

Friday, 14 Jun, 2024

FBM Small Cap And FBM70 At All-Time High

Market Review

Malaysia: The FBMKLCI (+0.08%) ended higher as the index was lifted by buying interest in utilities heavyweights, amid news of Singtel's interest to build a Data Centre in Johor. Meanwhile, the Energy sector (+3.36%) was the leading sector, while the Telco & Media sector (-1.20%) fell.

Global markets: Wall Street ended mixed with the Dow falling behind while NASDAQ is still gaining momentum with the help of tech stocks. Furthermore, wholesale inflation fell below estimates but it may be inadequate to spur further buying interest in the market. The European stock markets ended lower, while Asia ended higher.

The Day Ahead

After 3-day of mild pullback, the FBM KLCI rebounded marginally to close above the 1,610 level, while both the FBM70 and FBM Small Cap charged towards all-time high. Meanwhile, the PPI and core PPI data came in cooler-than-expectation, similar with the CPI trend earlier, which caused the overall US major indices like Nasdaq and S&P500 higher by 0.34% and 0.25%, respectively, while Dow Jones slid 0.17%. On the commodity markets, Brent oil is ranging around the USD81-84 zone, while the gold price is formed a bear flag formation following the US inflation CPI and PPI data. Still, the CPO price continues to stay within a tight range between RM3900-4000.

Sector focus: As anticipated, the bullish tone on the local front could persist as most of the indices have registered new highs, with the recent data center trading catalyst. Thus, it looks encouraging for the traders to hold on to the Technology sector as we think the HDD, cloud and cybersecurity segments may flourish, while earnings from the Technology sector have bottomed out. Other related sectors that could be benefiting under this theme include the Construction, Building Material, Property, Utilities, and RE sectors.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	38,647.10	-0.17
S&P 500	5,433.74	0.23
NASDAQ	17,667.56	0.34
FBM KLCI	1,610.17	0.08
FBM Small Cap	19,838.29	1.12
FBM ACE	5,842.78	1.87
Construction	267.67	1.64
Consumer	59153	-0.25
Energy	10,12.24	3.36
Financial Services	17,560.04	0.04
Healthcare	2,211.34	1.83
Ind Products	200.87	0.87
Plantation	7,027.82	-0.51
Property	1,142.45	0.44
REITs	839.17	-0.19
Technology	80.63	1.78
Telco & Media	617.85	-1.20
Transport & Logist	114.45	0.34
Utilities	185174	0.23
Trading Vol (m)	5,909.17	-22.16
Trading Val (RM m)	4,354.37	-17.50
Gainers/ Losers rat	18%	
FKLI	161100	-0.09
FCPO (RM)	3,942.00	0.15
Brent oil (USD)	82.75	0.18
Gold (USD)	2,304.21	-0.05
USD	4.709	0.17
GBP	6.098	-0.04
EURO	5.0869	-0.29
SGD	3.4904	-0.05



Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index hovers around the 1,610 level. The technical readings on the key index were mixed with the MACD Histogram forming a slight negative bar, 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

TH Plantations Bhd (THPLANT) said it is teaming up with UEM Lestra Bhd, a wholly owned unit of UEM Group, to develop a 1.2 megawatt (MW) biogas power plant in Kluang, Johor. TH Plantations said the project will be carried out through a joint venture between its wholly owned unit THP Applications & Services Sdn Bhd, and UEM Lestra's subsidiary, Cenergi RE Sdn Bhd. TH Plantations, the plantation arm of Lembaga Tabung Haji, said the plant – which is set to begin operations in 2026 – will generate enough electricity to power up to 1,500 homes annually. (The Edge)

Solarvest Holdings Bhd (SLVEST) is buying four levels of office space with 200 parking bays and a rooftop retail unit in the Solarvest Tower, which is currently under construction, from **Chin Hin Group Property Bhd** (CHGP). The purchase costs Solarvest RM48.73m cash. The transaction is deemed a related party transaction as the duo have common shareholders. **Chin Hin Group Bhd** (CHGB) controls a 57.13% stake in Chin Hin Property. Meanwhile, CHGB's major shareholders, Datuk Seri Chiau Beng Teik and his son Chiau Haw Choon, collectively hold an aggregate 11.95% shareholding in Solarvest. (The Edge)

Sunview Group Bhd's (SUNVIEW) wholly owned subsidiary, Fabulous Sunview Sdn Bhd, has inked a development and cooperation agreement with Uzbekistan's Ministry of Energy to develop two large-scale solar photovoltaic (PV) plants and battery energy storage systems (BESS) in Uzbekistan. Sunview said its unit is responsible for the design, engineering, procurement, and construction of a 400 megawatt of alternating current (MWac) solar PV plant with a 100MW/200 MWh BESS in the Andijan district. It also will develop a 200MWac solar PV plant with a 50MW/100MWh BESS in the Fergana district. (The Edge)

Tex Cycle Technology (M) Bhd (TEXCYCL) is acquiring Meridian World Sdn Bhd, which specialises in wastewater and air pollution control, for RM55m in cash. A binding term sheet has been signed with all 10 shareholders of Meridian World to negotiate the detailed terms and conditions of the acquisition, said Tex Cycle. The company expects to sign a definitive agreement within the next 60 days. The proposed acquisition allows Tex Cycle to expand its product and service offerings, the company said. Further, the addition of Meridian World will also expand Tex Cycle's geographical reach to the northern region of peninsular Malaysia. (The Edge)

Careplus Group Bhd (CAREPLS) plans to raise up to RM10.57m through a private placement to finance the construction of a manufacturing hub in Negeri Sembilan for its electric vehicle business. The exercise entails the issuance of 63.31m new shares, equivalent to 9.04% of its total number of issued shares. Careplus said the assumed price for the placement shares is 27.6 sen per share, representing a discount of about 9.95% over Careplus' five-day volume weighted average market price of 30.65 sen up to June 7, the latest practicable date. The proposed private placement is anticipated to conclude by the end of 2024. (The Edge)

Taliworks Corp Bhd (TALIWRK) said its non-independent and non-executive director Lim Chin Sean retired at the conclusion of the group's annual general meeting (AGM) on Thursday. Taliworks said Lim had decided to withdraw his offer for re-election as a director at the AGM due to increased commitments elsewhere. He holds an indirect stake of 49.95% in Taliworks through LGB Group Sdn Bhd and a direct stake of 0.01%. (The Edge)

Apollo Food Holdings Bhd's (APOLLO) net profit fell 11.85% to RM5.998m for its fourth quarter ended April 30, 2024 (4QFY2024) from RM6.8m a year earlier, due to higher operating expenses. Revenue declined 5.03% to RM57.23m from RM60.27m in 4QFY2023 amid reduced export sales. No dividends were declared during the quarter. (The Edge)



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Cash-strapped **Sapura Energy Bhd** said it expects to reach an arrangement with its creditors by achieving a majority support in a court-convened meeting. This expectation is based on the group's ability to offer higher recovery through the scheme of arrangement compared to liquidation. The group last week secured a nine-month extension of a standstill period granted by the Corporate Debt Restructuring Committee (CDRC), which shields it from actions from its multi-currency financing creditors, till March 10, 2025, in consideration of the current status of the company's proposed restructuring scheme. Additionally, Sapura Energy had obtained a nine-month extension for the convening and restraining orders from the High Court, which will be in effect from June 11 this year till March 10, 2025. (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	0.590	-2.5%	Initiate on 5/4/2024
2	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.540	3.4%	Initiate on 24/4/2024
3	DAYANG	3-May	2.590	2.750	2.800	2.900	2.500	2.400	3.090	19.3%	Take profit on 14/6/2024
4	FOCUSP	31-May	0.830	0.890	0.910	0.930	0.790	0.780	0.825	-0.6%	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	1.71	-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	3.60	6.3%	Initiate on 1/4/2024
5	HSSEB	1-Apr	1.160	1.270	1.370	-	1.090	1.010	0.97	-16.8%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.640	4.990	5.180	-	4.470	4.340	5.39	16.2%	Initiate on 1/4/2024
7	MBSB	1-Apr	0.800	0.905	0.950	-	0.780	0.750	0.92	14.4%	Initiate on 1/4/2024
8	MPI	1-Apr	30.970	34.000	36.000	-	30.000	28.300	39.96	29.0%	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	2.66	21.2%	Initiate on 1/4/2024
11	TAANN	1-Apr	4.030	4.310	4.500	-	3.910	3.730	3.85	-4.5%	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	4.33	12.8%	Initiate on 1/4/2024
Average Return										10.8%	

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)	28.7%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	7.7%
FBM Small Cap (Since 30/12/2022)	32.9%
Malaysia GDP Growth (1H23)	4.2%

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