

Monday, 29 Jul, 2024

## Still Anticipating Buy-On-Dip Opportunities

### Market Review

**Malaysia:** The FBM KLCI (-0.14%) ended lower dragged by selling pressure in NESTLE after weaker earnings and coupled with analyst downgrades. The broader market lacks a clear buying catalyst as the performance on Wall Street has been on a downtrend last week. The energy sector (+0.82%) was the best performing sector.

**Global markets:** Wall Street ended higher as investors flocked back towards tech heavyweights that had triggered broad sell-offs earlier last week as the core PCE was in line, which lifted the sentiment that the Fed may cut the rate soon. Meanwhile, the European markets were lower, while the Asia stock markets ended mixed.

### The Day Ahead

Last week, most of the indices took a beating as profit-taking activities emerged, snapping a three-week rally on the FBM KLCI, FBM70, and FBM Small Cap. On a weekly basis in the US, the Dow rallied, but both the Nasdaq and S&P 500 were dragged down by technology heavyweights in anticipation of softer AI-driven earnings. This week, traders will be monitoring China Manufacturing PMI, US home sales, US jobs data, and US ISM Manufacturing PMI. In the commodity markets, Brent oil declined below USD81, as concerns over China's economic growth negatively impacted market sentiment, while the gold price maintained its uptrend toward USD2400. The CPO is ranging between RM3900-4000.

**Sectors Focus:** Despite the weaker tone in the US, we expect this could be a buying opportunity with the rebound on Friday. We believe the buying interest may revolve around the data center catalyst and focus within the Construction, Property, Utilities, Building Material, and Technology sectors. Additionally, we expect traders to position ahead of the earnings seasons within the Consumer, Shipping, and Financial sectors in view of more resilient results in the near term.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended lower around 1,612 level. The technical readings on the key index were negative with the formation of negative MACD histogram consecutively for the past three days, and the RSI drops below 50. The resistance is envisaged around 1,627-1,632 and the support is set at 1,592-1,597.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	40,589.34	164
S&P 500	5,459.10	1.11
NASDAQ	17,357.88	1.03
FBM KLCI	1612.88	-0.14
FBM Small Cap	19,446.00	-0.01
FBM ACE	5,794.09	-0.29
Construction	304.35	0.48
Consumer	583.31	-0.31
Energy	966.13	0.82
Financial Services	17,971.92	-0.06
Healthcare	2,517.1	0.18
Ind Products	1185	0.03
Plantation	7,144.19	-0.09
Property	1127.60	0.54
REITs	840.01	0.03
Technology	74.58	-0.36
Telco & Media	592.49	0.33
Transport & Logisti	1127.29	0.79
Utilities	1839.19	0.26
Trading Vol (m)	3,829.09	-5.94
Trading Val (RM m)	2,700.46	-3.30
Gainers/ Losers rat	84%	
FKLI	1613.50	-0.03
FCPO (RM)	3,942.00	0.61
Brent oil (USD)	81.13	0.59
Gold (USD)	2,387.19	0.47
USD	4.6578	0.08
GBP	5.9939	0.21
EURO	5.0555	0.05
SGD	3.4662	0.11

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place



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## Company Brief

**AirAsia X Bhd** (AAX) will be acquiring **Capital A Bhd's** (CAPITALA) aviation business directly, and not via a new company (NewCo) under an internal reorganisation proposed previously, to expedite the takeover. The decision to abort the proposed internal reorganisation and to terminate the internal reorganisation agreement was arrived at after weighing potential benefits of the proposed internal reorganisation against time required for the implementation of the proposed internal reorganisation and more critically, the importance of an expedient completion of the proposed acquisitions to the AAX group. (The Edge)

**Hibiscus Petroleum Bhd** (HIBISCS) has been awarded a 65% participating interest and operatorship in a production sharing contract by Petroliam Nasional Bhd (Petronas). Its unit Hibiscus Oil & Gas Malaysia Ltd has secured the 65% PI, while the remaining share is held by Petronas Carigali Sdn Bhd. The effective date of the contract is July 1, with a contract duration of 24 years. (The Edge)

Separately, Petronas awarded Ping Petroleum Sdn Bhd, a subsidiary of **Dagang NeXchange** (DNEX) and Duta Marine Sdn Bhd a small field asset (SFA) cluster PSC for the Bubu, Bunga Tasbih and Enau fields. The award is a part of the Petronas' PSC for three clusters of discovered resource opportunities under the Malaysia Bid Round Plus Round I. The awarded PSCs cover 12 oil and gas fields in the Malay basin, offering synergistic development opportunities due to their location near existing infrastructure. (The Edge)

In a move to bolster Malaysia's technology ecosystem, **ViTrox Corp Bhd's** (VITROX) co-founders are partnering with private equity firm Southern Capital Group to create a venture capital fund. Dubbed the Cambrian Fund, it aims to support local tech startups and nurture a robust tech ecosystem in Malaysia. The fund will focus on Industrial 4.0 themes, including vision artificial intelligence and robotics. The fund will be launched in October this year (The Edge)

**Ekovest Bhd** (EKOVEST) has agreed to a further extension of time to discuss a merger between its wholly owned subsidiary Ekovest Construction Sdn Bhd (ECSB) and Knusford Bhd (KNUSFOR). The six-month extension to Jan 27, 2025 will provide Ekovest and Knusford with additional time to evaluate and deliberate the terms of the definitive agreement for the proposed merger. The deadline was previously extended by two months from May 28, 2024 to from July 28, 2024. (The Edge)

Practice Note 17 company **Alam Maritim Resources Bhd** (ALAM) has announced its regularisation plan, which includes a share capital reduction of RM440m, 10-to-1 share consolidation, an issuance of renounceable rights shares with warrants and a scheme of arrangement with its creditors. The credit arising from the share capital reduction will be used to set off the company's accumulated losses amounting to RM489.81m as at March 31, 2024. Upon completion of the proposed debt restructuring, Alam Maritim is expected to recognise a one-off net gain of RM50.63m as a result of the waiver of debts owed to the scheme creditors. (The Edge)

**Datasonic Group Bhd** (DSONIC) has secured a RM30m contract to supply smart cards to Perum Percetakan Negara Republik Indonesia (PNRI), a unit of the Indonesian Ministry of State-Owned Enterprises. Its unit PT Datasonic Teknologi Indonesia has signed a sale and purchase agreement with PNRI to supply smart cards over a period of one to three years. (The Edge)

**Kumpulan Kitacon Bhd** (KITACON) has secured a RM54.5m contract to undertake the construction of 186 terrace houses in Rawang, Selangor. The contract to build the houses in Bandar Tasik Puteri was awarded to its subsidiary Kitacon Sdn Bhd by Rawang Lakes Sdn Bhd. The contract will commence on Aug 1 and be completed within 20 months. (The Edge)



Health and wellness direct selling company **DXN Holdings Bhd's** (DXN) net profit for the first quarter ended May 31, 2024 rose 10.26% to RM85.56m or earnings per share of 1.72 sen, compared with RM77.60m or 1.60 sen per share over the same period last year. Revenue climbed 12.05% year-on-year to RM475.05m from RM423.98m, on the organic expansion in key markets including Peru, Bolivia, Mexico and India that continued to be the primary growth driver. DXN declared a first interim dividend of 0.9 sen per share, totalling RM44.8m. (The Edge)

Upholstery furniture products manufacturer **Homeritz Corp Bhd's** (HOMERIZ) net profit for the third quarter ended May 31, 2024 surged 46.37% to RM9.09m or earnings per share of 1.96 sen, from RM6.21m or 1.34 sen per share a year earlier, thanks to higher sales volume and the stronger US dollar. Revenue rose 63.34% to RM61.88m from RM37.88m. Homeritz did not declare any dividend for the quarter. (The Edge)

**Westports Holdings Bhd's** (WPRTS) net profit for the second quarter ended June 30, 2024 (2QFY2024) rose 4.61% to RM203.75m, from RM194.76m a year ago, due to lower operating expenses. Revenue inched up 1.9% to RM552.99m from RM542.64m, attributed to an increase in container revenue. The port operator declared its first interim dividend of 8.89 sen per share, to be paid on Aug 21. (The Edge)

Biopharmaceutical company **Malaysian Genomics Resource Centre Bhd** (MGRC) has proposed to undertake a private placement that is expected to raise up to RM4.98m. For illustrative purposes, based on the five-day volume-weighted average market price of MGRC shares up to July 12 of 40.3 sen per share, the issue price of placement shares shall be at an issue price of 36.3 sen per placement share. (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	0.815	0.2%	Initiate on 31/5/2024
4	CORAZA	6-Jun	0.580	0.620	0.630	0.640	0.540	0.530	0.520	-10.3%	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	0.715	0.715	-5.3%	Initiated on 2-Jul-2024
2	DKSH	2-Jul	5.160	5.820	5.880	5.110	5.040	5.10	5.10	-1.2%	Initiated on 2-Jul-2024
3	DUFU	2-Jul	2.630	2.920	3.110	2.480	2.310	2.26	2.26	-14.1%	Initiated on 2-Jul-2024
4	GREATEC	2-Jul	5.320	6.160	6.440	5.080	4.900	5.23	5.23	-1.7%	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	3.09	3.09	19.8%	Initiated on 2-Jul-2024
7	PPHB	2-Jul	1.090	1.230	1.300	1.040	0.975	1.05	1.05	-3.7%	Initiated on 2-Jul-2024
8	SCOMNET	2-Jul	1.530	1.630	1.720	1.420	1.330	1.40	1.40	-8.5%	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	0.66	0.66	-11.4%	Initiated on 2-Jul-2024
12	SYGROUP	2-Jul	0.805	0.895	0.935	0.750	0.705	0.92	0.92	14.3%	Initiated on 2-Jul-2024
13	TECHBND	2-Jul	0.530	0.620	0.645	0.505	0.490	0.52	0.52	-1.9%	Initiated on 2-Jul-2024
14	TM	2-Jul	6.760	7.360	7.500	6.540	6.390	6.90	6.90	2.1%	Initiated on 2-Jul-2024
Average Return										2.6%	



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)	29.1%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	7.8%
FBM Small Cap (Since 30/12/2022)	30.3%
Malaysia GDP Growth (1H23)	4.2%

## Upcoming Dividend List

Stock	Entitlement	Description	Declare Date (DD)	Ex-Date	DD Price (RM)	Last Price (RM)	DY (%)	Price Chg Since DD (%)
UMCCA (2593)	Interim	RM0.07	27/6/2024	29/7/2024	RM5.05	RM5.16	1.4	2.2
SAPIND (7811)	Final	RM0.05	30/5/2024	30/7/2024	RM0.90	RM0.93	5.4	3.3
PAVREIT (5212)	Distribution	RM0.05	18/7/2024	30/7/2024	RM1.41	RM1.40	3.2	-0.7
DKLS (7528)	Final	RM0.03	28/2/2024	30/7/2024	RM1.91	RM1.99	1.5	4.2
SUCCESS (7207)	Special Cash	RM0.02	16/7/2024	31/7/2024	RM1.04	RM1.01	-	-2.9
PGF (8117)	Final	RM0.02	30/4/2024	31/7/2024	RM1.92	RM2.25	0.7	17.2
KFIMA (6491)	Interim + Special Cash	RM0.12	29/5/2024	1/8/2024	RM2.26	RM2.22	-	-1.8
KHJB (0210)	Final	RM0.00	15/4/2024	1/8/2024	RM0.16	RM0.16	0.6	3.2
AXREIT (5106)	Distribution	RM0.02	24/7/2024	5/8/2024	RM1.85	RM1.81	1.2	-2.2
PTTRANS (0186)	Interim	RM0.01	23/5/2024	5/8/2024	RM0.71	RM0.67	0.7	-5.6
ULICORP (7133)	Interim	RM0.02	22/7/2024	5/8/2024	RM2.06	RM2.14	0.9	3.9
SNS (0259)	Interim	RM0.00	28/6/2024	7/8/2024	RM0.76	RM0.84	0.3	11.3
BAT (4162)	Interim	RM0.12	24/7/2024	7/8/2024	RM8.37	RM8.36	1.4	-0.1
IGBCR (5299)	Distribution	RM0.01	26/7/2024	7/8/2024	RM0.49	RM0.49	2.0	0.0
AMEREIT (5307)	Distribution	RM0.02	25/7/2024	7/8/2024	RM1.43	RM1.44	1.3	0.7
FAVCO (7229)	Final	RM0.09	26/2/2024	7/8/2024	RM1.94	RM2.18	4.1	12.4
IGBREIT (5227)	Distribution	RM0.03	26/7/2024	7/8/2024	RM1.96	RM1.96	1.3	0.0
MASTER (7029)	Interim	RM0.06	25/7/2024	8/8/2024	RM4.03	RM4.03	1.5	0.0
GAMUDA (5398)	Interim	RM0.10	25/6/2024	8/8/2024	RM6.50	RM7.85	1.3	20.8
KIPREIT (5280)	Distribution	RM0.02	26/7/2024	8/8/2024	RM0.92	RM0.92	2.1	0.0
LUXCHEM (5143)	Interim	RM0.01	25/7/2024	8/8/2024	RM0.59	RM0.60	1.3	1.7
ENGTEX (5056)	Bonus	3:4	7/6/2024	8/8/2024	RM1.14	RM1.12	-	-
UOAREIT (5110)	Distribution	RM0.03	26/7/2024	8/8/2024	RM1.09	RM1.09	2.7	0.0
BETA (0263)	Interim + Final	RM0.02	25/7/2024	8/8/2024	RM0.40	RM0.41	4.9	3.8
PASDEC (6912)	Final	RM0.01	29/4/2024	8/8/2024	RM0.32	RM0.30	3.4	-6.3
EG (8907)	Interim	RM0.01	27/5/2024	9/8/2024	RM1.51	RM2.15	0.5	42.4
WPRTS (5246)	Interim	RM0.09	26/7/2024	9/8/2024	RM4.53	RM4.53	2.0	0.0
DPIH (0205)	Interim	RM0.00	25/7/2024	12/8/2024	RM0.21	RM0.20	-	-4.8
CVIEW (5049)	Interim	RM0.03	25/7/2024	15/8/2024	RM1.54	RM1.61	1.9	4.5
ZHULIAN (5131)	Interim	RM0.02	17/7/2024	20/8/2024	RM1.41	RM1.30	1.5	-7.8
EUPE (6815)	Interim	RM0.02	25/7/2024	26/8/2024	RM1.28	RM1.31	1.7	2.3
PANTECH (5125)	Final	RM0.02	25/4/2024	29/8/2024	RM1.04	RM1.09	1.4	4.8
AJI (2658)	Final	RM0.38	27/6/2024	29/8/2024	RM15.24	RM15.00	2.6	-1.6
LBS (5789)	Final	RM0.01	17/4/2024	29/8/2024	RM0.69	RM0.72	1.9	4.4
CEKD (0238)	Interim	RM0.01	24/7/2024	29/8/2024	RM0.51	RM0.51	1.5	1.0
PANSAR (8419)	Interim	RM0.00	24/7/2024	29/8/2024	RM0.57	RM0.57	-	0.0
NESTLE (4707)	Interim	RM0.70	25/7/2024	3/9/2024	RM122.00	RM115.90	0.6	-5.0
DOMINAN (7169)	Final	RM0.01	29/5/2024	5/9/2024	RM0.88	RM0.83	1.2	-5.1
PANAMY (3719)	Final	RM1.21	30/5/2024	5/9/2024	RM20.06	RM19.60	6.2	-2.3
QL (7084)	Final	RM0.04	26/7/2024	10/9/2024	RM6.58	RM6.58	0.5	0.0
GCB (5102)	Omitted	RM0.00	3/6/2024	13/9/2024	RM4.07	RM4.04	0.0	-0.7
AYS (5021)	Final	RM0.02	18/6/2024	19/9/2024	RM0.41	RM0.44	3.4	6.1
SKPRES (7155)	Final	RM0.03	26/7/2024	3/10/2024	RM1.20	RM1.20	2.4	0.0
BLDPLNT (5069)	Final	RM0.03	19/7/2024	3/10/2024	RM11.00	RM11.00	0.3	0.0
SAB (5134)	Final	RM0.05	30/5/2024	17/10/2024	RM3.66	RM3.40	1.5	-7.1

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