

Wednesday, 12 Jun, 2024

Optimistic On Rising Data Center Catalyst

Market Review

Malaysia: The FBMKLCI (-0.18%) ended lower as the index was dragged by selling pressure in selected industrial and consumer products heavyweights, while the sentiment is weak while investors await the 2-day FOMC to gauge the future interest rate direction. Meanwhile, the Construction sector (+4.29%) was the leading sector.

Global markets: Wall Street ended marginally mixed as NASDAQ gained led by Apple's AI developments, while 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.

The Day Ahead

Despite the FBMKLCI closing in the negative territory, most of the buying interest was focusing within the FBM70 and FBM Small Cap stocks revolving around the Property and Construction players, in tandem with the rising data center demand. Meanwhile, the US stock markets ended mixed, but the S&P500 and Nasdaq closed at record highs, respectively, with the boost from Apple after the WWDC conference. In the near term, we expect traders to take a cautious view ahead of the conclusion of the 2-day FOMC meeting, as it may dictate the interest rate direction going forward. At this juncture, it is widely anticipated that the Fed will keep the interest rate unchanged. On the commodity markets, Brent oil continued to rebound above USD82/bbl, while the FCPO slid below the RM4,000 level.

Sectors focus: Still, we are positive on the Technology sector driven by the rising demand on data center investments recently into Malaysia, while AI and cloud services may bode well for specific segments such as HDD. Also, with several Property players announcing land sale to data center providers and MNCs, we opine that the further upward re-rating of property players may stay for the near term as their land bank will be revalued higher for now. Other sectors that may benefit include the Construction, Building Material, Utilities and RE.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index traded 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.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	38,747.42	-0.31
S&P 500	5,375.32	0.27
NASDAQ	17,343.55	0.88
FBM KLCI	1611.49	-0.18
FBM Small Cap	19,718.97	0.87
FBM ACE	5,748.93	1.41
Construction	262.66	4.29
Consumer	594.23	-0.68
Energy	990.74	0.78
Financial Services	17,591.38	-0.31
Healthcare	2,175.49	0.01
Ind Products	189.74	0.87
Plantation	7,050.76	-0.73
Property	1,188.83	1.41
REITs	841.59	0.42
Technology	77.62	2.37
Telco & Media	622.09	1.16
Transport & Logist	1,129.47	-1.00
Utilities	1,860.69	-0.70
Trading Vol (m)	6,979.67	17.11
Trading Val (RM m)	5,116.08	55.04
Gainers/ Losers rat	167%	
FKLI	1,609.00	-0.12
FCPO (RM)	3,925.00	-0.15
Brent oil (USD)	81.92	0.36
Gold (USD)	2,317.01	0.02
USD	4.719	0.08
GBP	6.0092	-0.20
EURO	5.0734	0.02
SGD	3.4876	0.04



Source: Bloomberg, Bursa Market Place



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Company Brief

S P Setia Bhd (SPSETIA), which previously failed to sell its 959.72-acre Tebrau land to **Scientex Bhd** (SCIENTX) due to Bumiputera requirement issues, has finally sold the plot to a company linked to tycoon Tan Sri Syed Mokhtar Albukhary for RM564m, cash. S P Setia first tried to sell the land to Scientex in 2021 for RM518.1m, but the deal fell through in March 2023 after Scientex failed to obtain a waiver of the Bumiputera equity condition imposed by the Economic Planning Unit (EPU). Four months later, both parties revisited the deal with an increased price of RM547.65m. That was aborted in January this year after Scientex again failed to gain the EPU's approval. In a statement on Tuesday, S P Setia said the disposal of the land was conducted through its subsidiary Pelangi Sdn Bhd and was completed earlier in the day with Senibong Island Sdn Bhd. (The Edge)

State-owned property developer **UEM Sunrise Bhd** (UEMS) is selling land in Johor for RM144.9m cash for the development of a data centre. Located in Iskandar Puteri, the two parcels of freehold land measure about 11.7 hectares (28.9 acres). It did not disclose the buyer but identified it as "a leading global data centre industry player". The proposed disposal came on the heels of UEM Sunrise's memorandum of understanding with LOGOS Infrastructure Holdco Pte Ltd, signed in May, to develop a data centre campus in Gerbang Nusajaya. (The Edge)

Bermaz Auto Bhd (BAUTO) said its net profit fell 10.3% to RM90.2m for its fourth quarter ended April 30, 2024 (4QFY2024), from RM100.6m a year ago, dragged down by lower revenue despite higher profit contribution from associated company Kia Malaysia Sdn Bhd. Earnings per share declined to 7.73 sen in 4QFY2024 from 8.63 sen a year ago. Quarterly revenue dropped 12.6% to RM937.5m from RM1.1b, mainly due to lower sales volume from the Mazda and Kia marque in its domestic operations. It declared a fourth interim dividend of 4.75 sen per share and a special dividend of 7 sen per share, totalling 11.75 sen per share, to be paid on Aug 2. This brings its total dividend for FY2024 to 26 sen per share, against 22 sen per share in FY2023. (The Edge)

Gamuda Land, the property arm of **Gamuda Bhd** (GAMUDA), announced that its redevelopment plans for the 75 London Wall building in London with UK-based real estate investors Castleforge Partners have been approved. The 75 London Wall, which was earlier referred to as Winchester House and was formerly the UK headquarters of Deutsche Bank, is expected to be turned into office spaces. (The Edge)

UK-based Abrdn plc has emerged as a substantial shareholder of Kedah-based electronic manufacturing services (EMS) provider **Aurelius Technologies Bhd** (ATECH). Abrdn purchased 27.83m shares, representing a 7.062% stake in the company, on June 6. But, the transaction price was not disclosed. The group's major shareholders are Main Stream Holdings Sdn Bhd with a 20.04% stake, and Main Stream Ltd with a 19.36% stake, according to its latest annual report. They are the private vehicles of its executive director and chief executive officer (CEO) Loh Hock Chiang, and the late Lee Chong Yeow, ATech's co-founder and former CEO. (The Edge)

Tan Sri Dr Chan Ah Chye, the major shareholder and director of property developer **Talam Transform Bhd** (TALAMT), passed away on Tuesday morning at the age of 78. The group confirmed the demise of Chan, who was its non-independent and non-executive director – a post he was re-designated to in 2009. Prior to that, Chan, who joined the group's board on Nov 6, 1990, was its executive chairman. According to an obituary sighted by The Edge, Chan left behind his wife Puan Sri Thong Nyok Choo, his son Chan Tet Eu, who is currently an executive director of Talam Transform, and his daughters Chan Siu Wei and Candice Chan Siu Ching. (The Edge)



Hong Leong Bank Bhd (HLBANK) has issued RM1b in nominal value of Tier 2 subordinated notes, pursuant to its multi-currency Tier 2 subordinated programmes. The bank said the RM1b debt notes have a 10-year tenure with a five-year non-callable period and carry a coupon rate of 4.05% per annum. The coupon payments are scheduled every six months, with the first call date on June 11, 2029. The subordinated notes are rated AA1 by RAM Rating Services Bhd. (The Edge)

Soaring Success Sdn Bhd, a company linked to the Loh family, has become the largest shareholder in **Oriental Holdings Bhd** (ORIENT). This follows the transfer of a 36.74% stake in Oriental Holdings from Pacific Carnival Sdn Bhd to Soaring Success, as part of an internal restructuring of the Loh family's private companies. Soaring Success is owned by Loh Kar Bee Holdings Sdn Bhd, which is controlled by Loh Kar Bee – son of the late Tan Sri Loh Boon Siew, according to the Companies Commission of Malaysia. The group's filings indicate that Datuk Loh Kian Chong, along with Loh Oon Ling and Loh Wei Lyn, remain substantial shareholders through Soaring Success. Kian Chong, a grandson of the late Boon Siew, serves as the executive chairman of Oriental Holdings, while Wei Lyn is the daughter of Boon Siew's late son, Loh Kah Kheng and his widow Shirley Kathreyn Yap. Additionally, Loh Gim Ean Holdings Sdn Bhd and Loh Phoy Yen Holdings Sdn Bhd, the private vehicles of Boon Siew's daughters Loh Gim Ean and Loh Phoy Yen, have ceased to be shareholders in Oriental Holdings. (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	0.595	-1.7%	Initiate on 5/4/2024
2	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.550	4.0%	Initiate on 24/4/2024
3	DAYANG	3-May	2.590	2.750	2.800	2.900	2.500	2.400	2.650	2.3%	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	0.595	2.6%	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	1.77	1.1%	Initiate on 1/4/2024
2	CSCSTEL	1-Apr	1.350	1.470	1.570	-	1.320	1.270	1.50	11.1%	Initiate on 1/4/2024
3	E&O	1-Apr	1.050	1.230	1.300	-	0.970	0.900	1.08	2.9%	Initiate on 1/4/2024
4	GASMSIA	1-Apr	3.387	3.720	3.860	-	3.260	3.130	3.64	7.5%	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	5.35	15.3%	Initiate on 1/4/2024
7	MBSB	1-Apr	0.800	0.905	0.950	-	0.780	0.750	0.90	11.9%	Initiate on 1/4/2024
8	MPI	1-Apr	30.970	34.000	36.000	-	30.000	28.300	38.52	24.4%	Initiate on 1/4/2024
9	PIE	1-Apr	3.537	3.900	4.100	-	3.480	3.350	6.15	73.9%	Initiate on 1/4/2024
10	SPRITZER	1-Apr	2.195	2.390	2.490	-	2.170	2.100	2.76	25.7%	Initiate on 1/4/2024
11	TAANN	1-Apr	4.030	4.310	4.500	-	3.910	3.730	3.97	-1.5%	Initiate on 1/4/2024
12	TDM	1-Apr	0.280	0.325	0.355	-	0.240	0.215	0.23	-19.6%	Initiate on 1/4/2024
13	UNISEM	1-Apr	3.840	4.100	4.350	-	3.700	3.550	4.17	8.6%	Initiate on 1/4/2024
Average Return										11.1%	

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)	29.0%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	7.8%
FBM Small Cap (Since 30/12/2022)	32.1%
Malaysia GDP Growth (1H23)	4.2%



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