

Wednesday, 19 Jun, 2024

Market Heading For Consolidation

Market Review

Malaysia: The FBM KLCI (-0.07%) ended lower as the index was dragged by selling pressure in the YTL-related heavyweights, as investors took profit ahead of the US May retail sales data. On the broader market, the Plantation sector (+0.31%) was the best performing sector, while the Utilities sector (-1.31%) was the worst decliner.

Global markets: Wall Street ended higher with NASDAQ still leading and Nvidia had topped Microsoft's market cap to become the most valuable public company. Meanwhile, May retail sales came in weaker-than-expectations, suggesting a higher chance of earlier rate cuts. Both the European and Asian stock market ended higher.

The Day Ahead

Profit taking activities emerged on the local front with the FBM KLCI, FBM70 and FBM Small Cap retracing as investors were taking a cautious stance after the recent rally. Nevertheless, in the US, overall sentiment remained positive with retail sales came in below expectation, where the market could be pushing for a rate cut anytime in 2H24. Do note that Nvidia has displaced Microsoft and Apple as the largest market cap companies in the US. On the commodity markets, Brent oil rebounded further above the USD85/bbl level with the expectation that the summer demand may lower oil inventories, while the gold price stabilised around USD2330. The CPO is still trading within a tight range between RM3900-4000.

Sector focus: As profit taking activities are taking place, we believe the trading opportunities will be more selective, focusing on solid fundamental companies within the Technology sector as we believe the data center, AI and cloud will persist as the main catalyst at this juncture. While some of the construction, property and utilities players are consolidating, we may shift our attention to stocks within the Consumer, Shipping, Finance and Packaging for trading opportunities.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	38,834.86	0.15
S&P 500	5,487.03	0.25
NASDAQ	17,862.23	0.03
FBM KLCI	1606.13	-0.07
FBM Small Cap	19,666.82	-0.83
FBM ACE	5,849.27	-0.90
Construction	264.87	-0.12
Consumer	59156	0.19
Energy	988.34	0.04
Financial Services	17,519.70	-0.34
Healthcare	2,204.27	-0.14
Ind Products	199.67	-0.36
Plantation	7,030.47	0.31
Property	1,100.03	-0.64
REITs	835.42	-0.39
Technology	79.21	-0.11
Telco & Media	61190	-0.22
Transport & Logist	1,110.92	-0.75
Utilities	1,825.44	-1.31
Trading Vol (m)	5,929.61	5.17
Trading Val (RM m)	4,146.02	5.76
Gainers/ Losers rat	63%	
FKLI	1610.00	0.09
FCPO (RM)	3,924.00	1.06
Brent oil (USD)	85.33	1.28
Gold (USD)	2,329.46	-0.02
USD	4.7133	0.16
GBP	5.9785	0.33
EURO	5.0524	-0.13
SGD	3.4811	0.17

Trading participation 5-day trend and value (m)

Institution	Retail	Foreign
2.6	-113.9	111.3

Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended lower hovering above the 1,605 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 1,620-1,625 and the support is set at 1,585-1,590.



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Company Brief

Telekom Malaysia Bhd (TM) is partnering with Singapore Telecommunications Ltd (Singtel) to establish greenfield data centre facilities in Iskandar Puteri, Johor. The announcement confirms The Edge's report last week which wrote that Singtel, through its indirect subsidiary Nxera My Pte Ltd, had been in discussions with Malaysian authorities to establish a data centre in Iskandar Puteri. TM said it has, via its wholly owned TM DC Educity Sdn Bhd, entered into a joint venture agreement with Nxera to establish a JV entity named ST Dynamo DC. ST Dynamo, it said, is acquiring a freehold land spanning 168,959 sq m from Khazanah Nasional Bhd's indirect unit, River Retreat Sdn Bhd, for RM178.23m. (The Edge)

Bursa Malaysia Bhd (BURSA) said it is in the final negotiations with the developer of The Exchange 106 at Tun Razak Exchange (TRX) to move its headquarters to TRX. The announcement confirmed The Edge's report for June 17-23, which wrote that Bursa planned to move its headquarters to TRX. The exchange operator currently occupies a 16-storey office building in Bukit Kewangan in Kuala Lumpur. Bursa Malaysia said it is likely to occupy two storeys of the Exchange 106 building if discussion with Mulia Property Development Sdn Bhd materialises. Mulia Property is majority-owned by the Minister of Finance (Inc). (The Edge)

Berjaya Corp Bhd (BJCORP) has signed separate agreements with two Chinese firms to explore sales collaborations in Malaysia and Southeast Asia. The company will explore using its distribution network in Malaysia to boost the reach of home appliance maker Skyworth Group Co Ltd. This may also lead to the implementation of residential, commercial and industrial photovoltaic systems, it noted. Berjaya Corp also agreed with electric vehicle maker Skywell New Energy Automobile Group Co Ltd to establish its brand in Malaysia and Southeast Asia. The strategic collaborations with Skyworth and Skywell are poised to revolutionise various sectors across Malaysia and Southeast Asia, said Berjaya Corp founder and controlling shareholder Tan Sri Vincent Tan Chee Yioun. (The Edge)

UEM Sunrise Bhd (UEMS) has disposed of its remaining 40% stake in a joint venture, Aura Muhibah Sdn Bhd (AMSB), to Kuala Lumpur Kepong Bhd (KLK) as the latter exercised its call option. The sales proceeds of RM386.2m would be used to pare down UEM Sunrise's outstanding debt upon maturity by year end, which will in turn reduce the group's gross gearing from 0.61 times to 0.55 times. UEM Sunrise is expected to recognise a net disposal gain of RM32m from the deal. KLK, in return, will wholly own the joint venture that owns 2,500 acres of land in Kulai, southern Johor. The joint venture was formed a decade ago in February 2014. The JV had planned to develop residential, commercial and industrial developments on the land, as stated in the filing at that time. (The Edge)

Malayan United Industries Bhd (MUI) (MUIIND) has secured a term loan facility of up to £152.5m (RM912.16m) from CF Hyde Park LP to refinance its existing term loan facility of its Corus Hyde Park Hotel in London, the UK. The facility will also be used to finance the renovation and refurbishment of the hotel into an upper-scale four-star international hotel brand. The term loan was secured by MUI's unit London Vista Hotel Ltd. (The Edge)

Construction engineering company **Nestcon Bhd** (NESTCON) has bagged two high-rise building projects in the Klang Valley worth a total of RM165.56m. Nestcon said it was awarded a RM103.5m contract by Sunrise Charm Sdn Bhd to build a 45-storey mixed commercial development comprising strata offices and serviced apartments on Jalan Mayang in Kuala Lumpur. The job is to be completed within 44 months. Separately, it received a contract worth RM62.06m from Taipanika Development Sdn Bhd to construct 12-storey apartments in Subang Murni, Shah Alam. This project is to be completed within 20 months from July 8. (The Edge)



Notion VTec Bhd (NOTION), whose share price reached a decade high on Tuesday, attributed the surge to its strong financial performance recovery, an industry turnaround, and heightened investor interest following a report in The Edge Malaysia weekly. In response to an unusual market activity (UMA) query from Bursa Malaysia Securities, Notion said it recorded positive returns for the first two quarters of the current financial year ending Sept 30, 2024 (FY2024), leading to favourable responses from both retail and institutional investors, indicating confidence in its future prospects. Notion said its shares also benefited from a broader industry turnaround in technology stocks, particularly in the hard disk drive and electronics manufacturing services sectors. Notion hit an intraday high of RM1.98, the highest level since April 22, 2010. The stock closed the day at RM1.96, still up 15 sen or 8.29%, with over 34m shares changing hands. The stock has gained over 500% year-to-date. (The Edge)

Biomass boiler company **BM Greentech Bhd** (BMGREEN) (formerly known as Boilermach Holdings Bhd) said on Tuesday it had signed a term sheet to fully acquire solar firm Plus Xenergy Holding Sdn Bhd for RM110m in shares, as it seeks to become the region's preferred partner for clean energy and water solutions. The proposed acquisition will be settled through issuance of 81.48m new shares at RM1.35 apiece, according to the company. BM Greentech and owners of Plus Xenergy plan to sign a definitive share sale agreement within the next 30 days, it noted. At the same time, BM Greentech will concurrently undertake a special issuance of new shares at the same price as the issue price of RM1.35 to its parent company, QL Green Resources Sdn Bhd, a subsidiary of **QL Resources Bhd** (QL), to maintain QL's majority ownership after the acquisition. As at June 30, 2023, QL had a 52.6% stake in BM Greentech. (The Edge)

Sunview Group Bhd (SUNVIEW) has landed a contract worth €15.6m (RM79.46m) for the engineering, procurement, construction and commissioning (EPCC) of a 20MW solar power plant in Bulgaria. The renewable energy solutions provider said its indirectly-owned subsidiary Sunview Builders Pte Ltd had inked an agreement with OKOP Solar EOOD, a Bulgarian company principally involved in the generation and sale of electricity from renewable resources to undertake the project. (The Edge)

Poh Kong Holdings Bhd's (POHKONG) net profit jumped 51.6% to RM47.6m in the third quarter ended April 30, 2024 (3QFY2024), from RM31.4m in 3QFY2023, driven by higher revenue and an overall uptrend in gold prices. Revenue rose 36.5% to RM519.6m in 3QFY2024 from RM380.7m, mainly due to increased demand for gold jewellery and gold investment products. Earnings per share grew to 11.61 sen from 7.66 sen. No dividend was declared during the quarter under review. (The Edge)

LBS Bina Group Bhd (LBS) said trading in its shares will be suspended on Wednesday at the company's request, pending a material announcement. The suspension will take effect from 9am to 5pm, the property developer said. Trading of the group's structured warrants will also be suspended at the same time, it said. (The Edge)

IOI Corp Bhd (IOICORP) has appointed Tan Kean Hua as its new deputy chief executive officer, effective July 1. Tan had previously been the executive director of IOI Oleochemical Industries Bhd since April of 2011. In his new capacity, Tan will oversee all resource-based manufacturing activities within the IOI group, including oleochemicals, refineries, palmwood, Bunge Lodgers and joint ventures for paper pulp. (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	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	0.835	2.7%	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	1.74	-0.6%	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	3.60	6.3%	Initiate on 1/4/2024
5	HSSEB	1-Apr	1.146	1.270	1.370	-	1.090	1.010	0.98	-14.5%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.511	4.990	5.180	-	4.470	4.340	5.23	15.9%	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	39.90	28.8%	Initiate on 1/4/2024
9	PIE	1-Apr	3.537	3.900	4.100	-	3.480	3.350	6.75	90.8%	Initiate on 1/4/2024
10	SPRITZER	1-Apr	2.195	2.390	2.490	-	2.170	2.100	2.62	19.4%	Initiate on 1/4/2024
11	TAANN	1-Apr	3.883	4.310	4.500	-	3.910	3.730	3.95	1.7%	Initiate on 1/4/2024
12	TDM	1-Apr	0.280	0.325	0.355	-	0.240	0.215	0.24	-16.1%	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										12.9%	

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)	28.1%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	7.4%
FBM Small Cap (Since 30/12/2022)	31.8%
Malaysia GDP Growth (1H23)	4.2%

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