

Friday, 31 May, 2024

Downward Bias May Persist

Market Review

Malaysia: The FBMKLCI (-0.07%) ended lower as the key index was dragged by profit taking in the YTL-related counters, as they may be tagged with the sentiment on NASDAQ which declined overnight. On the broader market, the Construction sector (+2.46%) was the top gainer after IJM posted solid earnings.

Global markets: Wall Street ended lower as investors are taking profits before the upcoming PCE index data due on Friday which will greatly influence rate cut decisions by the Fed. The European stock market ended higher, while Asia ended lower, the latter due to profit taking before the release of key economic data.

The Day Ahead

After building multiple fresh 52-week highs prior to the earnings season, the FBM KLCI has headed for a pullback over the past few trading days as profit taking activities emerged. Despite a slight increase in US GDP, Wall Street ended on a weaker tone after digesting mixed corporate earnings from Dell, Zscaler, MongoDB and Gap. Also, the traders will be watching closely on the PCE index that will be released on Friday, this will be crucial for the Fed to determine the interest rate direction going forward. On the commodity markets, Brent oil still traded within the consolidation phase, but had a downward biased trading tone as it rejected USD84 level twice this month. The CPO price has pulled back below RM4,000 level, but we believe the overall trend is turning higher in the near term on the back of recovering demand from China.

Sectors focus: Data center will be the key theme at this juncture following Google's USD2bn investment in data center and cloud services in Malaysia. We believe it may benefit stocks within the Technology sector related to HDD, EMS and cybersecurity. Other sectors that will benefit under this theme include (i) Construction, (ii) Property, (iii), Building Materials and (iv) Utilities. For the corporate earnings, PMETAL, WASCO and ARMADA have shown decent results and may attract traders' attention.

Research Team

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

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	38,111.48	-0.86
S&P 500	5,235.48	-0.60
NASDAQ	16,737.08	-1.08
FBM KLCI	1604.26	-0.07
FBM Small Cap	18,880.55	0.20
FBM ACE	5,449.92	0.18
Construction	246.33	2.46
Consumer	602.34	-0.08
Energy	986.99	-0.69
Financial Services	17,494.21	-0.03
Healthcare	2,104.16	-0.03
Ind Products	195.38	0.54
Plantation	7,149.63	0.08
Property	1,099.09	1.63
REITs	833.19	-0.12
Technology	73.85	-0.34
Telco & Media	603.38	0.39
Transport & Logist	110.106	0.67
Utilities	1,788.61	-1.42
Trading Vol (m)	5,333.46	12.56
Trading Val (RM m)	3,993.58	8.23
Gainers/ Losers rat	95%	
FKLI	1606.00	-0.09
FCPO (RM)	3,990.00	-0.08
Brent oil (USD)	81.86	-2.08
Gold (USD)	2,343.07	0.08
USD	4.7045	0.00
GBP	5.9802	0.38
EURO	5.0872	0.35
SGD	3.4815	0.14

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended lower for the fifth session, dipping below 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.



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Company Brief

Genting Bhd's (GENTING) net profit for the first quarter ended March 31, 2024 (1QFY2024) surged several folds, mainly contributed by its leisure and hospitality segment in Malaysia and Singapore. The diversified conglomerate's net profit leapt to RM588.87m from RM98.04m, while quarterly revenue jumped 27.6% to RM7.43b from RM5.82b. (The Edge)

Meanwhile, Genting Bhd's 49%-owned **Genting Malaysia Bhd** (GENM) posted a first quarter net profit of RM57.78m, compared to a net loss of RM27.38m a year earlier, on the back of higher revenue from its leisure and hospitality business. Quarterly revenue rose 21.08% to RM2.76b from RM2.28b. It did not declare any dividend for the quarter under review. (The Edge)

Hong Leong Bank Bhd (HLBANK), the banking arm of tycoon Tan Sri Quek Leng Chan, saw its net profit rise 12% year-on-year (y-o-y) in the third quarter, thanks to higher interest income and provision writeback. Net profit for the three months ended March 31, 2024 (3QFY2024) was RM1.04b compared to RM929.96m over the same period a year earlier. Net interest income rose 15% y-o-y to RM1.22b while non-interest income fell 38% to RM212.1m. In 3QFY2024, Hong Leong Bank booked writeback of impairment losses on loans, advances and financing totalling RM26.3m. Operating expenses, meanwhile, were marginally higher at RM576.85m. No dividend was declared for the quarter. Net interest margin – a measure of profitability from interests charged on loans after deducting returns paid to depositors – came in at 1.85% at the end of March, thanks to strong lending growth. Current-account-savings-account growth stood at 7.6%, while gross loans and financing grew 7.8%. (The Edge)

MISC Bhd's (MISC) net profit for the first quarter ended March 31, 2024 (1QFY2024) rose 24% to RM759.90m, from RM612.90m a year earlier, on the back of higher earnings from most of its divisions. The shipping group said revenue for the quarter rose to RM3.64b, from RM3.08b a year ago, mainly due to the weaker ringgit. It declared a dividend of 8 sen per share, to be paid on June 27. (The Edge)

Telekom Malaysia Bhd (TM), Malaysia's state-owned fixed-line operator, said on Thursday its net profit rose 29% in the first quarter from a year earlier, mainly due to lower operating costs. Net profit for the three months ended March 31, 2024 (1QFY2024) was RM424.81m compared with RM330.1m over the same period last year, TM said in an exchange filing. Revenue for the quarter edged up 1.8% year-on-year to RM2.84b from RM2.79b. The company did not declare any dividend for the quarter. (The Edge)

Malaysia Airports Holdings Bhd (AIRPORT) reported a more than threefold rise in its first quarter net profit from a year earlier, fuelled by higher passenger volumes. Net profit for the three months ended March 31, 2024 (1QFY2024) soared to RM189.99m or 10.53 sen per share, compared with RM58.19m or 2.65 sen per share in the same period last year. Quarterly revenue increased 30.64% year-on-year to RM1.35b from RM1.03b, thanks to higher passenger numbers resulting from new airline operations, school holiday travel, the Chinese New Year festive season, and the implementation of a 30-day visa-free waiver for China and India travellers to Malaysia. The airports operator did not declare any dividend for the quarter. (The Edge)

Serba Dinamik Holdings Bhd (SERBADK) will be delisted from Bursa Malaysia effective June 5 after failing to obtain an extension of time to submit its regularisation plan. "The company is still able to continue its operations and businesses and proceed with its corporate restructuring and its shareholders can still be rewarded by the company's performance. However, the shareholders will be holding shares which are no longer quoted and traded on Bursa Securities," its filing read. (The Edge)



Datasonic Group Bhd (DSONIC) posted a 70.02% year-on-year jump in its latest quarterly net profit, driven by strong demand for passports, identity cards and financial card personalisation services. Net profit for its fourth quarter ended March 31, 2024 (4QFY2024) was RM38.6m against RM22.7m a year earlier, while revenue rose 10.34% to RM115.74m from RM104.9m. For the full financial year (FY2024), net profit increased 20.8% to RM92.26m from RM76.37m in FY2023, while full-year revenue grew 6.85% to RM368.3m from RM344.7m. This marks the group's highest quarterly and annual earnings to date. Datasonic announced a fourth interim dividend of 1.3 sen per share, bringing total dividends for FY2024 to three sen, compared to 2 sen in FY2022. Datasonic in a statement said that it has secured its first overseas project in a West African country this month. The details of the contract, however, could not be disclosed due to a non-disclosure agreement, a spokesperson told *The Edge*. (The Edge)

QL Resources Bhd's (QL) net profit surged almost 35% in the fourth quarter ended March 31, 2024 (4QFY2024) on the back of improved sales from most business segments, which helped offset flat sales for palm oil and clean energy. Net profit climbed to RM98.72m or 4.06 sen per share for 4QFY2024, from RM73.32m or 3.01 sen per share a year ago. Quarterly revenue increased 13.7% year-on-year to RM1.68b compared to RM1.47b. It has proposed a final dividend of 3.5 sen per share, bringing total dividend payout to 6.5 sen per share for FY2024, compared to seven sen for FY2023. (The Edge)

Leong Hup International Bhd's (LHI) net profit for the first quarter ended March 31, 2024 (1QFY2024) more than doubled to RM56.58m as compared to RM22.14m a year earlier, mainly due to a turnaround in its Indonesian operations on better margins for chicks and chickens. Quarterly revenue increased 9.8% to RM2.41b from RM2.2b a year ago. It did not declare a dividend for 1QFY2024. (The Edge)

Panasonic Manufacturing Malaysia Bhd (PANAMY) declared a final dividend of RM1.21 per share for the financial year ended March 31, 2024 (FY2024), payable on Sept 20, 2024. This brings its annual dividend per share to RM1.36, about 11.5% higher than RM1.22 per share in FY2023. However, the payout ratio dropped marginally to 89% in FY2024 versus 92% in FY2023. The home appliance maker's net profit more than doubled to RM17.58m in the fourth quarter ended March 31, 2024 (4QFY2024), from RM7.35m a year ago, on the back of higher revenue achieved, lower material costs and higher share of profit from the associated company. Quarterly revenue increased 6.11% to RM207.48m, from RM195.53m a year before, on higher export sales. For FY2024, the group's net profit grew 15.62% to RM92.65m, from RM80.13m in FY2023. Annual revenue dropped 8.7% to RM905.69m, from RM991.63m a year before. (The Edge)

Axiata Group Bhd (AXIATA) has maintained its mid single-digit revenue growth target in the financial year ending Dec 31, 2024 (FY2024), group chief executive officer and managing director Vivek Sood told the press conference in conjunction with its quarterly result announcement. The group is committed to a dividend of 10 sen per share in FY2024, similar to FY2023. It did not propose any dividend for 1QFY2024. Meanwhile, it aims to complete the merger of its Indonesian mobile unit XL Axiata with Smartfren Telecom by the end of 2024 in a bid to boost the combined entity's competitiveness in the Indonesia market and challenge existing leaders. Boost Bank – a digital bank is a 60:40 joint venture between Boost Holdings Sdn Bhd and RHB Bank Bhd (RHBBANK) – is set to launch by June 6, 2024. (The Edge)

Australia & New Zealand Banking Group Ltd (ANZ) is inviting bids to sell its remaining 5.17% stake in **AMMB Holdings Bhd** (AMBANK) for up to RM701.16m. The sale would mark the exit of the Australia-based banking group from Malaysia's sixth-largest lender by assets. According to a term sheet sighted by *The Edge* on Thursday, ANZ's wholly owned subsidiary ANZ Fund Pty Ltd is putting up its remaining 171.02m shares in AMMB for sale at an offer price of RM4.05 to RM4.10.



The offer price range represents a 2.84% to 4.03% discount to AMMB's closing price on Thursday of RM4.22. (The Edge)

Property developer **Mah Sing Group Bhd** (MAHSING) announced it is setting up a joint venture to develop a data centre in Bangi, Selangor. Under the joint venture with Bridge Data Centres Malaysia V Sdn Bhd (BDC), Mah Sing will reserve a 17.55-acre land to develop the data centre that would consume up to 100 megawatts (MW). The shareholding structure of the JV has yet to be finalised. BDC – based in Singapore and mainly operating data centres in India and Malaysia – will prepare the preliminary planning and design of the project, as well as secure hyper-scale or artificial intelligence data centre customers for the data centre facilities. (The Edge)

Electronic gaming machine maker **RGB International Bhd** (RGB) has secured a contract worth US\$81.33m (RM382.97m) from the Philippines' state-owned casino regulator Philippine Amusement and Gaming Corp (Pagcor). RGB, whose share price has climbed 54% year to date, said the contract was awarded to its unit RGB (Macau) Ltd to supply and deliver slot machine equipment for Casino Filipino Branches. RGB also announced its net profit more than doubled to RM22.18m in the first quarter ended March 31, 2024 (1QFY2024) from RM10.54m a year earlier. Quarterly revenue also doubled to RM210.11m from RM95.16m. The group declared an interim dividend of 6 sen per share, with June 27 as the ex-date and July 12 as the payment date. (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	0.445	-12.7%	Cut Loss on 3/4/2024
4	OCK	5-Apr	0.605	0.660	0.670	0.690	0.580	0.570	0.620	2.5%	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	8.280	3.0%	Initiate on 22/4/2024
7	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.490	0.0%	Initiate on 24/4/2024
8	DAYANG	3-May	2.590	2.750	2.800	2.900	2.500	2.400	2.750	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	0.380	-5.0%	Initiate on 20/5/2024
12	LAGENDA	27-May	1.710	1.840	1.860	1.910	1.620	1.600	1.120	-34.5%	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	1.71	-2.3%	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	1.05	0.0%	Initiate on 1/4/2024
4	GASMSIA	1-Apr	3.470	3.720	3.860	-	3.260	3.130	3.49	0.6%	Initiate on 1/4/2024
5	HSSEB	1-Apr	1.160	1.270	1.370	-	1.090	1.010	0.99	-15.1%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.640	4.990	5.180	-	4.470	4.340	5.03	8.4%	Initiate on 1/4/2024
7	MBSB	1-Apr	0.800	0.905	0.950	-	0.780	0.750	0.89	10.6%	Initiate on 1/4/2024
8	MPI	1-Apr	31.180	34.000	36.000	-	30.000	28.300	38.74	24.2%	Initiate on 1/4/2024
9	PIE	1-Apr	3.560	3.900	4.100	-	3.480	3.350	5.99	68.3%	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	3.99	-1.0%	Initiate on 1/4/2024
12	TDM	1-Apr	0.280	0.325	0.355	-	0.240	0.215	0.22	-21.4%	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										8.1%	



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)	20.7%
Accuracy (2023)	40.0%
FBM KLCI (Since 30/12/2022)	7.3%
FBM Small Cap (Since 30/12/2022)	26.5%
Malaysia GDP Growth (1H23)	4.2%

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