

Rotation Into Small Cap Stocks

Market Review

Malaysia: The FBM KLCI (-0.24%) ended lower as the index was dragged by selling pressure emerged within heavyweights stocks like CDB (-8.0 sen) and SIME (-9.0 sen), tracking the weaker performance in the regional stock markets. The Energy sector (+0.53%) was the best performing sector.

Global markets: Wall Street ended higher after the U.S retail sales data supported the view that the Fed is approaching its easing cycle. Investors were reducing their exposure from megacap tech stocks like NVIDIA and rotating to small caps. The European stock markets ended lower, while Asia stock markets traded mixed.

The Day Ahead

Profit taking activities emerged on the local front and led by industrial products and technology stocks. Meanwhile, the US stock markets rose in anticipation of potential rate cuts in the upcoming September FOMC meeting, the Dow saw the best jump since 2023, while investors could be rotating to small caps in view of lower debt repayment rate with the potential rate cut by 2H2024. Meanwhile, traders will be watching out the industrial products and unemployment data later this week. On the commodity markets, Brent oil fell and ended below USD84 amid lingering demand concerns from China, while the gold price shot up strongly towards new highs. The CPO price rebounded off support around RM3850.

Sectors focus: As investors could be rotating out of the big caps tech stocks, there might be follow-up profit taking activities on the local front revolving the data center catalysts. Nonetheless, we expect it may provide buy-on-dip opportunities going forward within the Construction, EMS, Building Material, Utilities and Property sectors. Additionally, both the NETR and NIMP will still be creating jobs and boosting the economic activities going forward. Other sectors that we favour include the shipping industry in view of stronger earnings.

Research Team
research@msec.com.my
(603) 2201 2100

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	40,954.48	185
S&P 500	5,667.20	0.64
NASDAQ	8,509.34	0.20
FBM KLCI	1,625.96	-0.24
FBM Small Cap	8,829.55	-0.50
FBM ACE	5,963.08	-0.99
Construction	304.67	-0.06
Consumer	591.27	0.21
Energy	976.20	0.53
Financial Services	17,901.06	-0.22
Healthcare	2,186.61	-0.50
Ind Products	200.12	-0.76
Plantation	6,982.30	0.27
Property	1,135.43	-0.49
REITs	834.49	-0.30
Technology	79.46	-0.69
Telco & Media	600.20	-0.68
Transport & Logist	1,109.38	-0.51
Utilities	1,872.41	0.04
Trading Vol (m)	4,659.64	-13.14
Trading Val (RM m)	3,518.96	-11.01
Gainers/ Losers rat	53%	
FKLI	1,633.00	0.21
FCPO (RM)	3,945.00	0.51
Brent oil (USD)	83.73	-1.32
Gold (USD)	2,469.08	-0.04
USD	4.6768	-0.07
GBP	6.0651	0.04
EURO	5.0968	0.07
SGD	3.4801	0.05
Trading participation 5-day trend and value (m)		
Institution	-661.9	
Retail	-160.9	
Foreign	822.7	

Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended lower towards the 1,625 level. The technical readings on the key index were positive with the MACD histogram formed another positive histogram bar, and RSI continues to trend above 50. The resistance is envisaged around 1,640-1,645 and the support is set at 1,605-1,610.



JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

M+Online
Equipping Traders For The Win

Global
Winning The World

Company Brief

Maxis Bhd (MAXIS) is considering buying out U Mobile Sdn Bhd to help it expand in Malaysia, according to people with knowledge of the matter. Maxis has expressed interest in U Mobile and talks are at an early stage, the people said, asking not to be identified discussing private information. Businessman Tan Sri Vincent Tan Chee Yioun and Temasek Holdings Pte Ltd-backed Singapore Technologies Telemedia Pte Ltd are among U Mobile's major shareholders. Pricing could be a hurdle to a potential buyout, with U Mobile's owners seeking a valuation of more than RM10b, according to the people. There's no guarantee that a deal will be reached, they said. (The Edge)

The takeover offer for **Malaysia Airports Holdings Bhd** or MAHB (AIRPORT) is expected to be finalised in the third quarter of this year, and will need to be approved by at least 90% of MAHB's existing shareholders, the Ministry of Finance said. The ministry said that since the offer is a commercial transaction, it would not have any financial implications for the government. The ministry added that the government will continue to monitor this development and ensure that whatever decision reached later must be made in accordance with the laws and regulations currently in force. (The Edge)

Construction company **Vestland Bhd** (VLB) is acquiring office suites in Selangor and industrial warehouses in Sabah for a total of RM25m. Its wholly-owned subsidiary Vestland Resources Sdn Bhd has signed 10 sales and purchase agreements (SPAs) with Sg Besi Construction Sdn Bhd for the acquisition of 10 office suites at Subplace Boulevard, Shah Alam, for RM6.99m. It also signed six SPAs for a sum of RM18m to acquire six semi-detached industrial warehouses to be constructed at the Armani Business Park, Kota Kinabalu, with completion expected by December 2024. (The Edge)

Sarawak Cable Bhd (SCABLE) said its chief financial officer Teoh Wen Jinq has resigned. The company said Teoh stepped down due to personal reasons, without elaborating. Teoh is a member of the Malaysian Institute of Accountants and fellow member of the Chartered Association of Certified Accountants. She also has more than 15 years of experience in audit firms and commercial companies in various capacities including accountant, company secretary and group financial controller. (The Edge)

Animation production house **Kucingko Bhd**, which is en route to listing on the ACE Market of Bursa Malaysia on July 26, 2024, said its initial public offering (IPO) has been oversubscribed by 99.02 times. Meanwhile, there were 7,242 applications for 822.43 million shares under the Bumiputera portion, representing an oversubscription rate of 64.79 times. (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	0.655	8.3%	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	0.565	-2.6%	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	0.765	0.765	1.3%	Initiated on 2-Jul-2024
2	DKSH	2-Jul	5.160	5.820	5.880	5.110	5.040	5.11	5.11	-1.0%	Initiated on 2-Jul-2024
3	DUFU	2-Jul	2.630	2.920	3.110	2.480	2.310	2.62	2.62	-0.4%	Initiated on 2-Jul-2024
4	GREATEC	2-Jul	5.320	6.160	6.440	5.080	4.900	5.73	5.73	7.7%	Initiated on 2-Jul-2024
5	INFOTEC	2-Jul	1.040	1.090	1.140	0.960	0.915	1.17	1.17	12.5%	Initiated on 2-Jul-2024
6	ITMAX	2-Jul	2.580	2.780	2.850	2.480	2.420	3.03	3.03	17.4%	Initiated on 2-Jul-2024
7	PPHB	2-Jul	1.090	1.230	1.300	1.040	0.975	1.15	1.15	5.5%	Initiated on 2-Jul-2024
8	SCOMNET	2-Jul	1.530	1.630	1.720	1.420	1.330	1.54	1.54	0.7%	Initiated on 2-Jul-2024
9	SKBSHUT	2-Jul	0.735	0.835	0.865	0.725	0.695	1.01	1.01	37.4%	Initiated on 2-Jul-2024
10	SPRING	2-Jul	0.245	0.280	0.295	0.230	0.220	0.23	0.23	-6.1%	Initiated on 2-Jul-2024
11	SUNVIEW	2-Jul	0.745	0.805	0.840	0.730	0.705	0.72	0.72	-4.0%	Initiated on 2-Jul-2024
12	SYGROUP	2-Jul	0.805	0.895	0.935	0.750	0.705	0.85	0.85	5.0%	Initiated on 2-Jul-2024
13	TECHBND	2-Jul	0.530	0.620	0.645	0.505	0.490	0.53	0.53	0.0%	Initiated on 2-Jul-2024
14	TM	2-Jul	6.760	7.360	7.500	6.540	6.390	7.07	7.07	4.6%	Initiated on 2-Jul-2024
Average Return										5.8%	

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)	8.7%
FBM Small Cap (Since 30/12/2022)	32.9%
Malaysia GDP Growth (1H23)	4.2%

Disclaimer

Research analyst(s) of MSSB whom produced this report hereby certifies that the views expressed in this report accurately reflect his/her personal opinions about all of the subject corporation(s) and securities in this report. He/She does not carry out, whether for himself/herself or on behalf of MSSB or any other persons did not receive and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. As of the report date, the analyst whom prepared this report does not have any interest in the following securities covered in this report, unless otherwise stated.

