

Tuesday, 16 Jul, 2024

## More Clarity On The Fed's Rate Cut

### Market Review

**Malaysia:** The FBM KLCI (+0.66%) ended higher as the index was lifted by buying pressure within Financial and Telco & Media heavyweights as the market sentiment improved; tracking the positive sentiment on Wall Street overnight. The Construction sector (+2.23%) was the best performing sector.

**Global markets:** Wall Street ended higher as increasing in investors expectation of a second Donald Trump presidency raised hopes for a looser regulatory environment, as well as the growing probability of Fed's rate cut in September. The European stock markets ended lower while Asia stock markets ended mixed.

### The Day Ahead

The FBM KLCI retested the 1632.79 level intraday but managed to close higher for the session. Meanwhile, both the FBM70 and FBM Small Cap traded positively as buying interest was observed across most sectors. Major US indices closed higher, while the Russell2k index surged further after the Fed's comments that the FOMC won't wait for inflation to reach its 2% target before lowering rates. Investors will be watching US retail sales today, with industrial production data released on Thursday and unemployment claims on Friday. On the commodity markets, Brent oil trades slightly below USD85 amid demand concerns, while the gold price trades above USD2,420. The CPO price trades below RM3,900.

**Sector Focus:** We have seen more buying interest in smaller-cap construction stocks due to the expectation of more job awards following recent data center investments by MNCs. We believe spillover buying support could be seen in property, building materials, utilities, and technology stocks. The recent gazetting of the Cyber Security Act 2024 by the AG's Chambers could boost demand for cybersecurity stocks. Other favorable segments to monitor include telco and financials.

**Research Team**  
[research@msec.com.my](mailto:research@msec.com.my)  
(603) 2201 2100

### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	40,211.72	0.53
S&P 500	5,631.22	0.28
NASDAQ	18,472.57	0.40
FBM KLCI	1629.82	0.66
FBM Small Cap	19,928.73	0.59
FBM ACE	6,022.73	0.69
Construction	304.85	2.23
Consumer	590.01	0.63
Energy	971.07	-1.37
Financial Services	17,940.27	0.79
Healthcare	2,197.69	0.56
Ind Products	201.66	0.35
Plantation	6,963.63	0.29
Property	1,141.02	1.30
REITs	837.04	0.10
Technology	80.01	1.21
Telco & Media	604.32	0.60
Transport & Logist	115.11	-0.55
Utilities	1871.68	-0.08
Trading Vol (m)	5,364.47	17.04
Trading Val (RM m)	3,954.49	6.07
Gainers/ Losers rat	53%	
FKLI	1632.50	-0.09
FCPO (RM)	3,880.00	0.15
Brent oil (USD)	84.85	-0.21
Gold (USD)	2,422.27	-0.01
USD	4.6735	-0.04
GBP	6.0674	-0.30
EURO	5.1002	-0.29
SGD	3.4819	-0.11

Trading participation 5-day trend and value (m)

Institution	Retail	Foreign
-552.7	-252.1	804.8

Source: Bloomberg, Bursa Market Place

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended firmly towards the 1,629 level. The technical readings on the key index were positive with the MACD histogram formed another positive histogram bar, and RSI continues to trend higher above 50. The resistance is envisaged around 1,644-1,649 and the support is set at 1,609-1,614.



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## Company Brief

Mah Sau Cheong – a substantial shareholder of **South Malaysia Industries Bhd** (SMI) – is suing two companies, **Techbase Industries Bhd** (TECHBASE) and **YB Ventures Bhd** (YB), over alleged share manipulation at SMI. Techbase and YB are among defendants in the suits filed by Mah through his solicitors, Messrs Alfred Lai & Partners. Both companies were served with a writ of summons and a statement of claim dated July 4, last Friday, accusing them of conspiring to violate Sections 176 and 202 of the Capital Markets and Services Act 2007. Mah claimed this has adversely affected all SMI shareholders. Mah holds a 7.65% stake in SMI. (The Edge)

**Ekovest Bhd** (EKOVEST) clarified it had officially concluded its contractual role as the project delivery partner (PDP) for the River of Life project in January 2015. The company said its role was to mainly provide horizontal coordination with up to 42 agencies, while the respective agencies under multiple ministries spearheaded the project. Under the PDP contract, Ekovest was authorised by the government solely to tender for/participate in beautification works under the project (via Swiss Challenge). (The Edge)

**Citaglobal Bhd** (CITAGLB) has entered into a joint development framework agreement (JDFA) with Shanghai SUS Environment Co Ltd, a China government-linked entity, to develop waste-to-energy projects in Pahang. It said the collaboration will focus on converting municipal waste into green energy and developing agricultural waste – such as empty fruit bunches and palm oil sludge – into biomass energy. It added the JDFA is legally binding and will be used for the incorporation of a joint special purpose vehicle, with the company holding a 49% stake while the remaining 51% stake will be held by SUS Environment. (The Edge)

**Advancecon Holdings Bhd** (ADVCON) is working with the Perak government for the development, construction, operation, management and maintenance of centralised labour quarters (CLQs) in the state, with the aim of addressing the increasing demand from industrial manufacturers for workers' accommodation. Under the terms of the agreement, Advancecon Ventures Sdn Bhd (Advancecon's wholly-owned subsidiary) will retain a 70% stake in the JV company, CLQ Silvervalley Sdn Bhd, while Perak Equity will hold the remaining 30% stake. (The Edge)

Construction and property group **WCT Holdings Bhd** (WCT) has secured another contract worth RM214m from Kwasa Land Sdn Bhd to undertake construction works at the Kwasa Damansara township development in Sungai Buloh. Kwasa Land is a wholly-owned subsidiary of the Employees Provident Fund (EPF) and master developer of Kwasa Damansara. It said the contract was awarded to its wholly-owned unit WCT Bhd (WCTB) under work package contract two, which is related to the construction and completion of common infrastructure works phase one and a new vehicular underpass at Kwasa Damansara. (The Edge)

**UUE Holdings Bhd** (UUE), an underground utilities engineering company, has secured two contracts worth RM26.93m. Both contracts involve installation, testing and commissioning of 11-kilovolt underground cables and accessories. It will have 730 days from the starting date to be informed later, with an option to extend the contract period for another 365 days. (The Edge)

**Malaysian Genomics Resource Centre Bhd** (MGRC) has signed agreements with Kumpulan Perubatan Penawar Sdn Bhd and Hospital Penawar Sdn Bhd to explore offering genetic screening services. The collaborations are focused on the "Origene All-in-One Report" product and its derivative, the "Childhood-Onset Disease Profile" for cell-gene therapies. It said it will provide consultancy and technical support for their collaboration, including genetic screen-testing services. (The Edge)



Metal door and window frames manufacturer **Econframe Bhd** (EFRAME) is not proceeding with its plan to acquire a 70% stake in ETA World Sdn Bhd, a company involved in industrial property development and construction activities. This is because the conditions precedent in the agreement between Econframe and the seller of the stake, ETA Industries Sdn Bhd, had not been fulfilled within the specified timeframe. (The Edge)

Carbon-based products manufacturer **PMB Technology Bhd** (PMBTECH) is selling a parcel of leasehold land in Klang for RM79.3m, primarily to fund its working capital. The sale of the 113,312 sq metre-land to Knauf Sdn Bhd is expected to result in a one-time gain of RM51m, which will boost the group's earnings for the financial year ending Dec 31, 2024. The land had a net book value of RM15.4m as of end-December 2023. (The Edge)

Integrated construction and property company PTT **Synergy Group Bhd** (PTT), whose share price has surged 120.49% year to date, has proposed a one-for-one bonus issue, involving the issuance of up to 216.08m new bonus shares. For illustrative purposes, based on the three-month volume-weighted average price of the shares up to June 25 (which was RM1.16), the theoretical ex-bonus share price would be 57.8 sen. (The Edge)

**Bank Islam Malaysia Bhd** (BIMB) has issued RM1b in senior sukuk murabahah under its RM10b sukuk murabahah programme, which was lodged with Securities Commission Malaysia in 2018. It said the issuance of the senior sukuk murabahah received an "overwhelming response" from investors, with a bid-to-cover ratio of over 3.2 times the issuance size after upsizing from RM500m. (The Edge)

**BTM Resources Bhd** (BTM) said its chief financial officer, Ooi Gin Hui, has resigned from the board with immediate effect, citing uncertainty in the business direction and orientation of the Terengganu-based wood processing firm. Ooi, 44, was appointed to the post in September 2023. She is currently an independent non-executive director at information technology services firm Systech Bhd (SYSTECH) and OB Holdings Bhd, a food and supplement company that is seeking a listing on Bursa Malaysia's ACE Market, according to BTM's 2023 annual report. (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	1.510	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	0.580	0.0%	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	0.775	0.775	2.6%	Initiated on 2-Jul-2024
2	DKSH	2-Jul	5.160	5.820	5.880	5.110	5.040	5.14	5.14	-0.4%	Initiated on 2-Jul-2024
3	DUFU	2-Jul	2.630	2.920	3.110	2.480	2.310	2.66	2.66	1.1%	Initiated on 2-Jul-2024
4	GREATEC	2-Jul	5.320	6.160	6.440	5.080	4.900	5.75	5.75	8.1%	Initiated on 2-Jul-2024
5	INFOTEC	2-Jul	1.040	1.090	1.140	0.960	0.915	1.13	1.13	8.7%	Initiated on 2-Jul-2024
6	ITMAX	2-Jul	2.580	2.780	2.850	2.480	2.420	3.06	3.06	18.6%	Initiated on 2-Jul-2024
7	PPHB	2-Jul	1.090	1.230	1.300	1.040	0.975	1.16	1.16	6.4%	Initiated on 2-Jul-2024
8	SCOMNET	2-Jul	1.530	1.630	1.720	1.420	1.330	1.57	1.57	2.6%	Initiated on 2-Jul-2024
9	SKBSHUT	2-Jul	0.735	0.835	0.865	0.725	0.695	0.99	0.99	34.7%	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	-4.7%	Initiated on 2-Jul-2024
12	SYGROUP	2-Jul	0.805	0.895	0.935	0.750	0.705	0.85	0.85	5.6%	Initiated on 2-Jul-2024
13	TECHBND	2-Jul	0.530	0.620	0.645	0.505	0.490	0.55	0.55	3.8%	Initiated on 2-Jul-2024
14	TM	2-Jul	6.760	7.360	7.500	6.540	6.390	7.03	7.03	4.0%	Initiated on 2-Jul-2024
Average Return										6.2%	



## 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)	29.9%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	9.0%
FBM Small Cap (Since 30/12/2022)	33.5%
Malaysia GDP Growth (1H23)	4.2%

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