

Tuesday, 23 Jul, 2024

Buying Interest Could Spillover To The Local Front

Market Review

Malaysia: The FBM KLCI (-0.88%) ended lower as positive sentiment faded after the weak overnight performance on Wall Street following the IT outage from CrowdStrike's updates and Joe Biden's election withdrawal. On the broader market, the Construction (-2.16%) sector was the worst performing sector.

Global markets: Wall Street ended higher with Nasdaq mainly led by the IT sector, which suggests that investors are optimistic on the upcoming corporate earnings and expects rate cuts to come soon. Meanwhile, the European stock markets ended higher, while Asia ended lower amid the uncertainties in the US elections.

The Day Ahead

The FBM KLCI traded lower in tandem with the FBM70 and FBM Small Cap indices. However, we still anticipate that this will be a buy-on-dip opportunity amid the ongoing data center catalyst. Meanwhile, the US stock markets snapped the earlier sell-offs and rebounded across small and big cap stocks due to bargain hunting activities and expectations of interest rate cuts to come sooner this year. Traders will also be watching earnings from General Motors, Coca-Cola, Alphabet, and Tesla, as well as key data such as existing home sales. On the commodity markets, Brent oil fell for another session, trading below USD83, while the gold price dipped slightly below USD2400 ahead of the US CPI data (Fri). The CPO price managed to recover closer to RM4000.

Sectors Focus: Given the rebound in the Wall Street performance overnight, we expect buying support to spill over and emerge in our local stocks, especially in the Technology sector. Meanwhile, we like the healthy consolidation phase, and we expect bargain hunting activities to emerge within the Construction, Utilities, Building Materials, and Property sectors amid the upcycle moves due to the recent data center catalysts. We also favour selected stocks in the Packaging and Shipping sectors.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index retraced below the 1,625 level. The technical readings on the key index were mixed with the MACD histogram forming a rounding top formation, 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.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	40,415.44	0.32
S&P 500	5,564.41	1.08
NASDAQ	8,007.57	1.58
FBM KLCI	1622.07	-0.88
FBM Small Cap	19,650.45	-1.13
FBM ACE	5,890.92	-0.73
Construction	307.91	-2.16
Consumer	590.36	-0.92
Energy	962.06	-1.39
Financial Services	17,900.82	-0.40
Healthcare	2,161.27	-0.90
Ind Products	194.95	-1.05
Plantation	7,208.38	-0.23
Property	1,133.78	-1.19
REITs	836.77	-0.16
Technology	76.73	-0.51
Telco & Media	598.54	-1.83
Transport & Logisti	1,105.43	-1.16
Utilities	1,844.56	-0.81
Trading Vol (m)	5,342.61	20.56
Trading Val (RM m)	3,420.89	4.56
Gainers/ Losers rat	28%	
FKLI	1623.50	0.09
FCPO (RM)	3,990.00	0.13
Brent oil (USD)	82.40	-0.28
Gold (USD)	2,396.59	-0.03
USD	4.682	0.08
GBP	6.054	-0.10
EURO	5.0997	-0.03
SGD	3.482	0.08
Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
-152.8	-14.2	267.0

Source: Bloomberg, Bursa Market Place



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Company Brief

Malaysia Airports Holdings Bhd (MAHB) has signed a memorandum of understanding with Menteri Besar Selangor Incorporated (MBI Inc) to advance the development and marketing of Zone 3 and Zone 4 at Sultan Abdul Aziz Shah Airport in Subang (Subang Airport). The development of these zones, designated for business aviation and aerospace segments under the Subang Airport Regeneration Plan (SARP) would include the creation of a new area dedicated to business aviation hangars and the amplification of the aerospace ecosystem catering to aerospace manufacturers, assemblers and component maintenance, repair and operations operators. (The Edge)

Separately, MAHB saw a 40% year-on-year increase in international traffic in the first half of 2024, fuelled by the addition of six new airlines; Cambodia Airways, Flydubai, Iraqi Airways, Juneyao Airlines, Thai Lion Air, Turkmenistan Airlines. These airlines contributed to total passenger movements of 45m in 1H2024, reaching 87.9% of pre-pandemic levels from the same period in 2019. (The Edge)

Consumer finance company **RCE Capital Bhd** (RCECAP) proposed a one-for-one bonus issue, involving the issuance of 764.9m new bonus shares. The entitlement date will be determined after all relevant approval for the bonus issues have been obtained. Based on the five-day volume-weighted average price of the shares up to June 30, 2024, the theoretical ex-bonus share price would be RM1.41. (The Edge)

Crescendo Corp Bhd (CRESNDO) has proposed the subdivision of every one of its shares into three shares to improve the trading liquidity of the property developer's shares. Based on the last transacted market price on July 3 of RM3.63, the theoretical adjusted reference share price per subdivided share upon the completion of share split will be RM1.21. Crescendo also proposed the establishment of an executive share option scheme of up to 10% of its share at any point in time within the five-year of its enforcement period. (The Edge)

Cable support system provider **United U-Li Corp Bhd** (ULICORP) has declared a third interim dividend of two sen per share for the financial year ending Dec 31, 2024 (FY2024). This brings its year-to-date dividends to six sen per share for FY2024 against eight sen per share in FY2023. (The Edge)

Eversendai Corp Bhd (SENDAI) has teamed up with a unit of Abu Dhabi-based Emirates Steel Arkan Group (ESA), for the development of the Trojena Ski Village project in Saudi Arabia. It is collaborating with Emirates Steel, a unit of ESA, which will supply premium steel beams for the construction of the Trojena Ski Village. The project, which is being developed to host the Asian Winter Games in 2029, is part of a series of Saudi state-endorsed construction projects dubbed NEOM. Eversendai is undertaking structural steel erection works for Trojena. (The Edge)

Grand Central Enterprises Bhd (GCE), which operates hotels under the Grand Continental brand, has received a takeover offer worth RM90.62m from its major shareholders as part of a delisting plan. Tan Chee Hoe & Sons Sdn Bhd and Hotel Grand Central Ltd – which together hold a 72.65% stake in Grand Central – are offering 46 sen per share to other shareholders. The offer price represents a premium of 28% from the last closing price. (The Edge)

YX Precious Metals Bhd (YXPM) has secured approval from the Securities Commission Malaysia for its transfer to the Main Market of Bursa Securities. It said since its listing on the ACE Market, the group has consistently grown and strengthened its market position, and the transition to the Main Market will provide higher visibility and recognition, helping to access new growth opportunities. (The Edge)



Technical Focus Tracker

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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	0.650	7.4%	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	0.830	2.1%	Initiate on 31/5/2024
4	CORAZA	6-Jun	0.580	0.620	0.630	0.640	0.540	0.530	0.535	-7.8%	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	0.750	-0.7%	Initiated on 2-Jul-2024
2	DKSH	2-Jul	5.160	5.820	5.880		5.110	5.040	5.14	-0.4%	Initiated on 2-Jul-2024
3	DUFU	2-Jul	2.630	2.920	3.110		2.480	2.310	2.34	-11.0%	Initiated on 2-Jul-2024
4	GREATEC	2-Jul	5.320	6.160	6.440		5.080	4.900	5.58	4.9%	Initiated on 2-Jul-2024
5	INFOTEC	2-Jul	1.040	1.090	1.140		0.960	0.915	1.18	13.5%	Initiated on 2-Jul-2024
6	ITMAX	2-Jul	2.580	2.780	2.850		2.480	2.420	3.08	19.4%	Initiated on 2-Jul-2024
7	PPHB	2-Jul	1.090	1.230	1.300		1.040	0.975	1.06	-2.8%	Initiated on 2-Jul-2024
8	SCOMNET	2-Jul	1.530	1.630	1.720		1.420	1.330	1.44	-5.9%	Initiated on 2-Jul-2024
9	SKBSHUT	2-Jul	0.735	0.835	0.865		0.725	0.695	0.94	27.9%	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	-6.7%	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	0.52	-2.8%	Initiated on 2-Jul-2024
14	TM	2-Jul	6.760	7.360	7.500		6.540	6.390	7.03	4.0%	Initiated on 2-Jul-2024
Average Return										3.1%	

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)	28.9%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	8.5%
FBM Small Cap (Since 30/12/2022)	31.7%
Malaysia GDP Growth (1H23)	4.2%

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