

Wednesday, 31 Jul, 2024

Further Profit Taking Activities Expected

Market Review

Malaysia: The FBM KLCI (-0.78%) ended lower dragged by the selling pressure in Utilities and Financials heavyweights, namely YTL (-15.0 sen) and MAYBANK (-12.0 sen). Also, investors may be staying cautious ahead of the 2-day Fed FOMC meeting, which will conclude tomorrow.

Global markets: Wall Street ended mixed despite the growing positive sentiment on the Fed's rate cut in September, as investors reducing their exposure on tech stocks ahead of major earnings reports this week. Meanwhile, the European markets were lower, while the Asia stock markets ended mixed.

The Day Ahead

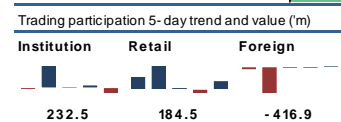
From a decent start of the day, the FBMKLCI took a sudden change of course into negative territory led by selling pressure on selected utilities heavyweights. Meanwhile, in the US, technology stocks were beaten down prior to the conclusion of the FOMC meeting. Despite MSFT earnings beating consensus, the share price was down post-market due to a mildly weaker cloud segment, and this may drag AI-themed stocks in the near term. The 2-day FOMC meeting and the sentiment on the US election are the key focuses in the near term and may provide high volatility in the markets. In the commodity markets, Brent oil declined further below USD79 despite US inventories falling for five weeks straight, while the gold regained its move above USD2400. The CPO price traded sideways along RM3900.

Sectors Focus: Given the US markets were locking in profits in the technology sector, this may spill over to the stocks on the local front. Also, the sell-down may be widespread towards the data center theme that has rallied in 1H2024. Nevertheless, there might be decent buy-on-dip opportunities if the domestic corporate earnings season in August disappoints, as we think the revenue and earnings will only materialize by 2025. Meanwhile, we still like the Sarawak-related stocks as well as selected Construction, Property, Consumer, and Water-related stocks.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	40,743.33	0.50
S&P 500	5,436.44	-0.50
NASDAQ	17,147.42	-1.28
FBM KLCI	1611.94	-0.78
FBM Small Cap	19,373.47	-0.69
FBM ACE	5,668.17	-1.92
Construction	304.75	-0.62
Consumer	580.91	-0.48
Energy	963.42	-0.26
Financial Services	17,955.43	-0.73
Healthcare	2,086.53	-2.10
Ind Products	191.88	-0.51
Plantation	7,169.05	-0.10
Property	1,141.20	-0.69
REITs	836.31	-0.33
Technology	75.50	0.12
Telco & Media	595.53	-0.10
Transport & Logisti	1,116.16	-0.85
Utilities	1,811.15	-1.65
Trading Vol (m)	4,186.68	-0.94
Trading Val (RM m)	3,108.13	7.51
Winners/Losers rat	45%	
FKLI	1617.00	0.15
FCPO (RM)	3,900.00	-0.38
Brent oil (USD)	78.63	-1.44
Gold (USD)	2,410.78	-0.09
USD	4.6217	0.32
GBP	5.9447	0.10
EURO	5.0061	0.36
SGD	3.4387	0.37



Source: Bloomberg, Bursa Market Place

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended lower towards 1,611 level. The technical readings on the key index were negative with the formation of another negative MACD histogram, and the RSI dipping below 50. The resistance is envisaged around 1,639-1,654 and the support is set at 1,604-1,609.



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Company Brief

Stock exchange operator **Bursa Malaysia Bhd** (BURSA) announced its highest quarterly net profit in three years, thanks to higher income from the securities market. Net profit for the three months ended June 30, 2024 (2QFY2024) was RM80.45m or 9.9 sen per share, up 5.5% compared to RM76.25m or 9.4 sen per share over the same period a year earlier. Revenue for the quarter rose 38.27% year-on-year to RM199.94m – also the highest in three years – from RM144.6m. (The Edge)

Separately, Bursa Malaysia said it will only move its “front office” to the Tun Razak Exchange (TRX), not its entire operation. The front office includes the stock exchange operator’s marketing segment which will provide visibility and branding for Bursa Malaysia at TRX. Beyond that, the bulk of Bursa Malaysia’s operations will remain in the current headquarters. (The Edge)

Electrical home appliances manufacturer **Pensonic Holdings Bhd** (PENSONI) reported its biggest quarterly net loss since being listed on Bursa Malaysia in December 1995, no thanks to inventory write-downs. Net loss for the company’s fourth quarter ended May 31, 2024 (4QFY2024) was RM14.28m, compared with RM712,000 for the same quarter a year earlier. Revenue rose 8.33% to RM85.14m from RM78.59m. No dividend was declared for the quarter. (The Edge)

Logistics solutions provider **Tasco Bhd**’s (TASCO) net profit halved to RM7m or 0.88 sen per share in the first quarter ended June 30, 2024 (1QFY2025), from RM14.22m or 1.78 sen per share a year ago, dragged mainly by a one-time expense of RM3.6m, resulting from the writing off the carrying value of a head office building at the Shah Alam Logistics Centre. Quarterly revenue inched down 1.29% to RM249.93m, from RM253.19m a year before. No dividend was declared during the quarter under review. (The Edge)

Unisem (M) Bhd’s (UNISEM) net profit fell 29% to RM16.76m or 1.04 sen per share in the second quarter ended June 30, 2024 (2QFY2024) from RM24m or 1.48 sen per share a year ago, due to a change in product mix and higher operating costs. Quarterly revenue increased 4% to RM394.59m, from RM378.66m previously, attributed to higher sales volume and the appreciation of the US dollar against the ringgit. It declared a second interim dividend of two sen per share, scheduled for payment on Oct 4. (The Edge)

Dufu Technology Corp Bhd’s (DUFU) net profit jumped over twofold to RM8.42m or 1.6 sen per share for the second quarter ended June 30, 2024 (2QFY2024), from RM3.32m or 0.6 sen per share a year ago, on the back of higher revenue. Revenue for the quarter under review increased by 36.4% year-on-year to nearly RM65m from RM47.7m, thanks to higher contributions from hard disk drive components. It declared a single-tier interim dividend of 1.5 sen per share, to be paid on Sept 20. (The Edge)

ITMAX System Bhd (ITMAX) 65% subsidiary Southmax Sdn Bhd (SSB) has been appointed the operator of a smart parking system by the Kulai Municipal Council in Johor. It will operate the smart parking system for 3,974 street parking bays across 28 locations in Kulai district. The appointment, effective Aug 1, 2024, will last 15 years. (The Edge)

Advancecon Holdings Bhd (ADVCON) has accepted the letter of acceptance (LOA) from Sime Darby Property (Bukit Raja) Sdn Bhd as the contractor for the construction and completion of earthworks and ancillary works for Phase 4B (i17), Bandar Bukit Raja Stage 3, in Klang for a total of RM38.25m. Its unit Advancecon Infra Sdn Bhd (AISB) had accepted the LOA for the contract that runs from Aug 14, 2024 until Feb 13, 2026. (The Edge)



AwanBiru Technology Bhd (AWANTEC), which provides technology and talent solutions software services, is teaming up with the country's cybersecurity regulator National Cyber Security Agency (Nacsa) to develop new technologies in cybersecurity. The signed memorandum of understanding which expires on July 29, 2026, could be extended for another year if both parties agree. (The Edge)

Building and infrastructure construction company **TCS Group Holdings Bhd** (TCS) has secured a RM130.15m contract to undertake the construction of serviced apartments in Selangor, in a related party transaction. The 630-unit serviced apartment project, known as Arcadia Residences, is located in the Kuala Langat district. The three-year contract was awarded by Saujana Permai Development Sdn Bhd, a wholly owned subsidiary of CDB Group Holdings Sdn Bhd. (The Edge)

Oil and gas services firm **Enra Group Bhd** (ENRA) plans to sell its Ratu Enra ship for an indicative US\$15m (RM70.06m), to capitalise on rising market value due to high demand in the industry. Enra will seek shareholders' approval for the disposal of the chemical tanker to an external buyer to be identified, for at least 85% of its market value. The provisional market value of RM70m indicates pro forma after-tax gain of RM8.51m. (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	1.550	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	0.465	-19.8%	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	0.710	0.710	-6.0%	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	5.31	5.31	-0.2%	Initiated on 2-Jul-2024
5	INFOTEC	2-Jul	1.040	1.090	1.140	0.960	0.915	1.07	1.07	2.9%	Initiated on 2-Jul-2024
6	ITMAX	2-Jul	2.580	2.780	2.850	2.480	2.420	3.17	3.17	22.9%	Initiated on 2-Jul-2024
7	PPHB	2-Jul	1.090	1.230	1.300	1.040	0.975	1.02	1.02	-6.4%	Initiated on 2-Jul-2024
8	SCOMNET	2-Jul	1.530	1.630	1.720	1.420	1.330	1.38	1.38	-9.8%	Initiated on 2-Jul-2024
9	SKBSHUT	2-Jul	0.735	0.835	0.865	0.725	0.695	1.05	1.05	42.9%	Initiated on 2-Jul-2024
10	SPRING	2-Jul	0.245	0.280	0.295	0.230	0.220	0.23	0.23	-8.2%	Initiated on 2-Jul-2024
11	SUNVIEW	2-Jul	0.745	0.805	0.840	0.730	0.705	0.67	0.67	-10.1%	Initiated on 2-Jul-2024
12	SYGROUP	2-Jul	0.805	0.895	0.935	0.750	0.705	0.89	0.89	10.6%	Initiated on 2-Jul-2024
13	TECHBND	2-Jul	0.530	0.620	0.645	0.505	0.490	0.52	0.52	-2.8%	Initiated on 2-Jul-2024
14	TM	2-Jul	6.760	7.360	7.500	6.540	6.390	6.97	6.97	3.1%	Initiated on 2-Jul-2024
Average Return										1.7%	

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)	29.8%
Malaysia GDP Growth (1H23)	4.2%



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