

Tuesday, 11 Jun, 2024

2-Day FOMC Meeting In Focus

Market Review

Malaysia: The FBMKLCI (-0.22%) ended lower as the index was dragged by selling pressure in selected industrial products and utilities heavyweights, while the sentiment weakened after the US nonfarm payroll came in higher than expectations. Meanwhile, the Transportation & Logistics sector (+1.73%) was the leading sector.

Global markets: Wall Street ended marginally higher as investors are cautious while eyeing the upcoming 2-day FOMC meeting, which may provide clues on the timing of rate cuts. The European stock market ended lower, while Asia ended mixed after Japan's 1Q24 GDP figures came in slightly below consensus expectations.

The Day Ahead

As the diesel reform went live, the FBMKLCI traded lower as profit taking activities emerged within the heavyweights, while traders were focusing on small cap stocks within the Technology, Utilities and Construction members like KGB, RANHILL, and WCT. Over in the US, sentiment turned mildly positive heading into the 2-day FOMC meeting, where traders await the outcome of the FOMC meeting as well as the CPI and PPI that will be released over the next two days. Based on Bloomberg, it is widely anticipated that the Fed will keep the interest rate unchanged in this FOMC meeting. On the commodity markets, Brent rebounded higher into the range of USD81-84 zone.

Sectors focus: We remain positive on the Technology sector driven by the rising demand on data center, AI and cloud services, while the earnings in the Tech sector could be recovering going forward. Meanwhile, we opine that the traders may reassess the overall Building Material segment linked towards data center and in the rising commodity upcycle with positive earnings growth. Also, we think the stocks within the Construction, Property and Utilities sectors should benefit in the rising data center environment.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended lower, and pulled back below the 1,615 level. The technical readings on the key index were positive with the MACD Histogram forming a rounding bottom formation, while the RSI 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
(603) 2201 2100

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	38,868.04	0.18
S&P 500	5,360.79	0.26
NASDAQ	17,192.53	0.35
FBM KLCI	1614.37	-0.22
FBM Small Cap	19,549.28	1.21
FBM ACE	5,669.09	1.63
Construction	25186	0.73
Consumer	598.27	-0.05
Energy	983.11	1.43
Financial Services	17,646.15	0.02
Healthcare	2,175.36	-0.72
Ind Products	198.02	0.19
Plantation	7,102.28	-0.60
Property	123.03	0.34
REITs	838.07	-0.22
Technology	75.82	0.92
Telco & Media	614.94	-0.03
Transport & Logist	1,140.89	1.78
Utilities	1873.81	1.16
Trading Vol (m)	5,959.81	4.01
Trading Val (RM m)	3,299.90	-8.59
Gainers/ Losers rat	124%	
FKLI	1615.00	0.22
FCPO (RM)	3,926.00	0.18
Brent oil (USD)	8163	2.52
Gold (USD)	2,310.88	-0.05
USD	4.723	-0.66
GBP	5.9971	0.11
EURO	5.0742	0.71
SGD	3.4891	-0.01

Trading participation 5-day trend and value (m)

Institution	Retail	Foreign
-264.4	-281.5	545.9

Source: Bloomberg, Bursa Market Place



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Company Brief

Eco World Development Group Bhd (ECOWLD) said it plans to sell a 123.14-acre industrial land in Iskandar Malaysia, Johor to a company providing data centre services, for RM402.3m or RM75 per sq ft. The group said it had acquired the land – which forms part of the master land measuring 403.78 acres within Eco Business Park VI (EBP VI) – in September 2023 at RM12 per sq ft. The proposed cash sale of the land to Microsoft Payments (Malaysia) Sdn Bhd marks the first transaction for EBP VI. With this deal, EcoWorld has joined other companies that have ridden the recent wave of artificial intelligence, particularly in data centres, which has swept through the capital market in Malaysia. (The Edge)

Scientex Bhd's wholly owned subsidiary Scientex Quatari Sdn Bhd has entered into a conditional sale and purchase agreement with Lee Pineapple Company (Pte) Ltd to acquire 14 parcels of freehold land, measuring 141.74 hectares, in Johor for RM381.43m. The property developer noted that Scientex Quatari has proposed to develop the land into a mixed-property development. The proposed acquisition, which will be funded via internally generated funds and bank borrowings, is expected to be completed in the first half of 2025. (The Edge)

Cypark Resources Bhd (CYPARK) said that it achieved the commercial operation date of its 100MW Large Scale Solar 3 (LSS3) hybrid solar plant project in Merchang, Terengganu on June 9. The group's executive director Muhammad Ashraf Muhammad Amir also expressed confidence in the timely delivery of the LSS2 floating solar plant in Danau Tok Uban, Kelantan, targeted for COD in the third quarter of this year, as well as readiness to participate in the Third-Party Access (TPA) programme anticipated to be introduced later in 2024. (The Edge)

Property developer **Tropicana Corp Bhd** (TROP) has redeemed the third tranche of its sukuk wakalah programme worth RM110m which was due on June 7. This is part of the RM1.5b sukuk programme issued by the group in 2020 to facilitate its development plan. The group noted that it is in a good position to deliver sustainable performance in the next few years, supported by its unbilled sales of RM2.4b and a 1,842-acre land bank with an estimated gross development value (GDV) of RM120b. (The Edge)

Practice Note 17 (PN17) outfit **Ageson Bhd** (AGES) said it has secured a RM75.67m contract to undertake a construction project in the Sepang district of Selangor. The project, awarded by construction company Mateen Group Sdn Bhd, is for the construction of a main building at Kampung Limau Manis, a Malay reserve land near Putrajaya. Ageson said it is responsible for providing labour, materials, tools, equipment and machinery for the project, with the contract expected to last 42 months upon obtaining building plan approval. (The Edge)

Deleum Bhd (DELEUM) has bagged a letter of award worth RM105m from Petronas Carigali Sdn Bhd (PCSB) – a wholly owned subsidiary of Petroliam Nasional Bhd (Petronas). Deleum said its 86.67%-owned indirect subsidiary Deleum Technology Solutions Sdn Bhd (DTS) had been awarded the LOA to provide offshore maintenance, construction and modification (MCM) services, covering Peninsular Malaysia assets (gas package) for the year 2024. It said the contact period is from May 16 to Dec 31, 2024. (The Edge)

E-payment solutions provider **Managepay Systems Bhd** (MPAY) has secured a five-year contract to develop a SuperApp for the national railway company Keretapi Tanah Melayu Bhd (KTMB). The SuperApp is expected to improve user experience and potentially encourage ridership on KTMB's railway network. The group's wholly-owned unit, ManagePay Services Sdn Bhd (MPSB), accepted the contract from KTMB for a five-year period, with an option for a five-year extension, contingent upon MPSB's satisfactory performance. (The Edge)



PUC Bhd (PUC) said it plans to acquire digital money lender Alevate Capital Sdn Bhd and digital transformation solution provider Alevate Solutions Sdn Bhd for a total of RM200m. The digital payment solutions provider said it has signed a head of agreement with Eatcosys Sdn Bhd and Tham Lih Chung for the acquisitions. PUC said that under the heads of agreement, the group will settle the first RM100m through the issuance of 800m shares priced at 12.5 sen per share. (The Edge)

The federal government has agreed in principle to grant a 20-year concession for the operation and maintenance management of Kuala Lumpur Tower to construction company **Lim Seong Hai Capital Bhd** (LSH) and its joint venture (JV) partner. LSH Capital said that its subsidiary, LSH BEST Builders Sdn Bhd, and Service Master (M) Sdn Bhd formed LSHBB-SMMSB JV, which received a letter from the Public Private Partnership Unit (UKAS), Prime Minister's Department, on June 7, informing them of the government's agreement in principle for the operation and maintenance management of KL Tower. LSHBB-SMMSB JV is 70% owned by LSH BEST Builders, with the remaining stake held by Service Master. (The Edge)

KPJ Healthcare Bhd (KPJ) has secured an RM18.3m contract for hospital renovation work, in a related party transaction. KPJ, through its indirect wholly owned unit Bandar Dato Onn Specialist Hospital Sdn Bhd, issued a letter of acceptance to Tg Langsat Development Sdn Bhd (TLDSB) for the renovation of floors 8 and 9 at KPJ Bandar Dato Onn Specialist Hospital (KPJ BDOSH). TLDSB is a wholly owned unit of TPM Technopark Sdn Bhd, which in turn is an indirect subsidiary of Johor Corp (JCorp). Meanwhile, JCorp is KPJ's major shareholder, holding a 44.99% stake in the private healthcare group. (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	OCK	5-Apr	0.605	0.660	0.670	0.690	0.580	0.570	0.600	-0.8%	Initiate on 5/4/2024
2	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.560	4.7%	Initiate on 24/4/2024
3	DAYANG	3-May	2.590	2.750	2.800	2.900	2.500	2.400	2.580	-0.4%	Initiate on 3/5/2024
4	FOCUSP	31-May	0.830	0.890	0.910	0.930	0.790	0.780	0.820	-1.2%	Initiate on 31/5/2024
5	CORAZA	6-Jun	0.580	0.620	0.630	0.640	0.540	0.530	0.600	3.4%	Initiate on 6/6/2024

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	1.07	1.9%	Initiate on 1/4/2024
4	GASMSIA	1-Apr	3.387	3.720	3.860	-	3.260	3.130	3.69	8.9%	Initiate on 1/4/2024
5	HSSEB	1-Apr	1.160	1.270	1.370	-	1.090	1.010	0.96	-17.2%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.640	4.990	5.180	-	4.470	4.340	5.40	16.4%	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	30.970	34.000	36.000	-	30.000	28.300	38.50	24.3%	Initiate on 1/4/2024
9	PIE	1-Apr	3.537	3.900	4.100	-	3.480	3.350	6.19	75.0%	Initiate on 1/4/2024
10	SPRITZER	1-Apr	2.195	2.390	2.490	-	2.170	2.100	2.75	25.3%	Initiate on 1/4/2024
11	TAANN	1-Apr	4.030	4.310	4.500	-	3.910	3.730	4.11	2.0%	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	4.13	7.6%	Initiate on 1/4/2024
Average Return										10.9%	



Technical Focus Tracker Summary	
Total recommendations	387
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)	26.2%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	7.9%
FBM Small Cap (Since 30/12/2022)	31.0%
Malaysia GDP Growth (1H23)	4.2%

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