

Tuesday, 18 Jun, 2024

Market To Regain Support From AI & Data Centre

Market Review

Malaysia: The FBM KLCI (-0.18%) ended lower as the index was dragged by selling pressure in PMETAL (-18.0 sen), as investors took profit amid the mixed overnight performance on Wall Street. Transportation & Logistics sector (+0.47%) was the best performing sector, while the Energy sector (-2.40%) was the worst decliner.

Global markets: Wall Street ended higher with NASDAQ leading on the back of the momentum in tech stocks with NVIDIA hitting an all-time high during the session. Meanwhile, investors will be looking towards the May Retail Sales data due Tuesday. The European stock markets ended higher, while Asia ended lower.

The Day Ahead

The FBM KLCI, FBM 70 and FBM Small Cap fell prior to the long weekend break as investors were trying to lock in profits after a decent rally since early June. Meanwhile, in the US, the overall positive sentiment was driven by megacaps like Apple and Microsoft, while the market focused on the AI theme ahead of the economic data (retail sales – Tue and Flash manufacturing and services PMI – Fri) and the Fed’s official speech. Hence, given the positive sentiment in the US stock markets, we anticipate that the buying support should persist within the local front. On the commodity markets, Brent oil has rallied strongly above USD84/bbl, while the gold price is having stiff resistance along the USD2335 zone forming a bear flag formation and the CPO price hovered within a tight range between RM3900-4000.

Sector focus: Still, with Apple’s buying interest reignited with the incorporation of AI into its products, there might be spillover of buying support towards stocks on the local front within the Technology sector. Also, we like the ongoing AI and Data Center catalysts to boost the appetite for the HDD, cloud, cybersecurity segments. We like the Construction, Building Material, Property, Utilities, and RE sectors as it could benefit under the rising demand for data center going forward.

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 another 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.

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

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	38,778.10	0.49
S&P 500	5,473.23	0.77
NASDAQ	17,857.02	0.95
FBM KLCI	1607.32	-0.18
FBM Small Cap	19,831.24	-0.04
FBM ACE	5,902.48	102
Construction	265.19	-0.93
Consumer	590.41	-0.19
Energy	987.90	-2.40
Financial Services	17,579.13	0.11
Healthcare	2,207.32	-0.18
Ind Products	200.39	-0.24
Plantation	7,008.50	-0.27
Property	1,137.31	-0.45
REITs	838.73	-0.05
Technology	79.30	-1.65
Telco & Media	613.27	-0.74
Transport & Logist	1,119.37	0.47
Utilities	1,849.74	-0.11
Trading Vol (m)	5,638.16	-4.59
Trading Val (RM m)	3,920.24	-9.97
Gainers/ Losers rat	84%	
FKLI	1,608.50	-0.25
FCPO (RM)	3,928.00	-0.10
Brent oil (USD)	84.25	1.97
Gold (USD)	2,319.14	0.04
USD	4.7207	-0.25
GBP	5.9985	0.36
EURO	5.0458	0.81
SGD	3.4871	0.09



Source: Bloomberg, Bursa Market Place



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Company Brief

Hibiscus Petroleum Bhd (HIBISCS) is venturing into Brunei with the acquisition of gas-producing assets in that country. Its unit Simpor Hibiscus Sdn Bhd has entered into a conditional share purchase agreement (SPA) with TotalEnergies Holdings International BV to acquire a 100% interest in TotalEnergies EP (Brunei) BV (TotalEnergies Brunei) for US\$259.4m (about RM1.22bn) cash. Hibiscus said the acquisition is for TotalEnergies Brunei's 37.5% operated interest in the Block B Maharajalela Jamalulalam field, a high-quality gas asset located offshore Brunei. The exercise will bring the gas production share of the group's portfolio to almost 50%, in line with the group's energy transition strategy of acquiring gas-weighted assets in stable regulatory jurisdictions. The SPA is subject to receipt of the approval of shareholders of Hibiscus Petroleum. (The Edge)

Genting Bhd (GENTING) is looking at opportunities to list in the US, with the intention of unlocking shareholder value. Its president and chief operating officer Datuk Seri Tan Kong Han told investors at Genting's annual general meeting that pursuing the listing plan would depend on finding the right time, but this remains an opportunity of interest, according to industry magazine Inside Asian Gaming (IAG), which cited a report in Sin Chew Daily. Genting's US operations include the US\$5bn (RM23.58bn) Resorts World Las Vegas, plus Resorts World New York City, Resorts World Catskills and Resorts World Hudson Valley via subsidiary **Genting Malaysia Bhd** (GENM). The report added that Tan had also confirmed the group's interest in exploring possible integrated resort developments in emerging jurisdictions, such as Thailand and the United Arab Emirates, stating that it had previously demonstrated its ability to operate across multiple jurisdictions by obtaining licences in the US and UK.

Meanwhile, Genting Malaysia said a fire broke out at 4.30pm on Friday at SkyAvenue, Resorts World Genting, the integrated resort in Genting Highlands. The rest of the resort was unaffected. Evacuation procedures were promptly executed to ensure the safety of the public, according to Genting Malaysia. There were no reports of casualties. (The Edge)

Electronic circuit board maker **GUH Holdings Bhd** (GUH) said it has scrapped a plan to develop a lithium battery assembly plant in Malaysia. The company and its joint venture (JV) partner, Chinese battery manufacturer Shenzhen Xixin Electronic Technology Co Ltd, have mutually agreed to terminate the agreement signed in November last year. No battery assembly plant has been established, no equipment has been purchased, and no shares in the JV have been transferred to Xixin pursuant to the cooperation agreement. The termination does not have any financial impact on the company and its subsidiaries, GUH added. (The Edge)

Multi-wall industrial paper bag maker **KYM Holdings Bhd** (KYM) reported a significant decline of 94.8% in its first quarter ended April 30, 2024 (1QFY2025) net profit, due to the absence of a one-off gain amounting to RM15.29m from the sale of a piece of land and building during the same period last year. Net profit for its 1QFY2025 plummeted to RM585,000 or 0.38 sen per share, from RM11.27m or 7.42 sen per share recorded a year earlier. The company's revenue dropped slightly by 0.8% to RM22.72m in 1QFY2025 as compared to RM22.91m a year prior. This was mainly due to lower sales in the carbon box division, partially offset by increased revenue from the multi-wall industrial paper sacks division. The group did not declare any dividend for the quarter. (The Edge)

Fitters Diversified Bhd (FITTERS) said Cita Realiti Sdn Bhd has ceased to be its largest shareholder after selling a 6.26% stake in the fire protection equipment supplier on Friday. Cita Realiti offloaded the stake comprising 147.47m shares via the open market, bringing down its shareholding to 4.47% from 10.73% previously, said Fitters Diversified. According to Bloomberg data, the largest shareholder now is Ho Jien Shiung, an executive director of **PDZ Holdings Bhd** (PDZ). (The Edge)



PPB Group Bhd (PPB) has emerged as a substantial shareholder of **Techbond Group Bhd** (TECHBND) after acquiring a 15% stake in the company on Friday. PPB said it had acquired over 82.9m shares and over 34m unexercised warrants in Techbond from Sonicbond Sdn Bhd via a direct business transaction for RM37.67m. The shareholding will remain the same, PPB said, if it exercises all its warrants and assuming all other warrants are also exercised, but its total consideration for the acquisition will increase to RM48.9m. The shareholding of Sonicbond, which is the private vehicle of Techbond managing director Lee Seng Thye, will reduce to 54.39% after the disposal of the shares to PPB. (The Edge)

PIE Industrial Bhd (PIE), whose share price rose 18% on Friday, said it is not aware of any corporate development, rumour or report that may have triggered the jump. PIE Industrial was among Bursa Malaysia's top gainers on Friday. It surged 18% or RM1.09 to an all-time high of RM7.28 in morning trade, before closing the day at RM7.08, still up 89 sen or 14%. The counter saw 2.58m shares traded during the day, almost triple its four-week average. At RM7.08, PIE Industrial has a market capitalisation of RM2.72bn. PIE Industrial is 51.42%-owned by Taiwan's Pan International Industrial Corp, which in turn is 27.33%-held by iPhone assembler Foxconn, more formally known as Hon Hai Precision Industry Co Ltd. (The Edge)

Destini Bhd (DESTINI) said its indirect subsidiary has been served with a winding-up petition for purportedly failing to pay RM18.55m owed to the tax authority. The Inland Revenue Board is seeking for Destini Shipbuilding and Engineering Sdn Bhd to be wound up and that the Official Receiver of Malaysia be appointed as the official liquidator, according to Destini. The unit, however, is not a major subsidiary, Destini noted. Destini Shipbuilding is seeking legal advice, the company said. Case management for e-review has been fixed for July 9 and hearing date has been set for Sept 12 this year. (The Edge)

Trive Property Group Bhd (TRIVE) has proposed a bonus issue of warrants on the basis of two warrants for every five existing shares, to reward its shareholders and strengthen its financial position and capital base. As at May 31, 2024, Thrive Property's total issued share capital is RM196.04m comprising 1.26bn issued shares. As such, up to 505.46m warrants may be issued under exercise. The warrants, with a tenure of five years, will be issued at no cost to the entitled shareholders. The exercise price of the warrants will be determined at a later date. Assuming full exercise of the warrants, Trive Property is expected to raise gross proceeds of up to RM25.27m based on an illustrative price of five sen for each warrant. (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	1.530	2.7%	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	0.813	0.890	0.910	0.930	0.790	0.780	0.825	1.5%	Initiate on 31/5/2024
5	CORAZA	6-Jun	0.580	0.620	0.630	0.640	0.540	0.530	0.590	1.7%	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	1.51	11.9%	Initiate on 1/4/2024
3	E&O	1-Apr	1.050	1.230	1.300	-	0.970	0.900	1.02	-2.9%	Initiate on 1/4/2024
4	GASMSIA	1-Apr	3.387	3.720	3.860	-	3.260	3.130	3.65	7.8%	Initiate on 1/4/2024
5	HSSEB	1-Apr	1.146	1.270	1.370	-	1.090	1.010	0.97	-15.4%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.511	4.990	5.180	-	4.470	4.340	5.16	14.4%	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	40.00	29.2%	Initiate on 1/4/2024
9	PIE	1-Apr	3.537	3.900	4.100	-	3.480	3.350	7.08	100.2%	Initiate on 1/4/2024
10	SPRITZER	1-Apr	2.195	2.390	2.490	-	2.170	2.100	2.63	19.8%	Initiate on 1/4/2024
11	TAANN	1-Apr	3.883	4.310	4.500	-	3.910	3.730	3.92	1.0%	Initiate on 1/4/2024
12	TDM	1-Apr	0.280	0.325	0.355	-	0.240	0.215	0.23	-17.9%	Initiate on 1/4/2024
13	UNISEM	1-Apr	3.840	4.100	4.350	-	3.700	3.550	4.37	13.8%	Initiate on 1/4/2024
Average Return										13.4%	

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)	29.0%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	7.5%
FBM Small Cap (Since 30/12/2022)	32.9%
Malaysia GDP Growth (1H23)	4.2%

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