

Tuesday, 30 Jul, 2024

## Data Center and Sarawak Themes To Lead

### Market Review

**Malaysia:** The FBM KLCI (+0.72%) ended higher lifted by the buying pressure in Industrial Products & Services and Financials heavyweights; tracking the regional market performances following the release of core PCE data, which was in line, lifting the market sentiment and future rate cuts possibilities.

**Global markets:** Wall Street ended mixed as investors were cautious ahead of the tech heavyweights' earnings, 2-day Fed FOMC meeting and key US labour data this week. Meanwhile, the European markets were lower, while the Asia stock markets ended higher.

### The Day Ahead

The sentiment on the local front was positive yesterday as buying interest emerged within sectors related to data centers; the FBM KLCI, FBM70 and FBM Small Cap rebounded. Meanwhile, the US stock markets ended on a muted tone, as investors stayed on the sidelines ahead of key earnings from Microsoft, AMD and Starbucks later tonight. Also, traders will be monitoring on the 2-day FOMC meeting which will dictate the direction of interest rates going forward. As of now, the consensus is expecting a rate cut in Sep-24. In the commodity markets, Brent oil extended its decline below USD80 as rising concerns over China demand, while the gold price ranged between USD2350-2400. The CPO is trending sideways around RM3900.

**Sectors Focus:** With mixed sentiment in the US, we believe buying interest may slow down on the local front, but trading activities may revolve around the data center theme, such as Properties, Construction, and Building Materials, as well as stocks related to Sarawak, where we have noticed firm momentum building up in these segments. Additionally, we like selected stocks within the Solar, Shipping, and Industrial Products segments.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended higher around 1,624 level. However, the technical readings on the key index were mixed with the formation of another negative MACD histogram, and the RSI has re-surfaced above 50. The resistance is envisaged around 1,639-1,654 and the support is set at 1,604-1,609.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	40,539.93	-0.12
S&P 500	5,463.54	0.08
NASDAQ	17,370.20	0.07
FBM KLCI	1624.56	0.72
FBM Small Cap	9,508.11	0.32
FBM ACE	5,779.00	-0.26
Construction	306.65	0.76
Consumer	583.69	0.07
Energy	965.90	-0.02
Financial Services	8,087.87	0.65
Healthcare	2,131.38	-0.94
Ind Products	92.86	0.53
Plantation	7,176.43	0.45
Property	1,149.08	1.90
REITs	839.11	-0.11
Technology	75.41	1.11
Telco & Media	596.11	0.61
Transport & Logisti	1,125.77	-0.13
Utilities	1,841.56	0.13
Trading Vol (m)	4,226.45	10.38
Trading Val (RM m)	2,891.05	7.06
Gainers/ Losers rat	42%	
FKLI	1630.00	0.22
FCPO (RM)	3,901.00	-0.18
Brent oil (USD)	79.78	-1.66
Gold (USD)	2,384.19	0.01
USD	4.6363	0.46
GBP	5.9504	0.73
EURO	5.0243	0.62
SGD	3.4513	0.43

Trading participation 5-day trend and value (m)

Institution	Retail	Foreign
232.3	61.1	-293.4

Source: Bloomberg, Bursa Market Place



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## Company Brief

**Datasonic Group Bhd's** (DSONIC) wholly owned unit, Datasonic Technologies Sdn Bhd (DTSB), has secured a contract worth over RM21m from the Ministry of Economy to rent out 818 vending machines for the implementation of the People's Income Initiative (IPR) programme. Under the Food Entrepreneur Initiative (Insan) category, the IPR programme enables poor Malaysians to generate income from selling cooked food through government-sponsored vending machines. (The Edge)

**Dialog Group Bhd** (DIALOG) is adding 150,000 cubic metres of storage for renewable and petroleum products at its Terminal Langsat 3 (DTL3) in Tanjung Langsat, Johor. Some 100,000 cu m will be dedicated to EcoCeres Ltd, a subsidiary of EcoCeres Inc, while the remaining 50,000 cu m are expected to be leased to third-party customers such as multinational companies and trading houses. (The Edge)

Integrated engineering solutions provider **Kelington Group Bhd** (KGB) is acquiring the remaining 9.29% equity interest in industrial gas player Ace Gases Sdn Bhd for RM35.69m. Ace Gases is currently a 90.71%-owned subsidiary of the group. The unit is principally involved in the manufacturing, supply, import and trading of industrial gas, and the provision of industrial gas solutions. Having a full control of the company will give Kelington a greater flexibility in the planning and implementation of long-term strategies for the company's business and services, enhancing its growth potential. (The Edge)

Malaysia's biggest hospital operator **IHH Healthcare Bhd** (IHH) is ready to explore the feasibility of outcome-based payment models, citing results from its recent initiatives. Under the group's value-driven outcomes initiatives – which track the patient journey to measure, identify gaps, and improve clinical process – colonoscopy procedures resulted in higher-than-benchmark detection of polyps that could develop into colon cancer. (The Edge)

Infrastructure and construction group **Ekovest Bhd** (EKOVEST) is disposing of another four parcels of land along Jalan Pahang in Kuala Lumpur, measuring a total of 2,286 sq m. The disposal of the parcels to Airman Sdn Bhd, a wholly owned subsidiary of Lim Seong Hai Holdings Sdn Bhd (LSHHSB), for RM9.82m is deemed a related party transaction, as Ekovest's non-independent and non-executive director Tan Sri Lim Keng Cheng is a major shareholder and director of LSHHSB with a 25% stake. The expected gain from the proposed disposal is RM3.51m. (The Edge)

Johor-based developer **Paragon Globe Bhd** (PGLOBE) is buying more land in Plentong, Johor Bahru, for RM34.96m cash, as it looks to further enhance its presence in the state. Its wholly owned subsidiary Paragon Business Hub Sdn Bhd is acquiring two parcels of freehold land, measuring approximately 11.09 acres and 8.24 acres respectively from EKL Holdings Sdn Bhd. The estimated total gross development value of the property is RM293.52m. (The Edge)

**Tune Protect Group Bhd** (TUNEPRO) has appointed How Kim Lian as its new group chief executive officer effective Monday, succeeding Rohit Nambiar, who stepped down in May 2024. How's new role will involve deepening Tune Protect's penetration into the lifestyle ecosystem and engaging with key regional players to establish the company as a leading regional insurance provider in the travel sector. (The Edge)

Frozen food manufacturer **HB Global Ltd** (HBGLOB) has appointed Johol ruling chief (Undang Luak Johol) Datuk Johan Pahlawan Lela Perkasa Setiawan Datuk Muhammad Abdullah as its new independent non-executive chairman. As the ruling chief of Johol, Muhammad oversees land management, customary laws, and traditional ceremonies, preserving the cultural heritage of the Luak Johol community in Negeri Sembilan. He possesses a background in education and financial services. (The Edge)



**PMB Technology Bhd** (PMBTECH) has proposed to undertake a renounceable rights issue of up to 266.78m new ordinary shares on the basis of six rights shares for every one existing ordinary share held to raise around RM300m. The producer of silicon metal and metal fabricator is also proposing to procure irrevocable undertakings from its major shareholders to subscribe for their respective entitlements, amounting to RM144.6m. For the remaining RM155.4m entitled to other shareholders, PMB also proposes to procure undertakings from the Koon family or their nominated parties to subscribe for any rights shares not taken up. (The Edge).

Offshore support vessel player **Marine & General Bhd** (M&G) executive chairman and major shareholder, Tan Sri Mohammed Azlan Hashim, and his son Mohammed Zhakri Mohammed Azlan, have exercised a call option to acquire 3.2m preference shares of Jasa Merin (Malaysia) Sdn Bhd (JMM), a 70%-owned subsidiary of the group. The preference shares, acquired from three banks, were priced at RM1.10 each, totalling RM3.52m, and are exchangeable with 32m ordinary shares in M&G. (The Edge)

**Chin Teck Plantations Bhd**'s (CHINTEK) net profit nearly doubled to RM22.69m or 24.83 sen per share for its third quarter ended May 31, 2024, from RM11.44m or 12.52 sen per share a year earlier, driven by higher revenue. Revenue for the quarter jumped 41.7% year-on-year to RM66.6m from RM47m, thanks to higher sales volumes of fresh fruit bunches, crude palm oil, and palm kernels. It declared a second interim dividend of eight sen per share and a special dividend of 20 sen per share. (The Edge)

Property developer **EcoFirst Consolidated Bhd** (ECOFIRS) net profit for its fourth quarter ended May 31, 2024 more than doubled to RM41.51m compared with the RM17m reported over the same period a year ago, thanks to higher sales conversion rate for the KL-48 project. Revenue for the quarter jumped nearly five times year-on-year to RM87.86m from RM17.84m. (The Edge)

**Genting Plantations Bhd**'s (GENP) wholly owned subsidiary, Benih Restu Bhd, has undertaken its first issuance of RM1.2b in nominal value of Islamic medium-term notes (sukuk wakalah) under the sukuk wakalah programme of RM2b in nominal value of the shariah principle of Wakalah Bi Al-Istithmar. The sukuk wakalah issued has a tenure of 10 years at a profit rate of 4.08% per annum. (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	0.630	4.1%	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	0.525	-9.5%	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	-5.3%	Initiated on 2-Jul-2024
2	DKSH	2-Jul	5.160	5.820	5.880		5.110	5.040	5.11	-1.0%	Initiated on 2-Jul-2024
3	DUFU	2-Jul	2.630	2.920	3.110		2.480	2.310	2.33	-11.4%	Initiated on 2-Jul-2024
4	GREATEC	2-Jul	5.320	6.160	6.440		5.080	4.900	5.30	-0.4%	Initiated on 2-Jul-2024
5	INFOTEC	2-Jul	1.040	1.090	1.140		0.960	0.915	1.10	5.8%	Initiated on 2-Jul-2024
6	ITMAX	2-Jul	2.580	2.780	2.850		2.480	2.420	3.17	22.9%	Initiated on 2-Jul-2024
7	PPHB	2-Jul	1.090	1.230	1.300		1.040	0.975	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	-8.5%	Initiated on 2-Jul-2024
9	SKBSHUT	2-Jul	0.735	0.835	0.865		0.725	0.695	1.16	57.8%	Initiated on 2-Jul-2024
10	SPRING	2-Jul	0.245	0.280	0.295		0.230	0.220	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	-9.4%	Initiated on 2-Jul-2024
12	SYGROUP	2-Jul	0.805	0.895	0.935		0.750	0.705	0.95	17.4%	Initiated on 2-Jul-2024
13	TECHBND	2-Jul	0.530	0.620	0.645		0.505	0.490	0.54	0.9%	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										4.5%	



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)	8.6%
FBM Small Cap (Since 30/12/2022)	30.7%
Malaysia GDP Growth (1H23)	4.2%

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