

Wednesday, 10 Jul, 2024

Resorting Back To Technology Stocks

Market Review

Malaysia: The FBM KLCI (+0.21%) ended higher amid buying pressure in the Financial Services and Utilities heavyweights, in line with the regional markets' performances, tracking the overnight gains from the Tech giants in the US. The Technology sector (+1.31%) was the best performing sector.

Global markets: Wall Street ended higher led by Nasdaq supported by gains on the tech heavyweights stocks, while the Dow declined mildly. Meanwhile, investors are looking ahead of the key inflation data and earnings results due later this week. The European stock markets ended lower, but the Asia stock markets closed firmer.

The Day Ahead

Both the FBMKLCI and FBM70 managed to close higher, but the Small Cap index ended lower as profit taking activities were noticed across the board. On Wall Street, the S&P500 and Nasdaq indices traded higher, charting new territories led by technology related stocks, as Jerome Powell expressed concern that holding interest rates higher for longer may dampen economic growth. Additionally, traders will be monitoring the upcoming CPI and PPI data this week in order to understand the direction of the Fed going forward. On the commodity markets, Brent oil settled slightly below USD85 amid demand concerns despite the decline in oil inventories last week, while the gold price traded firmly above USD2350. However, the CPO has fallen 5-day consecutively and is trading below RM4,000.

Sectors focus: Most of the sectors are on an upward trending tone, except the Plantation, Consumer, and Telco sectors. Hence, we reckon that investors may position themselves within the data center catalysts and the upcoming announcement on KL-SG HSR projects. We believe these catalysts would boost the appetite for more exposure within the Construction, Property, Building Material, and Utilities stocks. Also, we like the recovering trend within the Glove stocks, where it might have bottomed out over the past one year.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	39,291.97	-0.13
S&P 500	5,576.98	0.07
NASDAQ	18,429.29	0.14
FBM KLCI	1614.42	0.21
FBM Small Cap	9,691.68	-0.31
FBM ACE	5,950.26	-0.27
Construction	285.27	0.26
Consumer	585.12	-0.39
Energy	984.57	-0.22
Financial Services	17,709.77	0.60
Healthcare	2,199.36	0.36
Ind Products	200.09	0.09
Plantation	6,932.12	-1.05
Property	1,105.03	-0.38
REITs	834.46	0.36
Technology	78.67	1.31
Telco & Media	598.47	0.40
Transport & Logisti	1,122.98	-0.24
Utilities	1,877.46	-0.52
Trading Vol (m)	4,655.53	7.35
Trading Val (RM m)	3,842.64	30.03
Gainers/ Losers rat	80%	
FKLI	1612.50	0.16
FCPO (RM)	3,908.00	-1.29
Brent oil (USD)	84.66	-1.27
Gold (USD)	2,364.09	-0.02
USD	4.707	0.04
GBP	6.029	-0.12
EURO	5.0942	0.08
SGD	3.4858	0.11

Trading participation 5-day trend and value ('m)		
Institution	Retail	Foreign
-17.8	-421.6	439.4

Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended marginally higher towards the 1,614 level. 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 1,629-1,634 and the support is set at 1,594-1,599.



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Company Brief

The Court of Appeal (COA) overturned a High Court decision that required CTOS Data Systems Sdn Bhd (CDS), a subsidiary of **CTOS Digital Bhd** (CTOS), to pay RM200,000 damages to a businesswoman earlier this year. A three-member bench, led by judge Datuk Lee Swee Seng, in allowing CDS' appeal, ruled that there was no defamation, no negligence, and no breach of statutory duty by the credit-rating agency. CTOS said the COA had also unanimously ruled that credit reporting agencies do not owe a duty of care in common law, and that they may formulate and publish credit scores as part of their business of credit reporting, under the provisions of the Credit Reporting Agencies Act. (The Edge)

Johor Plantations Group Bhd's (JPG) managing director Mohd Faris Adli Shukery said the palm oil producer is exploring alternative revenue sources from its unutilised land, diversifying beyond traditional plantation uses. The company, which owns 56,000 hectares of plantation land, plans to assess the "right scheme" before committing to solar power generation. JPG ended its maiden trading day with a 7.14% gain in its Main Market debut on Tuesday, after the company raised RM735m from the country's largest initial public offering (IPO) in more than two years. (The Edge)

The collective shareholding of **YTL Power International Bhd** (YTLPOWER) and its 70%-owned unit SIPP Power Sdn Bhd in **Ranhill Utilities Bhd** (RANHILL) remained unchanged at 53.19% or 689.37m shares after the close of their mandatory general offer (MGO). The unconditional MGO closed at 5pm on Tuesday, said Maybank Investment Bank Bhd on behalf of YTL Power and SIPP. The MGO was triggered in May after SIPP bought 31.42% equity interest in Ranhill Utilities for RM405.18m or 99.5 sen per share from Tan Sri Hamdan Mohamad. The share purchase raised YTL Power and SIPP's collective shareholding from 21.77% to 53.19%, triggering the MGO. The offerors had said they intended to maintain Ranhill Utilities' listing status. (The Edge)

Japanese information technology and consulting company NTT DATA Japan Corp (NTTD Japan), which now owns 97.48% of the shares in GHL Systems Bhd (GHLSYS), will compulsorily acquire the rest of the shares it does not own, paving the way for GHL to be delisted from Bursa Malaysia. NTTD Japan is going to invoke a provision of the Capital Markets and Services Act 2007 that allows it to do so as it has obtained no less than 90% of the offer shares, **CIMB Investment Bank Bhd** said on behalf of the Japanese company. Meanwhile, the general offer will remain open for acceptances until July 23, following a two-week extension from its initial closing date of July 9. The offer was made in May after NTTD Japan acquired a 58.73% stake in GHL for RM724.08m or RM1.08 per share. The stake was acquired from Actis Stark (Mauritius) Ltd, APIS Growth 14 Ltd, Loh Wee Hian and Tobikiri Capital Ltd. (The Edge)

Theta Edge Bhd (THETA) has secured a RM673.8m contract from the Ampang Jaya Municipal Council for the development, provision and maintenance of Internet of Things (IoT) for its smart business initiative in Ampang Jaya. Its wholly owned subsidiary Theta Telecoms Sdn Bhd had on July 2 received an offer letter from the council for the contract with a concession period of 240 months commencing from July 15, 2024 until July 14, 2044. (The Edge)

Vestland Bhd (VLB) has secured a RM195.35m contract to undertake earthworks for the Kota Bharu-Kuala Krai Expressway project in Kelantan. Euro Saga Sdn Bhd awarded the contract to Vestland's wholly owned subsidiary Vestland Resources Sdn Bhd, covering site clearance, demolition, earthworks, drainage, pavement, and road furniture works. The construction work is scheduled to start on July 19 and is expected to be completed by July 18, 2026. (The Edge)



Steel manufacturer **Ann Joo Resources Bhd** (ANNJOO) is making a cash call to raise working capital and fund its business expansion and project expenditure. It has proposed to undertake a rights issue of up to 157.66m new shares, coupled with up to 157.66m free detachable warrants, to entitled shareholders. This exercise aims to raise up to RM105m under the minimum scenario and up to RM165.55m under the maximum scenario. (The Edge)

MClean Technologies Bhd (MCLEAN) announced a board restructuring, which saw the appointment of a new chairman, directors and chief executive officer, following its 28.5% stake sale to Singapore-listed Accrelist Ltd. MClean appointed Accrelist executive chairman and managing director Datuk Dr Terence Tea Yeok Kian as its new executive chairman, taking over from Yeo Hock Huat, who has been redesignated as a non-independent non-executive director. Meanwhile, Pek Choon Lee has been appointed as MClean's new chief executive officer, taking over the role from Lim Han Kiau, who has been redesignated as a non-independent non-executive director. MClean has also appointed two new directors into its board, namely Muhammad Radzi Embon and Chuah Ai Wen. Three existing directors – Dr Danny Oh Beng Teck, Dr Goh Kwee Keng, and Yeo Seow Lai – have resigned as part of the board restructuring. (The Edge)

In a move to expand its waste management service offerings, scheduled waste recycling company **Tex Cycle Technology (M) Bhd** (TEXCYCL) is collaborating with Econas Resource to Energy Sdn Bhd (ER2E) for an integrated waste management project. Under the collaboration, Tex Cycle's group CEO Gary Dass Anthony Francis said Tex Cycle will be able to utilise ER2E's end-of-life waste disposal facilities, namely the secured landfill and incineration plant, to extend the range of waste management services it provides to customers, enhancing the group's ability to manage and process diverse waste types. (The Edge)

Maxim Global Bhd (MAXIM) said it is acquiring 5.81 acres of freehold land in Subang Jaya for RM95m or RM375.25 per sq ft. The land is located in front of the South Quay-USJ 1 bus rapid transit station on Jalan Subang 1, within an area designated as a transit-oriented development zone. Maxim is buying the land via its 70%-owned unit Maxim Icon Sdn Bhd from the administrators of the estate of Low Teck Choon. (The Edge)

The High Court has allowed an application by law firm Messrs Krish Maniam & Co to place **Sarawak Cable Bhd** (SCABLE) under an interim judicial manager. Judge Ahmad Murad Abdul Aziz allowed the application filed by the law firm. On July 2, the firm filed an originating summons against Sarawak Cable for it to be placed under judicial management. This followed the firm having acted for the company in several ongoing legal matters, but suddenly had its services terminated on two matters, namely involving Sarawak Cable's subsidiaries Universal Cable (M) Bhd and Leader Cable Industry Bhd, where the company had appointed another law firm. (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	0.630	4.1%	Initiate on 5/4/2024
2	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.520	2.0%	Initiate on 24/4/2024
3	FOCUSP	31-May	0.813	0.890	0.910	0.930	0.790	0.780	0.845	3.9%	Initiate on 31/5/2024
4	CORAZA	6-Jun	0.580	0.620	0.630	0.640	0.540	0.530	0.550	-5.2%	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	0.745	-1.3%	Initiated on 2-Jul-2024
2	DKSH	2-Jul	5.160	5.820	5.880		5.110	5.040	5.15	-0.2%	Initiated on 2-Jul-2024
3	DUFU	2-Jul	2.630	2.920	3.110		2.480	2.310	2.66	1.1%	Initiated on 2-Jul-2024
4	GREATEC	2-Jul	5.320	6.160	6.440		5.080	4.900	5.65	6.2%	Initiated on 2-Jul-2024
5	INFOTEC	2-Jul	1.040	1.090	1.140		0.960	0.915	1.04	0.0%	Initiated on 2-Jul-2024
6	ITMAX	2-Jul	2.580	2.780	2.850		2.480	2.420	2.61	1.2%	Initiated on 2-Jul-2024
7	PPHB	2-Jul	1.090	1.230	1.300		1.040	0.975	1.10	0.9%	Initiated on 2-Jul-2024
8	SCOMNET	2-Jul	1.530	1.630	1.720		1.420	1.330	1.54	0.7%	Initiated on 2-Jul-2024
9	SKBSHUT	2-Jul	0.735	0.835	0.865		0.725	0.695	0.94	27.2%	Initiated on 2-Jul-2024
10	SPRING	2-Jul	0.245	0.280	0.295		0.230	0.220	0.23	-6.1%	Initiated on 2-Jul-2024
11	SUNVIEW	2-Jul	0.745	0.805	0.840		0.730	0.705	0.71	-4.7%	Initiated on 2-Jul-2024
12	SYGROUP	2-Jul	0.805	0.895	0.935		0.750	0.705	0.79	-2.5%	Initiated on 2-Jul-2024
13	TECHBND	2-Jul	0.530	0.620	0.645		0.505	0.490	0.50	-5.7%	Initiated on 2-Jul-2024
14	TM	2-Jul	6.760	7.360	7.500		6.540	6.390	6.82	0.9%	Initiated on 2-Jul-2024
Average Return										1.3%	

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)	30.3%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	8.0%
FBM Small Cap (Since 30/12/2022)	31.9%
Malaysia GDP Growth (1H23)	4.2%

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