

Thursday, 25 Jul, 2024

Weaker Sentiment Emerged

Market Review

Malaysia: The FBM KLCI (-0.52%) ended lower dragged by selling pressure in Industrial Products & Services heavyweights. Investors adopted a cautious stance amid a lack of fresh news and tracked the weaker US markets performance overnight. The REIT and Transportation & Logistics was the best performing sectors.

Global markets: Wall Street closed lower, following the disappointing earnings from Alphabet and Tesla. This eroded investor confidence in tech heavyweight stocks, despite expectations of future interest rate cuts. Meanwhile, both the European and Asia stock markets ended lower ahead of US earnings and economic data.

The Day Ahead

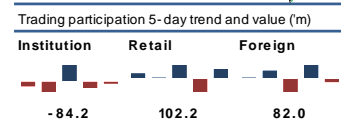
After one day of rebound, selling pressure re-emerged, causing the FBMKLCI, FBM70, and FBM Small Cap indices to end in negative territory, dragged down by industrial products and construction-related stocks. Meanwhile, led by a tech-driven sell-off, the US stock markets had their worst day since December 2022, with the S&P 500 and Nasdaq plunging 2.32% and 3.64%, respectively, following the earnings releases of Alphabet and Tesla. Additionally, traders were locking in profits after an AI-led rally that might be overheated, and a rotation into small-cap stocks was observed. On the economic data front, investors will be watching the US GDP data and unemployment claims that will be releasing tonight. In the commodity markets, Brent oil traded near the USD 81 level, while the gold price remained around USD 2,400. The CPO has slightly retraced below RM 4,000.

Sectors Focus: With the AI-driven rally pausing and correcting in the US, we believe more profit-taking activities may emerge on our local front. Nevertheless, we believe this could be an opportunity to buy the dip going forward, especially in relation to the data center theme in our local market. We favour the Construction, Property, Utilities, and Building Materials segments. Additionally, we like selected stocks within the Shipping and Technology sectors, as we observe the upward trend remains intact.

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

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	39,853.87	-1.25
S&P 500	5,427.13	-2.31
NASDAQ	17,342.41	-3.64
FBM KLCI	1,621.14	-0.52
FBM Small Cap	1,683.70	-0.57
FBM ACE	5,856.86	-0.93
Construction	309.63	-1.45
Consumer	588.52	-0.26
Energy	966.03	-0.74
Financial Services	17,950.30	-0.13
Healthcare	2,157.99	-0.69
Ind Products	193.31	-1.60
Plantation	7,172.64	-0.35
Property	1,140.73	-1.07
REITs	837.53	0.11
Technology	76.41	-0.59
Telco & Media	596.17	-0.73
Transport & Logist	1,116.48	0.11
Utilities	1,848.44	-0.93
Trading Vol (m)	4,392.39	-14.20
Trading Val (RM m)	2,801.82	-22.02
Gainers/ Losers rat	45%	
FKLI	1,618.50	-0.31
FCPO (RM)	3,923.00	-0.05
Brent oil (USD)	81.71	0.86
Gold (USD)	2,397.70	0.03
USD	4.672	0.03
GBP	6.0313	0.04
EURO	5.0647	0.27
SGD	3.4739	0.01



Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index closed lower around the 1,621 level. The technical readings on the key index were mixed with the MACD histogram turned negative, but the RSI continues to stay above 50. The resistance is envisaged around 1,636-1,641 and the support is set at 1,606-1,620.



JOIN OUR OFFICIAL TELEGRAM
TO GET THE LATEST MARKET UPDATES

M+Online
Equipping Traders For The Win

Global
Winning The World

Company Brief

AME Elite Consortium Bhd (AME) is selling four industrial properties in Johor to its 49.62%-owned unit AME Real Estate Investment Trust (AMEREIT) for RM119.5m to realign its property investments into a REIT. Its subsidiary Pentagon Land Sdn Bhd and its 80%-owned subsidiary Ipark Development Sdn Bhd had inked separate sale and purchase agreements with AME REIT for the disposal. AME REIT said it will finance the deal via financing facilities. (The Edge)

Nationgate Holdings Bhd (NATGATE) plans to issue new shares to raise RM429.3m at a price that is nearly six times its initial public offering of 38 sen per share achieved barely 19 months ago. It has proposed a private placement of 207.39m new shares or 10% of its enlarged share base to raise fresh working capital. The assumed issue price of RM2.07 per share represents a discount of about 9.61% to the five-day volume-weighted average market price of RM2.29 as of July 23. (The Edge)

MN Holdings Bhd (MNHLDG) has secured a contract worth RM136.24m to undertake power landing station works for a data centre service provider. It is unable to disclose the customer's identity due to a non-disclosure agreement. The data centre project is located in the southern region of Malaysia. With the latest job win, the underground utilities and substation engineering specialist's outstanding order book rose to RM568.5m. (The Edge)

SC Estate Builder Bhd (SCBUILD) is forming a consortium to bid for projects with a total capacity of 2,000 megawatts under the fifth large-scale solar programme. It has signed a joint venture agreement with Anjung Meriah Sdn Bhd, a 100% Bumiputera firm involved in the engineering, procurement, construction and commissioning of solar renewable energy projects. Under the agreement, SC Estate will hold a 40% stake, while Anjung Meriah will have a 60% stake. (The Edge)

Property developer **UEM Sunrise Bhd's** (UEMS) disposal of its 80.4% stake in South Africa's Roc-Union Proprietary Ltd has fallen through again, as the buyer Azishe Properties Proprietary Ltd failed to fulfil its payment obligations within the stipulated time frame. This is the second attempt by UEM Sunrise to sell its stake in Roc-Union. The 80.4% stake in Roc-Union is held by UEM Sunrise's indirect wholly-owned subsidiary UEM Sunrise South Africa. (The Edge)

Property developer **Axteria Group Bhd** (AXTERIA), formerly known as Acoustech Bhd, has scrapped plans to jointly undertake a mixed development project with Alpha Astral Properties Sdn Bhd on land measuring 83,037 square metres in Johor Bahru. The mutual termination of the joint venture agreement is due to a condition precedent not being met prior to the end of the extended condition period. (The Edge)

CapitaLand Malaysia Trust (CLMT) posted a 15.2% jump in its second quarter net property income from the same quarter a year ago, as most of the malls within its portfolio recorded higher revenue as a result of positive rental reversions and higher occupancies. Net property income for the second quarter ended June 30, 2024 (2QFY2024) rose to RM65.47m from RM56.83m in 2QFY2023, while gross revenue rose 8.5% to RM113.65m from RM104.76m. It announced a distribution per unit of 1.17 sen. (The Edge)

Following the result announcement, CapitaLand said it is positive on its earnings outlook for this year, supported by sustained domestic earnings, an uptick in tourist arrivals and better occupancy rates for its retail malls. It is also eyeing more industrial and logistic assets in Johor, given the robust demand and positive economic sentiments there. (The Edge)



British American Tobacco (Malaysia) Bhd (BAT) reported that its second quarter net profit dropped 23.66% amid the group's increased investment into growing its vaping brand, Vuse, in Malaysia. Net profit for the three months ended June 30, 2024 (2QFY2024) fell to RM36.28m from RM47.53m in 2QFY2023, as revenue dropped 5.55% to RM640.46m from RM678.12m. The cigarette company declared a second interim dividend of 12 sen per share or a total of RM34.2m, payable on Aug 22 to its shareholders. (The Edge)

United Plantations Bhd's (UTDPLT) net profit rose 17% to RM185.94m in the second quarter ended June 30, 2024 (2QFY2024) from RM159.02m a year earlier on higher profits from its plantation and refinery segments. Quarterly revenue came in 16% higher at RM546.08m from RM470.07m a year earlier, due to the increase in revenue for the plantation and refinery segments in the current quarter, mainly as a result of higher crude palm oil and palm kernel prices. No dividend was proposed for 2QFY2024. (The Edge)

Gadang Holdings Bhd's (GADANG) net loss narrowed to RM9.37m for its fourth quarter ended May 31, 2024 (4QFY2024) from RM27.7m a year ago, as revenue expanded due to higher contributions from its construction division. Revenue rose 32% to RM150.5m from RM114m. No dividend was declared during the quarter under review. (The Edge)

AirAsia X Bhd (AAX) reported a 42% jump in passenger traffic to 880,265 in the second quarter of 2024 (2Q2024) from 621,984 in 2Q2023, driven by peak spring travel seasons and the Eid holiday during the period. Its available seat per kilometre capacity for 2Q2024 rose by 25% YoY to 4.4b from 3.51b in the same period last year. The passenger load factor increased by seven percentage points y-o-y to 83%. (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	0.645	6.6%	Initiate on 5/4/2024
2	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.550	4.0%	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	0.745	0.745	-1.3%	Initiated on 2-Jul-2024
2	DKSH	2-Jul	5.160	5.820	5.880	5.110	5.040	5.13	5.13	-0.6%	Initiated on 2-Jul-2024
3	DUFU	2-Jul	2.630	2.920	3.110	2.480	2.310	2.37	2.37	-9.9%	Initiated on 2-Jul-2024
4	GREATEC	2-Jul	5.320	6.160	6.440	5.080	4.900	5.49	5.49	3.2%	Initiated on 2-Jul-2024
5	INFOTEC	2-Jul	1.040	1.090	1.140	0.960	0.915	1.09	1.09	4.8%	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	1.41	1.41	-7.8%	Initiated on 2-Jul-2024
9	SKBSHUT	2-Jul	0.735	0.835	0.865	0.725	0.695	1.13	1.13	53.7%	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	0.70	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	8.7%	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	6.92	6.92	2.4%	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)	29.7%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	8.4%
FBM Small Cap (Since 30/12/2022)	31.9%
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.

