

Wednesday, 24 Jul, 2024

Uptrend Move Remains Intact

Market Review

Malaysia: The FBM KLCI (+0.47%) ended higher lifted by the buying pressure in YTL-related heavyweights on the back of bargain hunting activities; tracking the overnight US markets performance. Meanwhile, the Construction sector (+2.04%) was the best performing sector.

Global markets: Wall Street ended mixed as investors stayed cautious ahead of economic data and plethora of corporate earnings this week, moving past the US president Joe Biden's decision to withdraw from upcoming election. Meanwhile, the European stock markets ended higher, while Asia ended lower.

The Day Ahead

Overall, the local stock markets managed to rebound amid bargain hunting activities after a sharp decline on Monday. Still, traders are focusing on construction and property-related stocks. Over in the US, the three major indices declined mildly and dipped further post-Alphabet and Tesla results; the latter fell as earnings missed consensus estimates. Traders will be watching economic data like Flash Manufacturing and Services PMI and new home sales that will be released later tonight. In the commodity markets, Brent oil slid for the third session in a row on the back of renewed ceasefire negotiations in the Israel-Hamas conflict despite US oil inventories continuing to decline, while the gold price maintained above USD 2400. The CPO price managed to trade nearer to RM 4000.

Sectors Focus: In view of softer Wall Street overnight performance, we expect mild profit-taking activities to emerge on our local front. However, it will be a decent accumulation opportunity within the stocks related to data center catalysts, and stocks within the Construction, Building Materials, Property, and Utilities sectors will be scooped up in the near term. Also, we believe selected Technology stocks will be attractive ahead of the earnings in August. Besides, we have observed some pickup in trading activities within the Sarawak theme, which may be on watch by traders.

FBMKLCI Technical Outlook



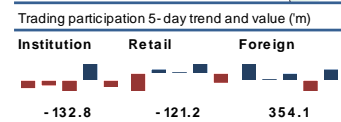
Bloomberg

The FBM KLCI index closed higher around the 1,629 level. However, the technical readings on the key index were mixed with the MACD histogram forming a rounding top formation, and RSI continues to stay 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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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	40,358.09	-0.14
S&P 500	5,555.74	-0.16
NASDAQ	17,997.35	-0.06
FBM KLCI	1,629.68	0.47
FBM Small Cap	1,796.88	0.75
FBM ACE	5,922.06	0.36
Construction	314.20	2.04
Consumer	590.08	-0.05
Energy	973.26	1.16
Financial Services	17,974.14	0.41
Healthcare	2,172.96	0.54
Ind Products	196.45	0.77
Plantation	7,197.92	-0.15
Property	1,153.02	1.70
REITs	836.63	-0.02
Technology	76.86	0.17
Telco & Media	600.57	0.34
Transport & Logisti	1,115.30	0.89
Utilities	1,865.73	1.15
Trading Vol (m)	5,119.59	-4.17
Trading Val (RM m)	3,593.03	5.03
Gainers/ Losers rat	56%	
FKLI	1,634.50	0.06
FCPO (RM)	3,983.00	0.35
Brent oil (USD)	81.01	-1.69
Gold (USD)	2,409.64	-0.01
USD	4.6733	0.19
GBP	6.0339	0.33
EURO	5.0786	0.42
SGD	3.4741	0.23



Source: Bloomberg, Bursa Market Place



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Company Brief

IOI Properties Group Bhd (IOIPG) is acquiring Tropicana Gardens Mall, located in Petaling Jaya, from Tropicana Corp Bhd (TROP) for RM680m, cash. IOI said the property will provide a strong recurring income as it follows the successful model of IOI malls and leveraging on its brand in providing a vibrant lifestyle experience filled with dynamic offerings. Over at Tropicana, the developer said the divestment will enable the monetisation of Tropicana's investment property and help reduce the group's debt, thereby improving its cash flow position and reducing interest expenses. (The Edge)

YTL Cement Bhd, a unit of giant conglomerate **YTL Corp Bhd** (YTL), is planning to buy an 81.34% stake in Singapore-listed NSL Ltd for RM792.32m, cash, to expand its industrialised building systems (IBS) business. NSL is a management and investment holding company whose subsidiaries manufacture building materials, oil and petroleum products, and provide environmental services. YTL Cement is buying the stake, comprising 303.48m shares in NSL, from 98 Holdings Pte Ltd at RM2.61 per share or a total of RM792.32m. (The Edge)

Axis Real Estate Investment Trust's (AXREIT) (Axis REIT) second quarter net property income (NPI) increased 12.86% to RM65.95m from RM58.44m a year ago, on the back of higher revenue. Revenue for the quarter ended June 30, 2024, rose 11.8% to RM76.53m from RM68.45m in the previous year's corresponding quarter. It declared a second interim income distribution of 2.25 sen per unit, payable on Aug 30. (The Edge)

Trading in **GHL Systems Bhd** (GHLSYS) shares is set to be suspended next week after NTT Data Japan Corp secured 98.8% of GHL's shares at the close of the Japanese group's takeover offer for the payments services provider. NTT Data does not intend to maintain the listing status of GHL on the Main Market of Bursa Securities. Thus, Bursa Securities will suspend the trading of the shares upon the expiry of five market days from the extended closing date. (The Edge)

Uzma Bhd's (UZMA) Thai unit has secured a RM19m contract to provide infill well preparation services for offshore platforms. The one-year contract, awarded by PTTEP Energy Development Company Ltd to Uzma's subsidiary MMSVS Group Holding Co Ltd Thailand, is valid until July 15, 2025. The scope of work includes providing hydraulic workover unit equipment and services for infill well preparation on up to six of PTTEP's offshore platforms in the Gulf of Thailand. (The Edge)

Advancecon Holdings Bhd's (ADVCON) 51% subsidiary Spring Energy Sdn Bhd has inked a mining services agreement with Imerys Minerals Malaysia Sdn Bhd. Under the agreement, Spring Energy will provide a wide range of mining services that include quarry development and maintenance, drilling and blasting, marble handling and processing, waste management, and environmental protection measures at the quarry site in Gunung Terundum, Johor. (The Edge)

T7 Global Bhd (T7GLOBAL) has received a letter of award (LOA) from Petronas Carigali Sdn Bhd to provide a low-cost jack-up drilling rig. The company said its unit Tanjung Offshore Services Sdn Bhd had received the LOA for the Petronas Carigali Plug and Abandonment programme. However, it did not disclose the contract price. (The Edge)

Varia Bhd (VARIA) had secured a construction subcontract worth RM555m, sending shares in the company formerly known as Stella Holdings Bhd to their highest in nearly eight months. Under the subcontract, Varia will supply labour, plants, materials, equipment, tools, transport, temporary works and ancillary needed to build a sewage treatment plant in Penang. The contract is for a period of 57 months and expected to complete by March 24, 2029. (The Edge)



Well Chip Group Bhd (WELLCHIP) ended its first day on the Main Market with a 50% gain, after the Johor-based pawnbroker raised RM172.5m from its initial public offering (IPO). The stock opened at RM1.65 versus its IPO price of RM1.15 per share. It then climbed to as high as RM1.75 before closing at RM1.72, valuing the company RM1.03b. (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	0.650	7.4%	Initiate on 5/4/2024
2	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.560	4.7%	Initiate on 24/4/2024
3	FOCUSP	31-May	0.813	0.890	0.910	0.930	0.790	0.780	0.820	0.9%	Initiate on 31/5/2024
4	CORAZA	6-Jun	0.580	0.620	0.630	0.640	0.540	0.530	0.540	-6.9%	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	0.750	-0.7%	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	2.31	2.31	-12.2%	Initiated on 2-Jul-2024
4	GREATEC	2-Jul	5.320	6.160	6.440	5.080	4.900	5.51	5.51	3.6%	Initiated on 2-Jul-2024
5	INFOTEC	2-Jul	1.040	1.090	1.140	0.960	0.915	1.20	1.20	15.4%	Initiated on 2-Jul-2024
6	ITMAX	2-Jul	2.580	2.780	2.850	2.480	2.420	3.10	3.10	20.2%	Initiated on 2-Jul-2024
7	PPHB	2-Jul	1.090	1.230	1.300	1.040	0.975	1.07	1.07	-1.8%	Initiated on 2-Jul-2024
8	SCOMNET	2-Jul	1.530	1.630	1.720	1.420	1.330	1.44	1.44	-5.9%	Initiated on 2-Jul-2024
9	SKBSHUT	2-Jul	0.735	0.835	0.865	0.725	0.695	1.00	1.00	36.1%	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	0.70	0.70	-6.7%	Initiated on 2-Jul-2024
12	SYGROUP	2-Jul	0.805	0.895	0.935	0.750	0.705	0.88	0.88	9.3%	Initiated on 2-Jul-2024
13	TECHBND	2-Jul	0.530	0.620	0.645	0.505	0.490	0.53	0.53	-0.9%	Initiated on 2-Jul-2024
14	TM	2-Jul	6.760	7.360	7.500	6.540	6.390	6.99	6.99	3.4%	Initiated on 2-Jul-2024
Average Return										3.8%	

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)	29.7%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	9.0%
FBM Small Cap (Since 30/12/2022)	32.6%
Malaysia GDP Growth (1H23)	4.2%

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