

Tuesday, 25 Jun, 2024

## Still Banking On The Data Center Catalyst

### Market Review

**Malaysia:** The FBM KLCI (-0.04%) ended lower as the index was dragged by selling pressure in YTL-related. Also, the sentiment was affected by the profit taking in Nvidia. On the broader market, the construction sector (+0.39%) was the best performing sector, while the health care sector (-2.36%) declined the most.

**Global markets:** Wall Street ended mixed with the Nasdaq having the worst decline since April as NVIDIA dipped 7% during the session, coupled with a broad selloff in IT stocks. Meanwhile, traders are looking forward to the PCE index this Friday. The European stock market ended higher, while Asia ended lower.

### The Day Ahead

Profit taking activities were seen across the Bursa exchange but we noticed FBM KLCI is hovering around key support. Meanwhile, the US stock markets ended on a mixed note awaiting several key corporate earnings like Micron, Nike and Fedex, while traders will be on the lookout for the US GDP (Thur) and PCE (Fri) data this week. Both the data may provide clues for the Federal Reserve to decide on interest rate direction. Currently, market participants are still expecting about 2 rate cuts this year. On the commodity markets, Brent oil has rebounded above USD85/bbl, while gold price is ranging along USD2330. The CPO price closed below RM3,900 but still hovering above the key support of RM3850.

**Sector focus:** Although we anticipated bargain hunting activities to emerge, overall market conditions are still affected by the profit taking on the Technology stocks in the US, namely Nvidia. Nevertheless, we opine that the sentiment will improve on the local front with the help from the rising demand of the data center, AI and cloud services catalysts, which may eventually translate to positive trading activities within the EMS players. Besides, we like Solar, Construction and Building Materials sectors in view of the rising construction activities in the data centre front, while the Shipping industry may benefit from the Red Sea incident earlier.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended lower dipping below the 1,590 level. The technical readings on the key index were negative with the MACD Histogram forming another negative bar, while the RSI dropped below 50. The resistance is envisaged around 1,605-1,610 and the support is set at 1,570-1,575.

**Research Team**  
[research@msec.com.my](mailto:research@msec.com.my)  
(603) 2201 2100

### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	39,411.21	0.67
S&P 500	5,447.87	-0.31
NASDAQ	17,496.82	-1.09
FBM KLCI	1589.66	-0.04
FBM Small Cap	19,337.46	-0.82
FBM ACE	5,714.01	-1.30
Construction	262.26	0.39
Consumer	587.54	-0.34
Energy	952.14	-1.13
Financial Services	17,354.41	-0.36
Healthcare	2,105.40	-2.36
Ind Products	198.45	0.33
Plantation	7,024.52	-0.05
Property	1089.01	-1.64
REITs	829.21	-0.31
Technology	76.34	-1.75
Telco & Media	597.52	-0.49
Transport & Logisti	1095.51	-0.64
Utilities	1780.88	-1.31
Trading Vol (m)	5,008.91	-14.09
Trading Val (RM m)	3,781.59	-37.61
Gainers/ Losers rat	34%	
FKLI	159100	0.00
FCPO (RM)	3,894.00	-0.10
Brent oil (USD)	86.01	0.90
Gold (USD)	2,334.65	-0.16
USD	4.713	-0.01
GBP	5.9707	-0.13
EURO	5.0532	-0.23
SGD	3.4827	-0.08
Trading participation 5- day trend and value (m)		
Institution	Retail	Foreign
353.0	252.5	-605.4

Source: Bloomberg, Bursa Market Place



JOIN OUR OFFICIAL TELEGRAM  
TO GET THE LATEST MARKET UPDATES

M+Online  
Equipping Traders For The Win

Global  
Winning The World

## Company Brief

**Solarvest Holdings Bhd** (SLVEST) has partnered with Taiwanese renewable energy (RE) player GreenRock Energy to develop one-gigawatt (GW) green energy projects in Taiwan and Malaysia in the next five years. Through this collaboration, GreenRock Energy aims to accelerate its regional expansion by harnessing Solarvest's expertise in Malaysia and the Southeast Asia market amid heightened demand for RE. (The Edge)

**Kinergy Advancement Bhd** (KAB) has inked a memorandum of understanding (MOU) with state-owned investment company Permodalan Kedah Bhd (PKB) to develop sustainable energy projects. The company will take on the technical responsibilities and utilise its experience in the energy sector, while PKB will identify potential land for renewable energy projects and assist in authorisation responsibilities such as obtaining project licencing. The partnership focuses on the deployment of clean energy, renewable energy, energy-efficient solutions projects and engineering works, among others. (The Edge)

**Kronologi Asia Bhd's** (KRONO) net profit for the first quarter ended April 30, 2024 (1QFY2025) fell 43.43% year-on-year due to lower profit from its business operations and higher operating costs – such as solution centre-related expenses – as well as right-of-use assets and lower revenue. Net profit fell to RM1.44m from RM2.55m the previous year while revenue declined 8.4% to RM57.75m from RM63.03m. The company did not declare any dividend. (The Edge)

**ECA Integrated Solutions Bhd's** (ECA) net profit for the second quarter ended April 30, 2024 (2QFY2024) tumbled 92.9% year-on-year due to the slowdown in demand for semiconductor components and equipment. Net profit fell to RM252,000 from RM3.54m in 2QFY2023 while revenue declined 37.8% to RM5.81m from RM9.35m a year earlier. Nevertheless, ECA remains optimistic about the gradual recovery of the semiconductor industry in the second half of 2024. (The Edge)

The unconditional mandatory general offer (MGO) for furniture maker **Eurospan Holdings Bhd** (EUROSP) by its substantial shareholders is "fair" and "reasonable", with independent adviser BDO Capital Consultants Sdn Bhd advising holders to accept the offer. It said the offer price of RM1.70 represents a premium of 27 sen or 18.9% against the fair value of Eurospan's share of RM1.43, and that the offer is fair after Eurospan's share price had closed below the offer price for one year before the MGO was announced. (The Edge)

**VS Industry Bhd** (VS), whose share price has climbed 62% year to date, has proposed a bonus issue of up 395.7m warrants on the basis of one warrant for every 10 existing shares. The warrants, with a tenure of two 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 the indicative exercise price of the warrants at RM1.35, the company is expected to raise between RM518m under the minimum scenario and RM534.2m under the maximum scenario. (The Edge)

IT services firm **Systech Bhd** (SYSTECH) has partnered with a firm offering industrial-grade servers and storage solutions, Eh Integrated Systems Sdn Bhd (EISSB), to develop and operate data centres. Under the partnership, Systech will develop essential applications and software for data centre operations, including design, coding, testing and deployment. EISSB, on its part, will procure the necessary equipment and infrastructure for the joint venture, which encompasses graphics processing units, servers, storage systems, networking equipment, cooling systems and power supply units. The two-year agreement has no fixed value, as the terms depend on the revenue generated. (The Edge)



Marine transportation and offshore storage company **EA Technique (M) Bhd** (EATECH) has received shareholders' approval for its proposed regularisation plan. The plan involves the issuance of up to 795.75m new shares and the exemption of businessman Datuk Wira Mubarak Hussain Akhtar Husin and Voultier Sdn Bhd (VSB) from the obligation to make a mandatory takeover offer. The offer will raise RM79.6m, representing approximately 60% of EA Technique's enlarged share capital. VSB will emerge as the largest shareholder with a 51% stake in EA Technique. (The Edge)

**Johor Plantations Group Bhd**, en route to being listed on Bursa Malaysia's Main Market on July 9, has fixed its institutional and final retail price under its initial public offering (IPO) at 84 sen per share. This was decided following the completion of the bookbuilding process under the institutional offering Monday. Upon listing, the group is expected to have a market capitalisation of RM2.1b based on an enlarged issued share capital of RM2.5b and IPO price of 84 sen. (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	1.530	2.7%	Initiate on 24/4/2024
3	FOCUSP	31-May	0.813	0.890	0.910	0.930	0.790	0.780	0.825	1.5%	Initiate on 31/5/2024
4	CORAZA	6-Jun	0.580	0.620	0.630	0.640	0.540	0.530	0.560	-3.4%	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	1.709	1.920	2.050	-	1.690	1.630	1.62	-5.2%	Initiate on 1/4/2024
2	CSCSTEL	1-Apr	1.265	1.470	1.570	-	1.320	1.270	1.35	6.7%	Initiate on 1/4/2024
3	E&O	1-Apr	1.050	1.230	1.300	-	0.970	0.900	0.99	-5.7%	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	0.92	-19.7%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.511	4.990	5.180	-	4.470	4.340	5.18	14.8%	Initiate on 1/4/2024
7	MBSB	1-Apr	0.800	0.905	0.950	-	0.780	0.750	0.82	2.5%	Initiate on 1/4/2024
8	MPI	1-Apr	30.970	34.000	36.000	-	30.000	28.300	38.82	25.3%	Initiate on 1/4/2024
9	PIE	1-Apr	3.537	3.900	4.100	-	3.480	3.350	6.30	78.1%	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	3.883	4.310	4.500	-	3.910	3.730	3.87	-0.3%	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	3.822	4.100	4.350	-	3.700	3.550	4.20	9.9%	Initiate on 1/4/2024
Average Return										8.9%	

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)	27.6%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	6.3%
FBM Small Cap (Since 30/12/2022)	29.6%
Malaysia GDP Growth (1H23)	4.2%

## Disclaimer

Research analyst(s) of MSSB whom produced this report hereby certifies that the views expressed in this report accurately reflect his/her personal opinions about all of the subject corporation(s) and securities in this report. He/She does not carry out, whether for himself/herself or on behalf of MSSB or any other persons did not receive and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. As of the report date, the analyst whom prepared this report does not have any interest in the following securities covered in this report, unless otherwise stated

