

Friday, 19 Jul, 2024

## Foreigners Remain Invested

### Market Review

**Malaysia:** The FBM KLCI (+0.02%) ended marginally higher led by the buying pressure in Financials and Energy heavyweights despite mixed overnight performance on Wall Street as potential escalation of the US trade conflicts with China resurfaced. The Property sector (+1.34%) was the best performing sector.

**Global markets:** Wall Street ended lower as investors continued to pare positions in heavyweights tech stocks like MSFT (-0.71%) and other Magnificent-7 while taking profit on recent rally on Dow Jones. Meanwhile, both the European and Asia stock markets ended mixed, affected following the technology stocks selloff.

### The Day Ahead

Despite profit-taking activities in the broader market, the FBM KLCI closed marginally higher. Trade participation showed that foreigners remained net buyers yesterday. The trading tone has turned negative in the US, with all major indices ending in the red as unemployment claims rose more than expected. On the corporate front, investors will be looking at several key earnings reports from American Express, Travelers, and Comerica to assess the health of the consumer and financial sectors. Additionally, more volatility is expected towards the US election as President Joe Biden faces pressure from fellow Democrats to withdraw from the race. In the commodity markets, Brent oil trended sideways around USD 85, while the gold price dipped marginally towards the RM 2,444 zone. The CPO price remained in the RM 3,900-3,950 range.

**Sectors Focus:** In view of the softer performance on Wall Street, profit-taking activities could spill over to local Technology stocks. However, we expect this to be a decent buy-on-dip opportunity, with traders potentially looking into stocks within the Construction, Utilities, Building Materials, Technology, and Property sectors. We also favour selected stocks in the Shipping industry amid ongoing tension in the Red Sea region, while defensive plays could be seen in the Consumer sector.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	40,665.02	-1.29
S&P 500	5,544.59	-0.78
NASDAQ	17,871.22	-0.70
FBM KLCI	1,633.81	0.02
FBM Small Cap	9,941.30	-0.27
FBM ACE	5,999.10	-0.05
Construction	316.83	0.36
Consumer	597.51	0.22
Energy	972.26	-0.01
Financial Services	8,000.23	0.36
Healthcare	2,198.76	-0.13
Ind Products	96.83	-1.97
Plantation	7,101.40	0.38
Property	1,160.74	1.34
REITs	837.72	0.42
Technology	77.82	-1.78
Telco & Media	605.47	0.07
Transport & Logist	1,118.88	0.79
Utilities	1,873.32	-0.23
Trading Vol (m)	5,486.68	3.83
Trading Val (RM m)	4,222.62	8.89
Gainers/ Losers rat	69%	
FKLI	1,635.00	-0.24
FCPO (RM)	3,929.00	-0.20
Brent oil (USD)	85.11	0.04
Gold (USD)	2,445.08	-0.03
USD	4.6695	-0.11
GBP	6.0655	0.30
EURO	5.1045	0.00
SGD	3.4823	0.01

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended marginally higher towards the 1,633 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 1,648-1,653 and the support is set at 1,613-1,618.



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## Company Brief

**Gamuda Bhd's** (GAMUDA) joint venture with French rail engineer Alstom SA in Australia has secured a contract worth A\$1.6b (RM5b) for the supply and maintenance of a new automatic train control system to replace the existing signalling and train control systems on Perth's suburban rail networks. Gamuda has a 46% stake in the JV, while Alstom holds the remaining 54%. Gamuda is expected to rake in revenue of up to A\$737m from its involvement in the project. (The Edge)

Following the announcement, Gamuda saw its share price surge to a new record high, increasing by as much as 2.91% to reach an intraday high of RM8.49 after the midday trading break. The stock pared some of its gains and closed 0.36% or 3 sen higher at RM8.28, still its highest closing price since the group was first listed in 1992, valuing the construction giant at RM22.96b. (The Edge)

**Ancom Nylex Bhd's** (ANCOMNY) net profit for its fourth quarter ended May 31, 2024 grew 1.44% to RM18.44m from RM18.18m a year ago while revenue increased 1.82% to RM486.96m from RM478.25m. The quarterly profit helped to lift Ancom Nylex's full-year net profit to a record high of RM81.47m. Ancom Nylex proposed a second interim dividend of 1 sen per share, the same amount as last year. Moving forward, the company said that it will continue to be vigilant in managing risks arising from geopolitical tensions that may impact the cost of doing business, as well as continue to explore more opportunities for its business. (The Edge)

**T7 Global Bhd's** (T7GLOBAL) said the High Court has ruled in favour of its wholly-owned unit Tanjung Offshore Services Sdn Bhd in its dispute with consortium partner VME Process Systems Malaysia Sdn Bhd. The court ruled that the joint settlement agreement and the intellectual property protection agreement signed by both parties in 2020 were void. VME was ordered to refund the RM22.88m, or US\$5.5m as per the statement of claim, to Tanjung Offshore. The latest and past disclosures related to the ventures did not clearly state the purpose of the initial payment. (The Edge)

Builder **Haily Group Bhd** (HAILY) has secured a RM76.65m contract to construct 171 units of link houses in Kempas Baru, Johor Bahru. Its wholly-owned subsidiary, Haily Construction Sdn Bhd, has accepted a letter of award issued by Razin Architects Sdn Bhd on behalf of Kews Senibong Sdn Bhd. The project will be executed in two phases. The first phase, commencing on July 16, is expected to be completed by October 15, 2025. The second phase will start within nine months from the commencement date of the first phase and is expected to be completed within 22 months. (The Edge)

**AmanahRaya Real Estate Investment Trust** (ARREIT) has signed a long-term tenancy agreement with Alfa International College Sdn Bhd for its property in Subang Jaya. The tenancy agreement with Alfa coincides with the expiry of the tenancy agreement with SEGi College on February 28, and spans a lease term of 18 years on a triple net lease arrangement. The college is expected to begin operations by the fourth quarter of the year. The property is expected to generate a consistent income stream with positive rent reversion every three years. (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	1.580	6.0%	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	0.545	-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	0.760	0.7%	Initiated on 2-Jul-2024
2	DKSH	2-Jul	5.160	5.820	5.880		5.110	5.040	5.13	-0.6%	Initiated on 2-Jul-2024
3	DUFU	2-Jul	2.630	2.920	3.110		2.480	2.310	2.40	-8.7%	Initiated on 2-Jul-2024
4	GREATEC	2-Jul	5.320	6.160	6.440		5.080	4.900	5.43	2.1%	Initiated on 2-Jul-2024
5	INFOTEC	2-Jul	1.040	1.090	1.140		0.960	0.915	1.19	14.4%	Initiated on 2-Jul-2024
6	ITMAX	2-Jul	2.580	2.780	2.850		2.480	2.420	3.09	19.8%	Initiated on 2-Jul-2024
7	PPHB	2-Jul	1.090	1.230	1.300		1.040	0.975	1.11	1.8%	Initiated on 2-Jul-2024
8	SCOMNET	2-Jul	1.530	1.630	1.720		1.420	1.330	1.49	-2.6%	Initiated on 2-Jul-2024
9	SKBSHUT	2-Jul	0.735	0.835	0.865		0.725	0.695	0.97	31.3%	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	0.70	-6.0%	Initiated on 2-Jul-2024
12	SYGROUP	2-Jul	0.805	0.895	0.935		0.750	0.705	0.87	8.1%	Initiated on 2-Jul-2024
13	TECHBND	2-Jul	0.530	0.620	0.645		0.505	0.490	0.53	-0.9%	Initiated on 2-Jul-2024
14	TM	2-Jul	6.760	7.360	7.500		6.540	6.390	7.12	5.3%	Initiated on 2-Jul-2024
Average Return										4.3%	

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)	29.4%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	9.2%
FBM Small Cap (Since 30/12/2022)	33.6%
Malaysia GDP Growth (1H23)	4.2%

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