

Thursday, 27 Jun, 2024

Extending The Buying Support

Market Review

Malaysia: The FBM KLCI (+0.35%) ended higher as the index was lifted by buying pressure in the utilities heavyweights, namely YTLPOWR and YTL, as the rebound in Nvidia has boosted the confidence in our local Technology sector. Meanwhile, the Transportation & Logistic sector (+1.89%) was the best performing sector.

Global markets: Wall Street ended marginally higher as investors are cautious ahead of the PCE index data due on Friday which may dictate the interest rate direction. The European stock markets ended lower, while Asia ended mostly higher, the latter after NVIDIA's rebound led the positive tone for the regional semiconductor stocks.

The Day Ahead

The FBM KLCI closed higher with the help of YTL-related heavyweights, snapping a 7-day losing streak, and saw a rebound in FBM70 and FBM Small Cap. Meanwhile, the US stock markets rose for the second day after the Federal Reserve commented that the biggest banks operating in the US will be able to withstand a severe recession scenario while maintaining their ability to lend to consumers and corporations. This week, traders will still be monitoring the PCE data to understand more clues on the interest rate directions going forward. On the commodity markets, Brent oil rebounded off the support zone and traded above USD84/bbl, while gold price fell significantly below USD2330. For CPO, it continues to trade within the range bound mode below RM3900.

Sectors focus: As the US technology giants rebounded for the second session, we expect the bargain hunting activities to extend on our Technology stocks, led by the rising demand from the data center, AI, and cloud services catalysts. Going forward, we like defensive characteristic consumer stocks as well as the shipping industry, which is likely to expect incremental growth as the shipping supply chain could be under strain again with longer waits for containers and shipping.

FBMKLCI Technical Outlook



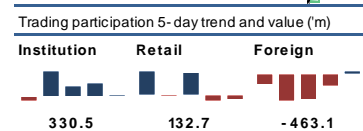
Bloomberg

The FBM KLCI index rebounded, close to breaching the 1590 level. The technical readings on the key index were mixed with the MACD Histogram forming a positive bar, while the RSI oversold. The resistance is envisaged around 1,605-1,610 and the support is set at 1,570-1,575.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	39,127.80	0.04
S&P 500	5,477.90	0.16
NASDAQ	17,805.16	0.49
FBM KLCI	1590.95	0.35
FBM Small Cap	19,285.16	1.15
FBM ACE	5,723.31	1.82
Construction	262.89	1.11
Consumer	586.04	0.07
Energy	959.99	0.68
Financial Services	17,445.23	0.53
Healthcare	2,130.06	1.01
Ind Products	196.84	0.36
Plantation	6,987.93	-0.29
Property	1076.43	0.04
REITs	826.59	-0.15
Technology	76.36	0.78
Telco & Media	592.97	-0.11
Transport & Logist	1,107.02	1.89
Utilities	1781.66	1.51
Trading Vol (m)	4,727.54	-9.67
Trading Val (RM m)	3,220.66	-12.93
Gainers/ Losers rat	161%	
FKLI	1595.00	-0.03
FCPO (RM)	3,879.00	0.00
Brent oil (USD)	85.25	0.28
Gold (USD)	2,298.23	0.00
USD	4.763	-0.24
GBP	5.9748	-0.06
EURO	5.0412	0.10
SGD	3.4764	0.04



Source: Bloomberg, Bursa Market Place



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Company Brief

IJM Corp Bhd (IJM) has secured a contract to design and build a data centre for a subsidiary of Telekom Malaysia Bhd (TM) in Iskandar Puteri, Johor, for RM331.7m. The project – known as Block 2 of the Iskandar Puteri Data Centre – was secured from TM Technology Services Sdn Bhd via its wholly owned IJM Construction Sdn Bhd. The construction will begin in July 2024 and is slated for completion by the third quarter of 2025. (The Edge)

Samaiden Group Bhd (SAMAIDEN) is teaming up with a lighting solutions provider to implement solar street lighting systems. The company has signed an agreement with Gruppe Lighting Solution Sdn Bhd to implement lighting systems that incorporate solar panels, battery storage and smart grid technologies. The collaboration extends to smart city projects that integrate solar street lights with Internet of Things (IoT) capabilities, which would significantly improve energy management and enhance urban services. (The Edge)

AmanahRaya Real Estate Investment Trust (REIT) (ARREIT) is selling its Contraves office building in Cyberjaya for RM42.5m, cash. Its trustee-manager Pacific Trustees Bhd has inked a conditional sale and purchase agreement with software provider 4X Software Sdn Bhd, who is buying the building for business expansion. The building, which AmanahRaya REIT has owned for almost eight years, is a four-storey purpose-built office building with one basement level. Sitting on a freehold land area of about 89,470 sq ft, the building is fully occupied as of May 31. It is expecting to gain RM1.2m from the proposed disposal, which should be completed by the first half of 2025. (The Edge)

Poh Huat Resources Holdings Bhd (POHUAT) reported a near 70% jump in its net profit for the second quarter ended April 30, 2024 (2QFY2024), driven by a gradual rise in orders from US customers for its Malaysian operations, primarily in the office segment. Its net profit rose to RM7.23m, up 69.84% compared with RM4.26m in the previous year's corresponding quarter, while revenue increased 13.74% to RM108.35m from RM95.26m. Poh Huat declared a second interim dividend of two sen per share, payable on July 23. (The Edge)

Oil and gas tanks manufacturer **CN Asia Corp Bhd** (CNASIA) is set to emerge as the largest shareholder of radio-frequency identification (RFID) solutions provider **SMTrack Bhd** (SMTRACK) with a 14.2% stake via a debt settlement exercise. The debt settlement involves SMTrack issuing 218m new shares to pay off a sum of RM7.63m owed by its wholly-owned subsidiary SMT Turbojet Resources Sdn Bhd to CN Asia's wholly-owned unit Southborn Capital Sdn Bhd – which is a licensed moneylender – at 3.5 sen per share. This represents a 10% discount to the five-day volume-weighted average market price of SMTrack shares of 3.89 sen on June 18. (The Edge)

The cut-off date for the proposed disposal of **Kuchai Development Bhd's** (KUCHAI) assets and liabilities to **Sungei Bagan Rubber Company** (SBAGAN) in return for a 29.37% stake in Sungei Bagan has been extended by four months to October 29. The two companies have signed a supplemental letter for the extension, but did not specify the reason for the extension. The extension includes a further two-month automatic extension to December 29 if the conditions precedent (CP) in the deal are not fulfilled or waived. Among the CPs are that both Kuchai and Sungei Bagan have to obtain the approval of their shareholders, and Sungei Bagan has to be satisfied with the results of Kuchai's due diligence. Kuchai also has to obtain all necessary consent and approvals for the disposal of the assets and liabilities, including from governmental authorities, financial institutions and relevant third parties as required by contractual agreements or deemed necessary by Sungei Bagan. (The Edge)



Sapura Energy Bhd (SAPNRG) has granted chairman Datuk Mohammad Azlan Abdullah leave of absence with immediate effect to allow the 56-year-old to focus on ongoing investigations by the Malaysian Anti-Corruption Commission regarding a matter unrelated to the oil and gas engineering group. In the absence of Mohammad Azlan, Sapura said it has appointed non-independent non-executive director Shahin Farouque Jammal Ahmad as interim chairman until further notice. In the meantime, Sapura said the business will continue as usual, including its ongoing debt restructuring efforts. (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	0.580	-4.1%	Initiate on 5/4/2024
2	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.500	0.7%	Initiate on 24/4/2024
3	FOCUSP	31-May	0.813	0.890	0.910	0.930	0.790	0.780	0.805	-1.0%	Initiate on 31/5/2024
4	CORAZA	6-Jun	0.580	0.620	0.630	0.640	0.540	0.530	0.570	-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	1.709	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	1.31	3.6%	Initiate on 1/4/2024
3	E&O	1-Apr	1.050	1.230	1.300	-	0.970	0.900	1.00	-5.2%	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	0.93	-19.3%	Initiate on 1/4/2024
6	MBMR	1-Apr	4.511	4.990	5.180	-	4.470	4.340	5.35	18.6%	Initiate on 1/4/2024
7	MBSB	1-Apr	0.800	0.905	0.950	-	0.780	0.750	0.83	3.7%	Initiate on 1/4/2024
8	MPI	1-Apr	30.970	34.000	36.000	-	30.000	28.300	38.86	25.5%	Initiate on 1/4/2024
9	PIE	1-Apr	3.537	3.900	4.100	-	3.480	3.350	6.32	78.7%	Initiate on 1/4/2024
10	SPRITZER	1-Apr	2.195	2.390	2.490	-	2.170	2.100	2.67	21.6%	Initiate on 1/4/2024
11	TAANN	1-Apr	3.883	4.310	4.500	-	3.910	3.730	3.80	-2.1%	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	4.11	7.5%	Initiate on 1/4/2024
Average Return										9.0%	

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)	28.3%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	6.4%
FBM Small Cap (Since 30/12/2022)	29.2%
Malaysia GDP Growth (1H23)	4.2%

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