

Friday, 26 Jul, 2024

## Mixed Tone Ahead Of US Inflation Data

### Market Review

**Malaysia:** The FBM KLCI (-0.37%) ended lower dragged by selling pressure in Utilities heavyweights; tracking weaker overnight US market performance following the disappointing earnings from tech heavyweights. REIT (+0.11%) was the best performing sector led by CLMT (+2.0 sen) and IGBREIT (+1.0 sen).

**Global markets:** Wall Street ended mixed with some mild bargain hunting activities following the better-than-expected US GDP data, but tech stocks were beaten down as traders reduced their exposure on stock like META (-1.70%) and AI-related. Meanwhile, both the European and Asia stock markets ended lower.

### The Day Ahead

The FBMKLCI and the broader markets continued to trade lower as further profit-taking activities took place, tracking the weaker US stock market performance. However, we noticed some bargain-hunting activities in the US after better-than-expected GDP data, recording at 2.8% compared to the 2.0% consensus, while the unemployment claims were slightly lower than consensus. Also, traders will be watching out for the core PCE price index later tonight, as the data is crucial for the Fed to make a decision on the direction of interest rates going forward. In the commodity markets, Brent oil rebounded off the USD81 support amid upbeat US economic data, while the gold price settled below the USD2400 level. The CPO is positively biased above RM3900.

**Sectors Focus:** As the selling pressure in the US stock markets slowed down, we believe bargain-hunting activities may emerge and traders may look for buy-on-dip opportunities within the data center theme for the near term; we like the Construction, Property, Utilities, and Building Materials segments. Meanwhile, we expect traders to reassess the situation within the Technology sector after this correction phase ahead of their respective earnings release in August. Besides, we like stocks within the Shipping, Financial, and Water-related sectors.

**Research Team**  
[research@msec.com.my](mailto:research@msec.com.my)  
(603) 2201 2100

### Market Scorecard

| Key indices         | Last price | Change (%) |
|---------------------|------------|------------|
| Dow Jones           | 39,935.07  | 0.20       |
| S&P 500             | 5,399.22   | -0.51      |
| NASDAQ              | 17,181.72  | -0.93      |
| FBM KLCI            | 1615.18    | -0.37      |
| FBM Small Cap       | 19,447.68  | -1.20      |
| FBM ACE             | 5,810.86   | -0.79      |
| Construction        | 302.89     | -2.18      |
| Consumer            | 585.13     | -0.58      |
| Energy              | 958.29     | -0.80      |
| Financial Services  | 17,983.26  | 0.18       |
| Healthcare          | 2,147.86   | -0.47      |
| Ind Products        | 1,179      | -0.79      |
| Plantation          | 7,150.96   | -0.30      |
| Property            | 1,215.2    | -1.68      |
| REITs               | 839.74     | 0.26       |
| Technology          | 74.85      | -2.04      |
| Telco & Media       | 590.52     | -0.95      |
| Transport & Logist  | 1,118.41   | 0.17       |
| Utilities           | 1,834.50   | -0.75      |
| Trading Vol (m)     | 4,554.93   | 3.70       |
| Trading Val (RM m)  | 3,114.84   | 11.17      |
| Gainers/ Losers rat | 27%        |            |
| FKLI                | 1620.00    | 0.37       |
| FCPO (RM)           | 3,946.00   | 0.71       |
| Brent oil (USD)     | 82.37      | 0.81       |
| Gold (USD)          | 2,364.56   | -0.04      |
| USD                 | 4.6613     | 0.23       |
| GBP                 | 6.0063     | 0.42       |
| EURO                | 5.0582     | 0.13       |
| SGD                 | 3.4725     | 0.04       |



Source: Bloomberg, Bursa Market Place

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended lower around 1,615 level. The technical readings on the key index were negative with the formation of negative MACD histogram for the past two days, and the RSI drops below 50. The resistance is envisaged around 1,630-1,635 and the support is set at 1,595-1,600.



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## Company Brief

**IGB Real Estate Investment Trust's** (IGBREIT) net property income (NPI) for the second quarter ended June 30, 2024 rose 6.5% to RM109.48m from RM102.79m a year ago, due to higher rental income. Revenue increased 5.95% to RM149.97m from RM141.54m. Its distributable income rose to RM94.69m in the quarter under review. It declared a distribution of 2.56 sen per unit. (The Edge)

**IGB Commercial Real Estate Investment Trust's** (IGBCR) NPI rose 10.8% to RM34.45m in the second quarter ended June 30, 2024 from RM31.11m a year earlier, on higher rental income. Revenue grew 8.2% to RM57.29m from RM52.95m. On the back of the improved quarterly results, the REIT declared a distribution of 0.97 sen per unit, payable on Aug 30. (The Edge)

**KIP Real Estate Investment Trust's** (KIPREIT) NPI surged 62.8% to RM26.43m for the fourth quarter ended June 30, 2024, from RM16.23m a year earlier, thanks to strong gain of retail properties in Peninsular Malaysia's northern and central regions. Revenue rose 46% YoY to RM32.64m from RM22.39m. Income distributable to unitholders was 28% higher at RM13.49m vs RM10.52m a year earlier. (The Edge)

**UOA REIT** (UOAREIT), a trust which mainly manages commercial properties, saw its net rental income fall 22.06% to RM16.48m in its second quarter ended June 30, 2024 (2QFY2024), from RM21.15m a year ago, dragged by higher property operating expenses. Gross rental dropped 3.07% to RM27.59m, from RM28.47m a year before, due to the departure of an anchor tenant. Net profit declined 42.08% to RM8.1m from RM13.98m a year ago. (The Edge)

**Nestlé (Malaysia) Bhd's** (NESTLE) net profit declined 48.27% to RM93.60m in the 2QFY24, down from RM180.92m a year ago. It was driven by a drop in domestic sales, reflecting subdued consumer sentiment and constrained purchasing power. Revenue for the quarter stood at RM1.52b, down 13% as compared to RM1.75b a year earlier. The group declared an interim dividend of 70 sen per share. (The Edge)

Automated test equipment manufacturer **ViTrox Corp Bhd's** (VITROX) second-quarter net profit fell 25.4% y-o-y to RM28.1m, down from RM37.66m, dragged by its ongoing research and development investment as well as unfavourable foreign exchange (forex) losses. Revenue for the quarter fell 8.2% to RM137.2m, from RM149.39m in 2QFY2023, on lower sales of automated board inspection but was partially offset by robust sales orders from its machine vision system. (The Edge)

Plastic material and resin manufacturer **Luxchem Corp Bhd's** (LUXCHEM) net profit for the second quarter ended June 30, 2024 (2QFY2024) jumped 30% to RM12.2m or 1.14 sen per share, compared with RM9.42m or 0.88 sen per share over the same quarter a year ago, thanks to higher contributions from both trading and manufacturing activities. (The Edge)

**Texchem Resources Bhd** (TEXCHEM) – which has businesses ranging from engineering to restaurants – returned to the black after six consecutive quarters of losses, thanks to higher sales across all business divisions, except for its food division, which was dragged down by higher forex losses in its Myanmar operations. Net profit for the three months ended June 30, 2024 was RM975,000 compared to a net loss of RM6.26m over the same period a year ago. Revenue for the quarter rose 22.58% to RM294.74m from RM240.45m. (The Edge)

Construction engineering company **Ahmad Zaki Resources Bhd's** (AZRB) wholly-owned subsidiary, Ahmad Zaki Sdn Bhd (AZSB) has secured a contract worth RM151.99m to design and build the Port Dickson Specialist Hospital in Negeri Sembilan. The contract from the Public Works Department will commence on Aug 6 and spans 156 weeks. (The Edge)



**Sarawak Consolidated Industries Bhd** (SCIB) has accepted a contract worth RM162m for an engineering, procurement, construction and commissioning (EPCC) project over a 23-month period in Mualim, Perak. The acceptance of the job to its wholly-owned subsidiary, SCIB Properties Sdn Bhd (SCIBP), by Awana JV Suria Saga Sdn Bhd, is to allow the latter “an opportunity to repay the outstanding owing to SCIBP”. (The Edge)

**JAKS Resources Bhd's** (JAKS) unit JAKS Solar Power Holdings Sdn Bhd has signed a memorandum of understanding with **TDM Bhd's** (TDM) 70%-owned subsidiary subsidiary, TDM-YT Plantation Sdn Bhd, to collaborate on a land lease as part of its bid for the fifth Large Scale Solar (LSS5) programme. The MOU outlines JAKS Solar Power and TDM-YT Plantation's plan to conduct feasibility studies on land use for the LSS5 project and to negotiate terms of the lease agreement. (The Edge)

**Iqzan Holdings Bhd** (IQZAN) will be delisted from Bursa Malaysia next Tuesday after the regulator dismissed an appeal from the company for a further extension of time to submit its regularisation plan. Upon delisting, Iqzan will continue to exist but as an unlisted entity. It is still able to continue its operations and businesses and proceed with its corporate restructuring, while its shareholders can still be rewarded by the company's performance. (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         | 0.635           | 5.0%                      | 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         | 0.530           | -8.6%                     | 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        | 0.740         | 0.740           | -2.0%                     | 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        | 5.25          | 5.25            | -1.3%                     | Initiated on 2-Jul-2024 |
| 5                | INFOTEC   | 2-Jul       | 1.040                        | 1.090             | 1.140             | 0.960                 | 0.915        | 1.12          | 1.12            | 7.7%                      | Initiated on 2-Jul-2024 |
| 6                | ITMAX     | 2-Jul       | 2.580                        | 2.780             | 2.850             | 2.480                 | 2.420        | 3.08          | 3.08            | 19.4%                     | 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        | 1.08          | 1.08            | 46.9%                     | 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        | 0.68          | 0.68            | -9.4%                     | Initiated on 2-Jul-2024 |
| 12               | SYGROUP   | 2-Jul       | 0.805                        | 0.895             | 0.935             | 0.750                 | 0.705        | 0.87          | 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          | 0.53            | 0.0%                      | Initiated on 2-Jul-2024 |
| 14               | TM        | 2-Jul       | 6.760                        | 7.360             | 7.500             | 6.540                 | 6.390        | 6.88          | 6.88            | 1.8%                      | Initiated on 2-Jul-2024 |
| Average Return   |           |             |                              |                   |                   |                       |              |               |                 | 3.0%                      |                         |

| 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)      | 8.0%  |
| FBM Small Cap (Since 30/12/2022) | 30.3% |
| Malaysia GDP Growth (1H23)       | 4.2%  |



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