly revenue grew 2.53% to RM53.30m from RM51.99m a year ago. Separately, Star Media has announced the appointment of Tan Sri Wong Foon Meng as its new independent and non-executive chairman, together with Tan Sri Johan Jaaffar as independent and non-executive director, and Datuk Lim Cheng Ling as non-independent and non-executive director. (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         | 1.120           | -7.4%                     | Cut Loss on 28/5/2024    |
| 2                       | DIALOG    | 22-Mar      | 2.250                        | 2.400             | 2.450             | 2.550                 | 2.140        | 2.120         | 2.510           | 11.6%                     | Take Profit on 27/5/2024 |
| 3                       | TRC       | 3-Apr       | 0.510                        | 0.530             | 0.540             | 0.560                 | 0.465        | 0.460         | 0.490           | -3.9%                     | Initiate on 3/4/2024     |
| 4                       | OCK       | 5-Apr       | 0.605                        | 0.660             | 0.670             | 0.690                 | 0.580        | 0.570         | 0.640           | 5.8%                      | Initiate on 5/4/2024     |
| 5                       | PANTECH   | 17-Apr      | 1.000                        | 1.080             | 1.100             | 1.120                 | 0.950        | 0.940         | 1.110           | 11.0%                     | Take Profit on 28/5/2024 |
| 6                       | MISC      | 22-Apr      | 8.040                        | 8.400             | 8.500             | 8.600                 | 7.700        | 7.650         | 8.370           | 4.1%                      | Initiate on 22/4/2024    |
| 7                       | FFB       | 24-Apr      | 1.490                        | 1.600             | 1.620             | 1.650                 | 1.410        | 1.400         | 1.470           | -1.3%                     | Initiate on 24/4/2024    |
| 8                       | DAYANG    | 3-May       | 2.590                        | 2.750             | 2.800             | 2.900                 | 2.500        | 2.400         | 2.750           | 6.2%                      | 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 23/5/2024 |
| 10                      | MYNEWS    | 14-May      | 0.540                        | 0.580             | 0.590             | 0.610                 | 0.520        | 0.510         | 0.620           | 14.8%                     | Take Profit on 28/5/2024 |
| 11                      | BDB       | 20-May      | 0.400                        | 0.430             | 0.435             | 0.450                 | 0.380        | 0.370         | 0.405           | 1.3%                      | Initiate on 20/5/2024    |
| 12                      | LAGENDA   | 27-May      | 1.710                        | 1.840             | 1.860             | 1.910                 | 1.620        | 1.600         | 1.660           | -2.9%                     | Initiate on 27/5/2024    |

## 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         | 1.49            | 10.4%                     | 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         | 3.60            | 3.7%                      | Initiate on 1/4/2024 |
| 5                | HSSEB     | 1-Apr       | 1.160                        | 1.270             | 1.370             | -                     | 1.090        | 1.010         | 0.99            | -14.7%                    | Initiate on 1/4/2024 |
| 6                | MBMR      | 1-Apr       | 4.640                        | 4.990             | 5.180             | -                     | 4.470        | 4.340         | 5.05            | 8.8%                      | Initiate on 1/4/2024 |
| 7                | MBSB      | 1-Apr       | 0.800                        | 0.905             | 0.950             | -                     | 0.780        | 0.750         | 0.90            | 12.5%                     | Initiate on 1/4/2024 |
| 8                | MPI       | 1-Apr       | 31.180                       | 34.000            | 36.000            | -                     | 30.000       | 28.300        | 38.88           | 24.7%                     | Initiate on 1/4/2024 |
| 9                | PIE       | 1-Apr       | 3.560                        | 3.900             | 4.100             | -                     | 3.480        | 3.350         | 6.25            | 75.6%                     | Initiate on 1/4/2024 |
| 10               | SPRITZER  | 1-Apr       | 2.240                        | 2.390             | 2.490             | -                     | 2.170        | 2.100         | 2.59            | 15.6%                     | Initiate on 1/4/2024 |
| 11               | TAANN     | 1-Apr       | 4.030                        | 4.310             | 4.500             | -                     | 3.910        | 3.730         | 3.99            | -1.0%                     | Initiate on 1/4/2024 |
| 12               | TDM       | 1-Apr       | 0.280                        | 0.325             | 0.355             | -                     | 0.240        | 0.215         | 0.21            | -25.0%                    | Initiate on 1/4/2024 |
| 13               | UNISEM    | 1-Apr       | 3.840                        | 4.100             | 4.350             | -                     | 3.700        | 3.550         | 4.14            | 7.8%                      | Initiate on 1/4/2024 |
| Average Return   |           |             |                              |                   |                   |                       |              |               |                 | 8.9%                      |                      |

| Technical Focus Tracker Summary  |       |
|----------------------------------|-------|
| Total recommendations            | 385   |
| 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)     | 19.9% |
| Accuracy (2023)                  | 40.0% |
| FBM KLCI (Since 30/12/2022)      | 8.0%  |
| FBM Small Cap (Since 30/12/2022) | 26.8% |
| Malaysia GDP Growth (1H23)       | 4.2%  |

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