

Friday, 12 Jul, 2024

Buying On Dip Opportunities May Occur

Market Review

Malaysia: The FBM KLCI (+0.29%) ended higher as the index was lifted by buying pressure in the Utilities and Industrial Product heavyweights, namely TENAGA and SUNWAY, as investors were optimistic on the prospects of TENAGA's UK RE venture and Malaysia was being upgraded by JP Morgan.

Global markets: Wall Street ended lower as Nasdaq fell near to 2% as investors could be reducing exposure from the Magnificent-7 stocks despite the drop in inflation data where the investors could be speculating that the FED will may cut the rates as soon as September. Meanwhile, both the European and Asia stock markets rose.

The Day Ahead

The sentiment on the local front stayed positive with the FBM KLCI, FBM70 and FBM Small Cap charged higher for the session as buying interest was observed in the broad market led by the Construction sector. However, on Wall Street, although the CPI data came in below expectations, both the S&P500 and Nasdaq retreated from their respective highs. Currently, the market could be pricing in earlier interest rate cuts by the Fed, while monitoring the upcoming PPI data which will be released later tonight. On the commodity markets, Brent oil traded sideways and supported above USD85, while the gold price climbed significantly above USD2400 as inflationary pressure cooled. Meanwhile, the CPO managed to rebound off the RM3,850 level and closed above RM3,950.

Sectors focus: As the US tech giants are being sold down after the CPI print, we expect mild profit taking activities could emerge on the local front. However, we reckon that traders could rotate out of the data center catalyst in the near term, and look out for buying on dip opportunities going forward within the Construction, Property, Building Material and Utilities stocks as the catalysts for AI-led data center theme will still be intact. Also, we favour selected stocks within the Gloves, Telco, O&G, and Shipping.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	39,753.75	0.08
S&P 500	5,584.54	-0.88
NASDAQ	18,283.41	-1.95
FBM KLCI	1,623.12	0.29
FBM Small Cap	9,801.37	0.58
FBM ACE	5,941.99	-0.55
Construction	297.84	2.66
Consumer	586.35	0.33
Energy	984.33	-0.06
Financial Services	17,794.07	0.26
Healthcare	2,194.63	0.78
Ind Products	20103	0.48
Plantation	6,954.17	-0.05
Property	1,129.16	2.05
REITs	839.31	0.06
Technology	79.81	0.81
Telco & Media	604.68	0.87
Transport & Logist	1,117.81	0.49
Utilities	1,888.70	0.14
Trading Vol (m)	5,390.30	13.15
Trading Val (RM m)	4,412.48	18.89
Gainers/ Losers rat	162%	
FKLI	1,619.50	0.03
FCPO (RM)	3,957.00	0.56
Brent oil (USD)	85.40	0.38
Gold (USD)	2,415.48	-0.11
USD	4.6875	0.26
GBP	6.0359	-0.27
EURO	5.0846	0.00
SGD	3.4789	0.12
Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
-310.3	-264.3	574.6

Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended firmer towards the 1,623 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 1,638-1,643 and the support is set at 1,603-1,608.



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Company Brief

Astro Malaysia Holdings Bhd has been served with an additional tax bill of RM734.88m, for the years of assessment of 2019 to 2023, including penalties. Notices for the additional tax were received by its wholly-owned units Astro Shaw Sdn Bhd and MEASAT Broadcast Network Systems Sdn Bhd on Tuesday. Astro Shaw's notice showed an additional tax of RM22.01m while MBNS has to pay RM712.87m. The notices for additional assessment were issued as production costs incurred during the said years of assessment were disallowed for deduction. (The Edge)

BM Greentech Bhd (BMGREEN), or BMG, has proposed to undertake a bonus issue of up to 171.95m warrants on the basis of one warrant for every four existing BMG shares held by entitled shareholders. The company will undertake the exercise once it completes the proposed acquisition of the entire stake, or 66.6m shares, in solar firm Plus XNergy Holding Sdn Bhd (PXH) as well as a special issuance to QL Resources Bhd (QL), which holds a 52.57% stake in BGM. The proposed acquisition and the special issuance were announced earlier on June 18. The warrants will be issued at no cost to the entitled shareholders. The exercise price of the warrants is assumed at RM1.63, which is equivalent to the five-day volume weighted average market price of BMG shares of RM1.69. (The Edge)

Internet of Things (IoT) solutions provider **G3 Global Bhd** (G3) has secured a project to develop the National Integrated Migrant Workers Dormitory (NiMWD) for the Maldives government. This project aims to oversee and manage the accommodation and welfare of all migrant workers in the Maldives. The project will be undertaken through a public-private partnership model, with 100% private finance initiative and revenue sharing between Maldives and G3 Global. The concession period for the project is 30 years, starting from the date of issuance of the land lease, with an automatic extension of an additional period of 30 years. (The Edge)

Construction company **Aneka Jaringan Holdings Bhd** (ANEKA) has secured a RM53m sub-contract for the execution of bored piles and precast reinforced concrete piles works in Selangor. The sub-contract was awarded to its wholly owned subsidiary Aneka Jaringan Sdn Bhd by Grand Dynamic Builders Sdn Bhd. The project, scheduled to start on July 17 and is expected to be completed by March 1, 2025, involves the construction of a new logistics hub for Strategic Sonata Sdn Bhd. (The Edge)

Loss-making **Asia Poly Holdings Bhd** (ASIAPLY) said it is buying a 50% stake in an IT engineering firm, Darwell Asia Pacific Sdn Bhd – a move to venture into telecommunications engineering and data centre support services. The stake acquisition will cost RM6.1m in cash. The cast acrylic sheets manufacturer is buying the stake from Darwell's current directors namely Ooi Chee Seong, who will disposed 48% of his stake valued at RM5.86m, and Tan Lian Li (disposing 2% stake worth RM244,000). This is a related party transaction as the company's non-independent and non-executive director Thoo Soon Huat also owns a 30% stake in Darwell. (The Edge)

Oil-and-gas services firm **Keyfield International Bhd** (KEYFIELD) delivered its *Keyfield Helms 1* (KH1) geotechnical vessel to Helms Geomarine Sdn Bhd for a three-plus-two years charter contract. The charter party agreement, signed in December 2023, will begin this month until end-June 2027, Keyfield said in a statement. KH1 will be utilised to primarily support Helms Geomarine which recently secured a three-year geotechnical investigation contract from Petroliam Nasional Bhd (Petronas). Additionally, the vessel will support Helms Geomarine's long-term contracts with other oil majors in Malaysia and in Thailand (The Edge)



The Ling family behind shipping company **Shin Yang Group Bhd** (SYGROUP) is injecting part of their Toyota and Lexus car dealership business in East Malaysia into Shin Yang for RM144.5m, in a cash and share deal. Shin Yang had signed two separate agreements to buy Boulevard Jaya Sdn Bhd – an authorised dealer of Toyota vehicles in Sarawak and an authorised agent of Lexus vehicles in the state – and to take up a 60% stake each in three other companies involved in related automotive businesses, including sale of spare parts, after-sales services, and the servicing and repairing of Toyota and Lexus vehicles in East Malaysia. The acquisitions are to diversify its revenue stream. It is buying Boulevard Jaya for RM27.5m cash from Shin Yang Holding Sdn Bhd, KTE Motors Sdn Bhd and Ling Chiong Sing, the brother of Shin Yang's group executive chairman Tan Sri Ling Chiong Ho. Shin Yang Holding is the major shareholder of Shin Yang and the private vehicle of the Ling family, which controls over 60% of Shin Yang. Shin Yang Holding's shareholding is split equally between the brothers Chiong Ho, Chiong Sing, Chiong Sieng and Chiong Pin at 25% each. (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	0.665	9.9%	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	0.835	2.7%	Initiate on 31/5/2024
4	CORAZA	6-Jun	0.580	0.620	0.630	0.640	0.540	0.530	0.570	-1.7%	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	0.745	-1.3%	Initiated on 2-Jul-2024
2	DKSH	2-Jul	5.160	5.820	5.880	5.110	5.040	5.17	5.17	0.2%	Initiated on 2-Jul-2024
3	DUFU	2-Jul	2.630	2.920	3.110	2.480	2.310	2.69	2.69	2.3%	Initiated on 2-Jul-2024
4	GREATEC	2-Jul	5.320	6.160	6.440	5.080	4.900	5.83	5.83	9.6%	Initiated on 2-Jul-2024
5	INFOTEC	2-Jul	1.040	1.090	1.140	0.960	0.915	1.04	1.04	0.0%	Initiated on 2-Jul-2024
6	ITMAX	2-Jul	2.580	2.780	2.850	2.480	2.420	2.73	2.73	5.8%	Initiated on 2-Jul-2024
7	PPHB	2-Jul	1.090	1.230	1.300	1.040	0.975	1.17	1.17	7.3%	Initiated on 2-Jul-2024
8	SCOMNET	2-Jul	1.530	1.630	1.720	1.420	1.330	1.52	1.52	-0.7%	Initiated on 2-Jul-2024
9	SKBSHUT	2-Jul	0.735	0.835	0.865	0.725	0.695	1.02	1.02	38.8%	Initiated on 2-Jul-2024
10	SPRING	2-Jul	0.245	0.280	0.295	0.230	0.220	0.24	0.24	-4.1%	Initiated on 2-Jul-2024
11	SUNVIEW	2-Jul	0.745	0.805	0.840	0.730	0.705	0.71	0.71	-5.4%	Initiated on 2-Jul-2024
12	SYGROUP	2-Jul	0.805	0.895	0.935	0.750	0.705	0.79	0.79	-1.9%	Initiated on 2-Jul-2024
13	TECHBND	2-Jul	0.530	0.620	0.645	0.505	0.490	0.52	0.52	-2.8%	Initiated on 2-Jul-2024
14	TM	2-Jul	6.760	7.360	7.500	6.540	6.390	7.02	7.02	3.8%	Initiated on 2-Jul-2024
Average Return										3.7%	

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)	29.4%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	8.5%
FBM Small Cap (Since 30/12/2022)	32.7%
Malaysia GDP Growth (1H23)	4.2%



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