

Tuesday, 09 Jul, 2024

Uptrend Intact Led By Mid And Small Caps

Market Review

Malaysia: The FBM KLCI (-0.35%) ended lower as the index was dragged by selling pressure in the Telco and Utilities heavyweights as investors were taking profits reducing their exposure prior to the long weekend after 2 consecutive days of positive gains on the index.

Global markets: The S&P 500 and Nasdaq ended at all-time highs again, both the indices rose higher ahead of the key inflation data and earnings results due later this week, while the Dow was the laggard. Meanwhile, both the European and Asia stock market ended lower.

The Day Ahead

Both the FBM 70 and FBM Small Cap declined marginally but are still hovering along the all-time high zone prior to the long weekend holiday. Meanwhile, the US stock markets ended mixed with both S&P500 and Nasdaq closing at records, while the Dow lagged. Investors will be watching the upcoming CPI and PPI data as that may dictate the interest rate directions taken by the Fed. We believe the inflationary pressures have been on the declining trend and that should allow the Fed to potentially lower down the interest rate in 2H2024. On the commodity markets, Brent oil had declined for the past 2 trading days after hitting resistance around USD88, while the gold price traded above USD2360. The CPO could be forming a rounding bottom and a flag formation, awaiting a breakout above RM4,100.

Sectors focus: Sentiment has turned better last week for the local front and we might be anticipating more upside potential on various sectors driven by the data center catalysts following the investment from several MNCs earlier on. Meanwhile, we believe the outcome of the KL-SG HSR project will be announced in 2H24 and may boost the appetite for stocks within the Construction, Property, Building Materials, and Utilities sectors.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended lower towards the 1,611 level. However, the technical readings on the key index were positive with the MACD histogram forming another positive bars and RSI surged above 50. The resistance is envisaged around 1,626-1,631 and the support is set at 1,591-1,596.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	39,344.79	-0.08
S&P 500	5,572.85	0.10
NASDAQ	18,403.74	0.28
FBM KLCI	1611.02	-0.35
FBM Small Cap	19,752.73	-0.15
FBM ACE	5,966.31	0.11
Construction	284.53	-0.23
Consumer	587.42	0.24
Energy	986.75	-0.28
Financial Services	17,603.44	-0.32
Healthcare	2,114.9	-0.31
Ind Products	199.92	0.37
Plantation	7,005.64	-0.12
Property	1,109.28	-0.39
REITs	831.43	0.35
Technology	77.65	0.08
Telco & Media	596.08	-0.73
Transport & Logisti	1,125.64	-0.22
Utilities	1,887.18	-0.30
Trading Vol (m)	4,336.79	-12.03
Trading Val (RM m)	2,955.08	-22.05
Gainers/ Losers rat	68%	
FKLI	1619.00	-0.34
FCPO (RM)	4,042.00	-0.61
Brent oil (USD)	85.75	-0.91
Gold (USD)	2,359.13	0.02
USD	4,708.7	0.01
GBP	6,021.8	-0.30
EURO	5,098.2	-0.26
SGD	3,489.6	-0.16
Trading participation 5-day trend and value (m)		
Institution	32.2	
Retail	-426.7	
Foreign	394.5	

Source: Bloomberg, Bursa Market Place



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Company Brief

Malayan Banking Bhd (MAYBANK) plans to double assets in Vietnam to US\$2b (RM9.42b) by 2027 and become the country's top foreign bank for syndicated loans, to capitalise on a booming economy. It also aims for its securities unit to be the leading foreign broker, according to Maybank Vietnam country chief executive officer Michael Foong. The bank also aims to strengthen its role in foreign direct investment in Vietnam and will target new mid-tier corporate clients with annual revenues ranging from US\$50m to US\$100m. (The Edge)

Cables and wires manufacturer **Southern Cable Group Bhd** (SCGBHD) has secured a RM99.6m contract extension to supply underground power cables and conductors of various sizes to utility giant Tenaga Nasional Bhd (TNB) (TENAGA). The contract was awarded to the group's wholly-owned subsidiary Southern Cable Sdn Bhd, and will boost the total value of the group's ongoing supply agreement with TNB to RM854.3m. (The Edge)

NTT DATA Japan Corp (NTTD Japan) is extending the closing date of its unconditional mandatory takeover offer of RM1.08 per share for **GHL Systems Bhd** (GHLSYS) by two weeks. **CIMB Investment Bank Bhd**, acting on behalf of NTTD Japan in its privatisation bid, announced that the offer's closing date has been extended from July 9 to July 23. As at 5pm on Friday, NTTD Japan held 1.08b shares, constituting 94.61% of the total issued shares of GHL Systems. (The Edge)

The takeover bid by the children of businessman Tan Sri Robert Tan Hua Choon for **Eurospan Holdings Bhd** (EUROSP) has closed, with the offerors increasing their stake in the furniture maker to 73.99%. The takeover bid was triggered on May 24 when Datuk Seri Tan Han Chuan and his sister Datin Tan Ching Ching increased their shareholdings in Eurospan to 71.8%. They are the children of Hua Choon, widely known as Malaysia's first Casio watch distributor, earning him the 'Casio king' moniker. The offerors intend to maintain Eurospan's listing status on the Main Market of Bursa Malaysia. (The Edge)

Shares of **Salutica Bhd** (SALUTE) fell to their lowest in nearly nine months, and the sharp decline prompted the suspension of intraday short-selling of the electronics manufacturing services firm's stock. Salutica fell as much as 26% or 18 sen to 50 sen, its lowest since Oct 20, 2023, before recovering slightly to close 11 sen or 16.18% lower at 57 sen, valuing the company at RM243.1m. Trading volume totalled 25.91m shares. Intraday short-selling of Salutica shares will only be allowed to resume on Tuesday. Salutica's legal suit against Apple, filed in November last year for alleged patent infringement, was dismissed by the court. (The Edge)

Scheduled waste recycling company **Tex Cycle Technology Bhd** (TEXCYCL) has proposed to transfer its listing from the ACE Market to the Main Market of Bursa Malaysia. The company said it has met the profit requirements, maintains a healthy financial position and satisfies the public shareholding spread under the Securities Commission of Malaysia (SC) and Main Market listing requirements. (The Edge)

Pestech International Bhd's (PESTECH) wholly-owned subsidiary Pestech Sdn Bhd (PSB) and Syarikat SESCO Bhd (SSB) have opted for annulment of the notification of award for the Entinggan project after taking into consideration economic factors. PSB through a joint venture (JV) with Sky High Construction Sdn Bhd had in December 2023 secured a substation construction project in Entinggan, Kuching, Sarawak from SSB worth RM109.98m. (The Edge)



Computer Forms (Malaysia) Bhd (CFM) does not anticipate any significant financial or operational impact on the group from the recent fire outbreak at its wholly-owned subsidiary's factory here. The group said it is currently awaiting the Fire and Rescue Department's official report to determine the full extent of the incident. It added that it has adequate insurance for its assets and coverage for consequential business losses, which will help mitigate the financial impact. (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	0.615	1.7%	Initiate on 5/4/2024
2	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.510	1.3%	Initiate on 24/4/2024
3	FOCUSP	31-May	0.813	0.890	0.910	0.930	0.790	0.780	0.835	2.7%	Initiate on 31/5/2024
4	CORAZA	6-Jun	0.580	0.620	0.630	0.640	0.540	0.530	0.545	-6.0%	Initiate on 6/6/2024

Market Chat Tracker - 3Q24 Stock Picks

3Q24 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	CAB	2-Jul	0.755	0.820	0.855		0.700	0.665	0.750	-0.7%	Initiated on 2-Jul-2024
2	DKSH	2-Jul	5.160	5.820	5.880		5.110	5.040	5.16	0.0%	Initiated on 2-Jul-2024
3	DUFU	2-Jul	2.630	2.920	3.110		2.480	2.310	2.70	2.7%	Initiated on 2-Jul-2024
4	GREATEC	2-Jul	5.320	6.160	6.440		5.080	4.900	5.53	3.9%	Initiated on 2-Jul-2024
5	INFOTEC	2-Jul	1.040	1.090	1.140		0.960	0.915	1.05	1.0%	Initiated on 2-Jul-2024
6	ITMAX	2-Jul	2.580	2.780	2.850		2.480	2.420	2.59	0.4%	Initiated on 2-Jul-2024
7	PPHB	2-Jul	1.090	1.230	1.300		1.040	0.975	1.06	-2.8%	Initiated on 2-Jul-2024
8	SCOMNET	2-Jul	1.530	1.630	1.720		1.420	1.330	1.47	-3.9%	Initiated on 2-Jul-2024
9	SKBSHUT	2-Jul	0.735	0.835	0.865		0.725	0.695	1.00	35.4%	Initiated on 2-Jul-2024
10	SPRING	2-Jul	0.245	0.280	0.295		0.230	0.220	0.24	-4.1%	Initiated on 2-Jul-2024
11	SUNVIEW	2-Jul	0.745	0.805	0.840		0.730	0.705	0.72	-3.4%	Initiated on 2-Jul-2024
12	SYGROUP	2-Jul	0.805	0.895	0.935		0.750	0.705	0.81	0.0%	Initiated on 2-Jul-2024
13	TECHBND	2-Jul	0.530	0.620	0.645		0.505	0.490	0.52	-1.9%	Initiated on 2-Jul-2024
14	TM	2-Jul	6.760	7.360	7.500		6.540	6.390	6.81	0.7%	Initiated on 2-Jul-2024
Average Return										2.0%	

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)	31.0%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	7.7%
FBM Small Cap (Since 30/12/2022)	32.4%
Malaysia GDP Growth (1H23)	4.2%

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