

Thursday, 30 May, 2024

Consolidating But Bargain Activities May Emerge

Market Review

Malaysia: The FBMKLCI (-0.65%) ended lower as the key index was dragged by profit taking in selected Telco & Banking heavyweights, as some stocks in those sectors missed earnings estimates. On the broader market, the Utilities sector (+1.09%) was the top gainer led by the YTL-related counters after the merger announcement.

Global markets: Wall Street ended lower as the sentiment dipped after Salesforce missed earnings expectations. Meanwhile, traders will be eyeing the upcoming PCE index data due on Friday which will greatly influence rate cut decisions by the Fed. Both the European and Asian stock markets ended lower.

The Day Ahead

The FBM KLCI continued to pullback for the fourth session as profit taking activities were observed within Telecommunication heavyweights. Similarly, the US stock markets ended lower amid rising US Treasury yield and concerns over the timing and scale of the potential interest rate cuts by the Federal Reserve. Thus, we believe the selling pressure may spillover towards stocks on the local front. Meanwhile, traders will be watching the key data such as (i) US GDP and (ii) core PCE index this week, where it will potentially dictate the Fed's interest rate directions going forward. On the commodity markets, Brent oil still traded within the range between USD83-84/bbl ahead of the OPEC+ meeting this weekend. The CPO price has surged above RM4,000 level as higher exports are expected amid low inventory levels in China.

Sectors focus: Still, we expect the buying interest to persist within the data centre theme amid rising investment in this segment. Key sectors that will be under this theme include (i) Technology, (ii) Property, (iii) Construction, (iv) Building Materials and (v) Utilities. Meanwhile, we opine traders will be focusing on the final week of corporate earnings and re-assess companies with solid QoQ growth for buying opportunities. For the corporate earnings, MYEG and FFB have shown decent growth.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended lower for the fourth session, retracing to the 1,605 level. The technical readings on the key index were mixed with the MACD Histogram extending another negative bar, 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.

Research Team
research@msec.com.my
(603) 2201 2100

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	38,441.54	-1.06
S&P 500	5,266.95	-0.74
NASDAQ	16,920.58	-0.58
FBM KLCI	1,605.35	-0.65
FBM Small Cap	18,842.04	-0.42
FBM ACE	5,439.90	-0.90
Construction	240.41	-0.58
Consumer	602.83	-0.47
Energy	993.89	0.15
Financial Services	17,499.03	-0.75
Healthcare	2,104.69	-1.42
Ind Products	194.34	-0.71
Plantation	7,144.22	-1.40
Property	108.142	-1.38
REITs	834.16	-0.06
Technology	73.90	0.48
Telco & Media	601.01	-0.58
Transport & Logist	1,093.78	-1.04
Utilities	1,814.43	1.09
Trading Vol (m)	4,738.49	-2.61
Trading Val (RM m)	3,690.01	-2.78
Gainers/ Losers rat	49%	
FKLI	1,603.50	-0.34
FCPO (RM)	4,022.00	-0.30
Brent oil (USD)	83.60	-0.74
Gold (USD)	2,338.12	-0.01
USD	4.7045	-0.31
GBP	6.0032	-0.19
EURO	5.1051	-0.06
SGD	3.4862	-0.18

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
332.7	-65.0	-267.8

Source: Bloomberg, Bursa Market Place



JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

M+Online
Equipping Traders For The Win

Global
Winning The World

Company Brief

Capital A Bhd (CAPITALA) has recorded its third consecutive quarterly loss, on the back of a massive foreign exchange (forex) loss and depreciation charges. The owner of low-cost carrier AirAsia posted a net loss of RM91.55m for the first quarter ended March 31, 2024 (1QFY2024), in contrast to a net profit of RM57.1m in the same period last year. It incurred RM370.9m in forex losses as well as RM358.5m in aircraft depreciation charges. Revenue, however, more than doubled to RM5.24b – the highest quarterly revenue since it was listed in November 2004 – against RM2.52b in 1QFY2023, driven by strong demand recovery from domestic and international travel. No dividend was declared for the quarter. (The Edge)

Axiata Group Bhd (AXIATA), Malaysia's biggest mobile carrier by revenue, said its first quarter net profit fell 19% from a year earlier mainly due to higher foreign exchange losses and finance costs. Net profit for the three months ended March 31, 2024 (1QFY2024) was RM60.03m compared to RM73.85m over the same period a year earlier. Quarterly revenue increased 13% year-on-year to RM5.66b from RM5.00b. Nonetheless, the group snapped its recent streak of losses, during which it posted three consecutive quarterly losses: RM695m in 4QFY2023, RM797.4m in 3QFY2023 and RM576.2m in 2QFY2023. The telco did not propose any dividend for the quarter under review. (The Edge)

Telecommunication provider **TIME dotCom Bhd's** (TIMECOM) net profit slipped 3.35% in the first quarter, driven by higher personnel costs, depreciation for property, plant and equipment as well as lower net foreign exchange gains. Net profit for the three months ended March 31, 2024 (1QFY2024) came in lower at RM110.67m or 5.99 sen per share, compared to RM114.51m or 6.23 sen per share in 1QFY2023. Revenue otherwise climbed 13.4% to RM417.77m, compared to RM368.42m from a year before, thanks to higher growth across all customer groups, with the largest coming from enterprise, followed by retail and wholesale customers. TIME recorded a one-off non-recurring revenue of RM8.1m from cloud and other services. Excluding the item, revenue growth would have been 11.2%. No dividend was declared during the reviewed quarter. (The Edge)

RHB Bank Bhd (RHBANK), Malaysia's fourth-largest banking group by assets, said on Wednesday its net profit slipped 4.1% in the first quarter from a year earlier on higher provisions and operating expenses. Net profit for the three months ended March 31, 2024 (1QFY2024) was RM730.17m, compared with RM761.67m for the same period a year ago. Net interest income rose 9.7% year-on-year to RM1.58b, while non-interest income rose 7.2% to RM504.10m. The company did not declare any dividend for the quarter. (The Edge)

IHH Healthcare Bhd (IHH) said its net profit shrank 45% in the first quarter ended March 31, 2024 (1QFY2024), as earnings in the preceding year's corresponding quarter were boosted by disposal gains. Net profit for the three months was RM767.97m compared to RM1.39b one year ago. In 1QFY2023, the company booked gains of RM981.42m from the sale of IMU Health Sdn Bhd and Gleneagles Chengdu Hospital. Quarterly revenue, however, grew 16% year-on-year to a record high RM5.96b from RM5.14b, thanks to higher demand, a case-mix of more acute patients and price adjustments to counter inflation. New acquisitions also contributed to the increase. It did not declare any dividend for the quarter under review. (The Edge)

Petronas Chemicals Group Bhd's (PCHEM) first quarter net profit rose 26% from a year earlier, thanks to foreign exchange gains, as well as lower energy and utilities costs. Net profit for the three months ended March 31, 2024 (1QFY2024) was RM668.00m compared to RM532.00m over the same period a year earlier. Revenue for the quarter, however, slipped 0.8% year-on-year to RM7.50b, from RM7.56b. No dividend was declared. (The Edge)



Petronas Gas Bhd (PETGAS), which operates Malaysia's largest pipeline network, saw net profit for the first quarter ended March 31, 2024 (1QFY2024) rise 7.7% from a year earlier, as lower input prices offset a decline in revenue. Quarterly net profit stood at RM456.65m, versus RM424.18m for 1QFY2023. Revenue, meanwhile, slipped 3.4% year-on-year to RM1.62b from RM1.68b. The group declared a first interim dividend of 16 sen per share, equivalent to a payout of RM316.6m, payable on June 27. (The Edge)

Farm Fresh Bhd's (FFB) net profit for the financial year ended March 31, 2024 (FY2024) rose 27% to RM63.53m, from RM50.08m a year ago, as full-year revenue surged to RM810.41m from RM629.69m. Its net profit for the fourth quarter rose to RM23.93m from RM4.89m, while revenue increased 33.26% to RM215.03m compared to RM161.36m. The company did not declare any dividend. (The Edge)

IJM Corp Bhd's (IJM) net profit for the fourth quarter ended March 31, 2024 (4QFY2024) leapt over 10-fold to RM305.5m from RM23.1m a year earlier, thanks to a sharp rise in other operating income. The construction giant's other operating income soared to RM241.79m from RM71m in the previous corresponding quarter. Quarterly revenue jumped 32.6% to RM1.76b versus RM1.33b previously, driven by improvements across all segments, except for its infrastructure toll division. It declared a single-tier second interim dividend of 5 sen and a special dividend of 1 sen, to be paid on July 19. This brings total dividend payment for the full financial year ended March 31, 2024 (FY2024) to 8 sen per share, similar to FY2023. (The Edge)

Kerjaya Prospek Group Bhd's (KERJAYA) net profit for the first quarter ended March 31, 2024 grew 14% year-on-year to RM33.55m from RM29.41m, on the back of a 13% rise in revenue to RM337.14m versus RM297.25m. The increase in revenue stemmed from improvement in the progress of construction work activities. It declared a first interim single-tier dividend of 2.5 sen per share, to be paid on July 5. Meanwhile, it is bidding for the construction of data centers and semiconductor factories worth over RM3b this year. The company partnered with Samsung C&T Corp in bidding for two of such jobs, Kerjaya's chief executive officer Tee Eng Tiong told an earnings briefing. However, Kerjaya's part in the venture has yet to be determined, he said, noting that the company expects to take up around 30% in the projects. (The Edge)

MyEG Services Bhd (MYEG) posted its highest quarterly net profit of RM155.83m for the first quarter ended March 31, 2024 (1QFY2024) on the back of an increase in revenue. Net profit came in 47.1% higher than the RM105.83m it reported for the same quarter a year earlier. Earnings per share rose to 2.1 sen from 1.4 sen in 1QFY2023. Quarterly revenue increased 34.48% year-on-year to RM232.96m from RM173.22m. No dividends were announced for the quarter. (The Edge)

Lagenda Properties Bhd (LAGENDA), which hit limit-down on Wednesday, said one of its senior personnel was remanded by the Malaysian Anti-Corruption Commission (MACC) under an investigation into the subdivision of Malay reserve land in Manjung, Perak. However, it is business as usual for the property developer, the head of investments and investor relations Jasrinderjit Singh Dhillon said at an analyst briefing. He did not identify the personnel, but said that the board of directors and executive director Andy Chua Seng Hooi would be taking over the leadership for now. Lagenda's six-member board consists of non-executive directors, except for managing director Datuk Doh Jee Ming. Local media reported that a managing director of a real estate company had been remanded by the anti-graft body for four days to assist in an investigation concerning the subdivision of Malay reserve land in Manjung, Perak. Jasrinderjit noted as far as Lagenda was aware, that sole senior personnel is the only individual to be remanded and the investigation does not concern the group nor any of its units. (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	0.625	3.3%	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	8.300	3.2%	Initiate on 22/4/2024
7	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.450	-2.7%	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 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	1.170	-31.6%	Cut Loss on 29/5/2024

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	1.70	-2.9%	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	1.02	-2.9%	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	0.98	-15.5%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.640	4.990	5.180	-	4.470	4.340	5.04	8.6%	Initiate on 1/4/2024
7	MBSB	1-Apr	0.800	0.905	0.950	-	0.780	0.750	0.87	8.1%	Initiate on 1/4/2024
8	MPI	1-Apr	31.180	34.000	36.000	-	30.000	28.300	39.50	26.7%	Initiate on 1/4/2024
9	PIE	1-Apr	3.560	3.900	4.100	-	3.480	3.350	6.17	73.3%	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	3.96	-1.7%	Initiate on 1/4/2024
12	TDM	1-Apr	0.280	0.325	0.355	-	0.240	0.215	0.22	-23.2%	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										8.3%	

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)	20.2%
Accuracy (2023)	40.0%
FBM KLCI (Since 30/12/2022)	7.3%
FBM Small Cap (Since 30/12/2022)	26.2%
Malaysia GDP Growth (1H23)	4.2%

Disclaimer

Research analyst(s) of MSSB whom produced this report hereby certifies that the views expressed in this report accurately reflect his/her personal opinions about all of the subject corporation(s) and securities in this report. He/She does not carry out, whether for himself/herself or on behalf of MSSB or any other persons did not receive and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. As of the report date, the analyst whom prepared this report does not have any interest in the following securities covered in this report, unless otherwise stated.

