

Tuesday, 02 Jul, 2024

## Started 1H2024 On A Positive Note

### Market Review

**Malaysia:** The FBM KLCI (+0.51%) ended higher as the index was lifted by buying pressure in the Utilities heavyweights, namely YTL and TENAGA as the ongoing AI and data centre themes are still the main driver. The Utilities sector (+2.30%) was the best performing sector.

**Global markets:** Wall Street ended higher led by Nasdaq, supported by the gains on the megacap tech stocks like Tesla (gained over 6%). The European & Asian stock market ended higher, the latter due to China's PMI data and the Japan's GDP growth missed expectation which could suggest a slowing economy but reducing inflation.

### The Day Ahead

The sentiment on the local front started the 1H2024 on an upbeat tone, with overall indices ending in the positive territory, except for the Telco and Media sector. Meanwhile, most of the tech giants in the US have rebounded despite ISM manufacturing PMI coming in below expectations. Going forward, investors will be monitoring (i) remarks from the Fed's Chair Jerome Powell later today, (ii) the FOMC meeting minutes on Wednesday, and (iii) the US non-farm payrolls data due on Friday. At this juncture, the Fed is projected for one rate cut in 2024. On the commodity front, Brent oil experienced a short consolidation breakout charging above USD86, while the gold price rangebound along USD2330. For the CPO, it has started to climb above RM4,000.

**Sectors focus:** Given the positive overnight Wall Street movements, we believe the buying support should continue on the local front within the Technology sector, supported by the data center, AI, and cloud services catalysts. Meanwhile, the sudden surge in commodities could provide healthy trading activities within the Energy, and Plantation sectors at least for the near term. Additionally, we recommend selected sectors like Shipping, Renewable Energy, Building Materials, Packaging, and Consumer for short-term trading opportunities.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended higher towards the 1,598 level. The technical readings on the key index were, however negative with the MACD Histogram still in the negative region. Nevertheless, the RSI crossed above 50. The resistance is envisaged around 1,613-1,618 and the support is set at 1,578-1,583.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	39,169.52	0.13
S&P 500	5,475.09	0.27
NASDAQ	17,879.30	0.83
FBM KLCI	1598.20	0.51
FBM Small Cap	19,454.07	0.85
FBM ACE	5,858.96	1.48
Construction	264.79	0.41
Consumer	585.22	0.05
Energy	970.65	1.59
Financial Services	17,496.51	0.24
Healthcare	2,532.20	0.75
Ind Products	196.79	0.48
Plantation	7,011.36	0.41
Property	1,094.69	1.28
REITs	827.13	0.10
Technology	76.48	0.10
Telco & Media	593.98	-0.20
Transport & Logist	1,111.54	0.39
Utilities	1,820.65	2.30
Trading Vol (m)	3,660.72	-14.85
Trading Val (RM m)	2,765.55	-10.20
Gainers/ Losers rat	169%	
FKLI	1602.00	0.00
FCPO (RM)	4,019.00	1.01
Brent oil (USD)	86.60	1.88
Gold (USD)	2,331.90	0.02
USD	4.7137	0.08
GBP	5.9731	-0.10
EURO	5.0708	-0.37
SGD	3.4787	0.05
Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
349.8	-157.6	-192.1

Source: Bloomberg, Bursa Market Place



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## Company Brief

**Telekom Malaysia Bhd** (TM) said it has been awarded a RM1.25b contract to undertake a new emergency call system, which will be a continuation of the existing Malaysia Emergency Response Services 999 (MERS999) system. TM, via its wholly-owned unit TM Technology Services Sdn Bhd, signed the concession agreement with the government, represented by the Ministry of Communications on Monday, to develop and operate the Next Generation Emergency Services 999 (NG999) for a period of 12 years, commencing from the effective date in 2024 – which will be determined by the government – until 2036. (The Edge)

**Southern Score Builders Bhd** (SSB8) has bagged a letter of award to serve as turnkey contractor for the proposed development of three residential apartment blocks, valued at RM315m. Smart Advance Resources Sdn Bhd awarded the contract to the group's wholly-owned subsidiary, Southern Score Sdn Bhd (SARSB). The three residential apartment blocks will comprise a total 794 free-cost residential units, along with a facility floor, swimming pool, eight floors of podium car park, a guard house and a Tenaga Nasional Bhd 11kV main switching station. (The Edge)

**Tenaga Nasional Bhd** (TNB) said the decision by the Ministry of Energy Transition and Water Transformation (Petra) to maintain electricity tariffs until December 31 this year is neutral on the utility company and will not have any effect on its business operations. Petra on June 29 had determined the continued implementation of the imbalance cost pass-through (ICPT) mechanism for the period of July 1 to Dec 31, 2024. TNB said the decision was made to address the additional generation costs due to the higher fuel prices used for the supply of electricity from Jan 1 to June 30, 2024. To date, the government has implemented 20 cycles of ICPT since the mechanism was introduced in 2015, noted TNB. (The Edge)

**ViTrox Corp Bhd** (VITROX) will begin construction of the first block of its planned five-block ViTrox Institute of Technology (VIT) on July 8 after it had appointed South Island Building Sdn Bhd (SIB) as the contractor for the project in a deal worth RM45.99m. The proposed construction is expected to be completed within 18 months, which is by Jan 7, 2026. Vitrox said its wholly-owned subsidiary ViTrox Technologies Sdn Bhd had awarded the contract to SIB for the earthwork, piling and main building works for the construction of a five-storey training and industrial research centre in the Batu Kawan Industrial Park (BKIP), Penang. (The Edge)

Digital payment solutions provider **PUC Bhd** (PUC) said it has entered into a deal to sell some of its software and intellectual property (IP) rights for RM22m, cash. The group's subsidiary Presto Technology Sdn Bhd is disposing of the software and IP – which includes patents, copyrights and trade secrets – to G Solution Tech Sdn Bhd. "The proposed disposal is in line with the business direction of PUC and its subsidiaries to streamline its operation in order to focus on business and ventures which are viable and profitable in the future and will not affect PUC Group's existing operation," it said. (The Edge)

**Kinergy Advancement Bhd** (KAB) has partnered with Johor Corp (JCorp) to undertake and develop sustainable energy solution projects with a specific focus on energy-efficient initiatives for data centres. The project, encompassing energy-efficient measures, renewable energy solutions, clean energy initiatives and engineering construction across various energy-related facilities, was secured by Kinergy Advancement's wholly-owned subsidiary, KAB Energy Holdings Sdn Bhd. The collaboration will see Kinergy Advancement provide energy efficiency solutions, with particular focus in this collaboration on developing district cooling systems to greatly reduce data centres' overall energy consumption and enhance their power usage effectiveness. (The Edge)



**Heineken Malaysia Bhd** (HEIM) has appointed Martijn Rene van Keulen as new managing director (MD), effective Monday. Van Kuelen, 48, was nominated by the brewery's board on April 25 to succeed Roland Bala, 58, currently MD at Multi Bintang Indonesia – an Indonesia-based brewer that is also part of the Heineken group, according to its filing. Van Kuelen joined Heineken International in 2000 and has held various commercial positions. He was recently MD of Heineken Myanmar after nearly four years since taking the position in July 2020. (The Edge)

**Country Heights Holdings Bhd** (CHHB) said it is working closely with the Malaysian Department of Insolvency (MDI) to resolve the winding-up of its indirect wholly-owned subsidiary Mines Waterfront Business Park Sdn Bhd (MWBP) and return it to solvent status. In a statement, Country Heights said there were 23 separate Proofs of Debt (PoD) filed against MWBP, amounting to RM3.8m in total, claimed by various creditors, inclusive of the official administration charges mandated by the official receiver (OR). To return MWBP to solvent status, the property developer said it is hoping that the OR will expedite the verification and admission (or rejection) of the submitted PoD from the unsecured creditors so it can promptly settle the valid outstanding debts. (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	0.575	-5.0%	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	FOCUSP	31-May	0.813	0.890	0.910	0.930	0.790	0.780	0.815	0.2%	Initiate on 31/5/2024
4	CORAZA	6-Jun	0.580	0.620	0.630	0.640	0.540	0.530	0.555	-4.3%	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	1.61	-5.8%	Closed on 28/6/2024
2	CSCSTEL	1-Apr	1.265	1.470	1.570	-	1.320	1.270	1.31	3.6%	Closed on 28/6/2024
3	E&O	1-Apr	1.050	1.230	1.300	-	0.970	0.900	0.99	-6.2%	Closed on 28/6/2024
4	GASMSIA	1-Apr	3.387	3.720	3.860	-	3.260	3.130	3.60	6.3%	Closed on 28/6/2024
5	HSSEB	1-Apr	1.146	1.270	1.370	-	1.090	1.010	0.96	-16.7%	Closed on 28/6/2024
6	MBMR	1-Apr	4.511	4.990	5.180	-	4.470	4.340	5.29	17.3%	Closed on 28/6/2024
7	MBSB	1-Apr	0.769	0.905	0.950	-	0.780	0.750	0.81	5.3%	Closed on 28/6/2024
8	MPI	1-Apr	30.970	34.000	36.000	-	30.000	28.300	39.42	27.3%	Closed on 28/6/2024
9	PIE	1-Apr	3.537	3.900	4.100	-	3.480	3.350	6.26	77.0%	Closed on 28/6/2024
10	SPRITZER	1-Apr	2.195	2.390	2.490	-	2.170	2.100	2.66	21.2%	Closed on 28/6/2024
11	TAANN	1-Apr	3.883	4.310	4.500	-	3.910	3.730	3.81	-1.9%	Closed on 28/6/2024
12	TDM	1-Apr	0.280	0.325	0.355	-	0.240	0.215	0.23	-19.6%	Closed on 28/6/2024
13	UNISEM	1-Apr	3.822	4.100	4.350	-	3.700	3.550	4.16	8.8%	Closed on 28/6/2024
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)	30.0%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	6.9%
FBM Small Cap (Since 30/12/2022)	30.4%
Malaysia GDP Growth (1H23)	4.2%



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