

Thursday, 13 Jun, 2024

## Broad Market Remains Positive

### Market Review

**Malaysia:** The FBMKLCI (-0.16%) ended lower, erasing gains throughout the session, suggesting that the bullish sentiment is tamed by uncertainties prior to the 2-day FOMC meeting. Meanwhile, the Technology sector (+4.29%) was the leading sector as the sector tagged along the positive sentiment from NVIDIA and Apple's WWDC.

**Global markets:** Wall Street ended mostly higher with NASDAQ charging to 1.53% after the Fed decided to keep the interest rates unchanged and the CPI data was unchanged suggesting slowing inflationary pressure. Meanwhile, the European stock market ended lower, while Asia ended mixed.

### The Day Ahead

Again, the FBM KLCI closed in the negative territory, but FBM 70 charged higher, while FBM Small Cap saw some profit taking activities. Over in the US, Wall Street closed relatively positive with S&P500 and Nasdaq registered its record highs supported by cooler-than-expected CPI and core CPI numbers. Even though the Fed kept the interest rate unchanged and is looking at 1 rate cut in 2024, the market is expecting more rate cuts this year due to declining inflationary numbers. On the commodity markets, Brent oil is traded back into the USD81-84 zone, which is healthy for oil producers, while the gold price is forming a bear flag formation after the FOMC meeting. The CPO price continues to stay within a tight range between RM3900-4000.

**Sector focus:** Despite FBM Small Cap pulling back, and noticed several downward swings in the power distribution segments, we remain positive on the Technology sector namely the HDD, cloud, cybersecurity segments driven by the solid investments for data centers in Malaysia by several MNCs. Meanwhile, we believe traders will remain positive on Johor region Property players with the potential of land sale deals going forward, while other sectors that may benefit from this catalyst will be the Construction, Building Material, Utilities, and RE sectors.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	38,722.21	-0.09
S&P 500	5,421.03	0.85
NASDAQ	17,608.44	1.53
FBM KLCI	1608.95	-0.16
FBM Small Cap	19,619.00	-0.51
FBM ACE	5,735.66	-0.23
Construction	263.35	0.26
Consumer	593.04	-0.20
Energy	979.30	-1.15
Financial Services	17,553.68	-0.21
Healthcare	2,171.69	-0.17
Ind Products	199.13	-0.31
Plantation	7,064.15	0.19
Property	1,137.50	-0.12
REITs	840.80	-0.09
Technology	79.22	2.06
Telco & Media	625.36	0.53
Transport & Logist	1,110.33	-1.69
Utilities	1,847.49	-0.71
Trading Vol (m)	7,591.75	8.77
Trading Val (RM m)	5,277.90	3.16
Gainers/ Losers rat	74%	
FKLI	1614.00	0.25
FCPO (RM)	3,959.00	-0.10
Brent oil (USD)	82.60	0.83
Gold (USD)	2,324.98	-0.18
USD	4.7172	0.04
GBP	6.0176	-0.14
EURO	5.0722	0.02
SGD	3.4887	-0.03
Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
-97.8	-315.9	413.7

Source: Bloomberg, Bursa Market Place

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index dipped below the 1,610 level. The technical readings on the key index were mildly positive with the MACD Histogram hovering around the 0 level, while the RSI maintains above 50. The resistance is envisaged around 1,625-1,630 and the support is set at 1,590-1,595.



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## Company Brief

**Malaysia Airports Holdings Bhd** (AIRPORT), or MAHB, said it was notified on Wednesday that one of the four pre-conditions for the RM10.79b proposal to privatise the airports operator has been fulfilled. MAHB said the joint offerors in the takeover offer informed the group that the General Authority for Competition of Saudi Arabia (GAC) has issued a certificate on Tuesday, confirming that the deal does not require notification to the competition authority. Accordingly, MAHB said this pre-condition related to GAC has been fulfilled. The GAC certificate is one of the four pre-conditions required for the privatisation deal. The other approvals are required from Malaysian Aviation Commission (Mavcom), Turkish Competition Authority and Egyptian Competition Authority. Last month, Khazanah Nasional Bhd, the Employees Provident Fund, New York-based Global Infrastructure Partners (GIP) and Abu Dhabi Investment Authority (ADIA) – via a consortium dubbed Gateway Development Alliance Sdn Bhd – announced a conditional voluntary offer to acquire all the remaining 1.12b shares in MAHB not already held by them at RM11 per share in cash. They also intend to delist MAHB. (The Edge)

**Johor Plantations Group Bhd's** (JPG) initial public offer (IPO) on the Main Market of Bursa Malaysia is expected to raise a total of RM735m, of which approximately RM345.2m will be raised via an offer for sale of 411m existing shares held by its sole shareholder Kulim (Malaysia) Bhd. Kulim, a wholly-owned subsidiary of Johor Corp (JCorp), will retain a 65% stake in JPG upon listing on July 9, while the IPO would offer investors up to 35% of JPG's enlarged share capital. Of the RM735m raised from the IPO, approximately RM389.8m will be raised via a public issue of 464m new ordinary shares in JPG. The public issue portion of the IPO has been opened for public application on Wednesday and will be closed on June 24. (The Edge)

**Boustead Heavy Industries Corp Bhd** (BHIC) said it has secured a RM1.1b contract from the Ministry of Defence to provide in-service support 2 performance for the Royal Malaysian Navy's prime minister class submarines. A formal contract between the government and BHIC's wholly owned subsidiary, BHIC Submarine Engineering Services Sdn Bhd, will be executed at a later date. The Armed Forces Fund Board (LTAT) owns 64.99% of BHIC via Boustead Holdings Bhd. LTAT fully owns Boustead following a privatisation exercise last year. (The Edge)

Tycoon Tan Sri Desmond Lim Siew Choon has trimmed his stake in **Malton Bhd** (MALTON), a day after the counter charted a new 30-month high. Lim sold 2.75% of his stake – comprising 14.5m shares – held indirectly through Malton Corp Sdn Bhd, on the open market. The block of shares was sold in two tranches: 14m shares on Monday (June 10) and 500,000 shares on Tuesday (June 11). A back-of-the-envelope calculation suggests that the total sale would amount to RM7.54m, based on the closing prices of the two trading days. After the share sale, Lim holds a 4.3% direct stake and 36.62% indirect stake through Malton Corp. (The Edge)

**Iqzan Holding Bhd** (IQZAN) has secured a construction project worth approximately RM143m via its subsidiary, Kacon Construction Sdn Bhd (KCSB). The company said that the project entails the construction of a 24-storey office building on Jalan Tun HS Lee here. (The Edge)

**Ecoscience International Bhd** (EIB), an integrated palm oil milling services provider, has secured a RM61.8m contract for the construction of a crude palm oil (CPO) pretreatment plant and a plant, machinery, and equipment (PME) plant in Port Dickson. Its wholly owned subsidiary Ecoscience Manufacturing & Engineering Sdn Bhd has accepted a letter of award from Oiltek Sdn Bhd to undertake the engineering, procurement, construction, and commissioning of civil and structural works for a CPO pretreatment plant and a PME plant, along with auxiliary buildings at the Port Dickson refinery. (The Edge)



**Petra Energy Bhd** (PENERGY) has secured a letter of award (LOA) from Petroliaam Nasional Bhd (Petronas) in relation to the Banang Late Life Asset Production Sharing Contract for a 10-year period until June 2034. The LOA was given to its unit Petra Energy Development Sdn Bhd and that there was no fixed value stated in the letter of award. It said the duration of the contract is for the period of 10 years from June 1, 2024, until June 1, 2034. (The Edge)

Property developer **YNH Property Bhd** (YNHPROP) has appointed UHY as a special independent reviewer to assess certain joint venture (JV) and turnkey contracts entered into by its unit, Kar Sin Bhd. The independent assessment was initiated after its former statutory auditor, Baker Tilly Monteiro Heng PLT, issued a qualified opinion on a sum totalling RM1.1b paid in respect of JV and turnkey contracts entered into between JV parties or landowners for property development work. YNH Property said UHY will start its work immediately, and will complete the assessment within three months. YNH was in the spotlight in May last year, after the group announced that Kar Sin was disposing of a piece of land measuring 5.09 acres (2.06ha) in Desa Sri Hartamas to **Sunway Bhd's** (SUNWAY) unit Sunway Living Space Sdn Bhd for RM170m cash. (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	1.520	2.0%	Initiate on 24/4/2024
3	DAYANG	3-May	2.590	2.750	2.800	2.900	2.500	2.400	2.640	1.9%	Initiate on 3/5/2024
4	FOCUSP	31-May	0.830	0.890	0.910	0.930	0.790	0.780	0.815	-1.8%	Initiate on 31/5/2024
5	CORAZA	6-Jun	0.580	0.620	0.630	0.640	0.540	0.530	0.580	0.0%	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	1.04	-1.0%	Initiate on 1/4/2024
4	GASMSIA	1-Apr	3.387	3.720	3.860	-	3.260	3.130	3.63	7.2%	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	5.28	13.8%	Initiate on 1/4/2024
7	MBSB	1-Apr	0.800	0.905	0.950	-	0.780	0.750	0.89	11.3%	Initiate on 1/4/2024
8	MPI	1-Apr	30.970	34.000	36.000	-	30.000	28.300	39.90	28.8%	Initiate on 1/4/2024
9	PIE	1-Apr	3.537	3.900	4.100	-	3.480	3.350	6.24	76.4%	Initiate on 1/4/2024
10	SPRITZER	1-Apr	2.195	2.390	2.490	-	2.170	2.100	2.65	20.7%	Initiate on 1/4/2024
11	TAANN	1-Apr	4.030	4.310	4.500	-	3.910	3.730	3.91	-3.0%	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	4.26	10.9%	Initiate on 1/4/2024
Average Return										10.4%	

### 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)	28.6%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	7.6%
FBM Small Cap (Since 30/12/2022)	31.5%
Malaysia GDP Growth (1H23)	4.2%



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