

Thursday, 01 Aug, 2024

## Positive Sentiment As The Fed Signalled Easing

### Market Review

**Malaysia:** The FBM KLCI (+0.85%) ended higher lifted as buying pressure emerged in Financials heavyweights, namely CIMB (+22.0 sen) and MAYBANK (+14.0 sen); despite the mixed US overnight performance as investors stayed cautious prior to major tech earnings this week and the 2-day FOMC meeting.

**Global markets:** Wall Street ended higher led by Nasdaq following strong results from key chip makers lifted semiconductor shares and the Fed kept the interest rates unchanged while signalling possible easing in September if inflation cools. Meanwhile, both of European and Asia stock markets ended higher.

### The Day Ahead

Another volatile move for the local market saw the FBM KLCI and FBM Small Cap rebounding, while FBM70 declined for the session. The Financial sector was the leader, while the Technology segment lagged. Meanwhile, in the US, stocks traded higher after the 2-day FOMC meeting concluded with the Fed keeping rates unchanged. Earnings from META and AMD were better than expected, pushing up related Technology heavyweights. Additionally, the market is pricing in interest rate cuts in September 2024 and December 2024 in light of the Fed's statements during the FOMC meeting. In the commodity markets, Brent oil jumped significantly due to heightened geopolitical risk and further declines in US inventories, while the gold price rallied further to the USD2440 zone. The CPO price still rangebound along RM3900.

**Sectors Focus:** In view of the US tech giants releasing better-than-expected results, this might provide decent buying interest in the local Technology sector, with trading activities possibly revolving around the data center theme. Meanwhile, we still favour Sarawak-related stocks as momentum is building up. Additionally, with CelcomDiGi submitting a proposal to be the choice for building Malaysia's 2nd 5G network, this might boost appetite in Telco stocks.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	40,842.79	0.24
S&P 500	5,522.30	1.58
NASDAQ	17,599.40	2.64
FBM KLCI	1,625.57	0.85
FBM Small Cap	9,411.14	0.19
FBM ACE	5,661.38	-0.12
Construction	301.80	-0.97
Consumer	583.55	0.45
Energy	953.44	-1.04
Financial Services	18,173.08	1.21
Healthcare	2,065.38	-1.01
Ind Products	92.00	0.06
Plantation	7,203.64	0.48
Property	1,134.34	-0.60
REITs	835.00	-0.16
Technology	74.61	-1.18
Telco & Media	595.35	-0.03
Transport & Logisti	1,116.78	0.06
Utilities	1,820.13	0.50
Trading Vol (m)	4,421.07	5.60
Trading Val (RM m)	3,616.99	6.37
Gainers/ Losers rat	45%	
FKLI	1,633.50	0.28
FCPO (RM)	3,904.00	-0.10
Brent oil (USD)	80.84	3.55
Gold (USD)	2,447.60	0.00
USD	4,5905	0.68
GBP	5,8908	0.92
EURO	4,9697	0.73
SGD	3,4292	0.28

Trading participation 5-day trend and value (m)

Institution	Retail	Foreign
232.5	184.5	-416.9

Source: Bloomberg, Bursa Market Place

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI index ended higher towards 1,625 level. However, the technical readings on the key index were mixed with the formation of another negative MACD histogram, but the RSI surged above 50. The resistance is envisaged around 1,640-1,645 and the support is set at 1,605-1,610.



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## Company Brief

**RHB Bank Bhd** (RHBBANK) has appointed Mohamed Rastam Shahrom as its new group CFO, effective Thursday (Aug 1). He was formerly the acting group CEO and CFO of **Malaysia Airports Holdings Bhd** (AIRPORT). RHB also appointed Phuah Shok Cheng as its new regional CFO and head of capital strategy, Kevin Vijendren Davies as the managing director and CEO of RHB Investment Bank Bhd, and Tan Boon Ching as the group chief internal auditor. (The Edge)

Separately, **Malaysia Airports Holdings Bhd** (AIRPORT) has named Datuk Mohd Izani Ghani to take over the role as the managing director for the airport operator effective Thursday (Aug 1). MAHB also named Zeid Abdul Razak, as its new CFO, effective Thursday, in place of Mohamed Rastam Shahrom, who is stepping down "to pursue a new career opportunity". (The Edge)

Meanwhile, Datuk Amran Hafiz Affifudin, the executive director and head of Malaysian investments at sovereign wealth fund Khazanah Nasional Bhd, has been tipped to take over the reins of UEM Group from managing director Datuk Mohd Izani Ghani, according to sources. (The Edge)

**CelcomDigi Bhd** (CDB) has submitted its proposal for the deployment of Malaysia's second 5G network to the industry regulator Malaysian Communications and Multimedia Commission to build "the most advanced 5G network". Currently, CDB is the only telco operator that has publicly expressed its interest in leading the second 5G network after completing its share subscription of a 16.3% stake in Digital Nasional Bhd's single wholesale network model last month. (The Edge)

Tourism-related property developer **Yong Tai Bhd** (YONGTAI) is selling its five-star hotel Courtyard by Marriott Melaka for RM160m. Its wholly owned subsidiary Apple 99 Development Sdn Bhd had entered into a conditional sale and purchase agreement with Southern Envoy Sdn Bhd for the proposed asset disposal. It anticipated a gain of RM45.86m from the proposed disposal. Yong Tai also proposed to undertake a special issue of up 190.05m new shares, or up to 30% of the company's issued shares, to third-party investors to be determined later, in a bid to raise RM57.02m. (The Edge)

Bursa Malaysia Securities Bhd has publicly reprimanded **Zen Tech International Bhd** (ZENOTECH) and eight of its directors for misrepresenting its appointment as a Covid-19 vaccine distributor, and for breaches related to its annual report 2021 and corporate governance. The bourse operator also imposed a total of RM757,500 in fines on the eight directors. (The Edge)

**Avillion Bhd's** (AVI) external auditor Messrs Baker Tilly Monteiro Heng PLT has flagged material uncertainty that would affect the hotel and travel company's ability to continue as a going concern. The auditor drew attention to a net loss of RM5.55m at the group level, and RM6.81m at the company level for the financial year ended March 31, 2024 (FY2024), even as Avillion's hospitality and travel businesses operate at full capacity. (The Edge)

**Bintai Kinden Corp Bhd** (BINTAI), which has two months left to submit its regularisation plan, said approval has been received for the restructuring and rescheduling of the banking facilities of a wholly owned subsidiary, Kejuruteraan Bintai Kindenko Sdn Bhd. The restructuring approved by Malayan Banking Bhd (MAYBANK) involves converting outstanding contract overdraft/ trade bills into a term loan facility. It also includes reinstating an overdraft facility of RM6.9m and a bank guarantee facility of RM10m. (The Edge)



**Lotte Chemical Titan Holding Bhd** (LCTITAN) reported its ninth consecutive quarterly loss with a narrower net loss of RM248.9m for the second quarter ended June 30, 2024 (2QFY2024), compared to RM313.5m in 2QFY2023. Its loss per share dropped to 10.93 sen from 13.76 sen. Revenue dropped 4.3% to RM1.78b from RM1.86b, mainly due to scheduled statutory maintenance that resulted in lower sales volume. (The Edge)

Information technology service firm **Infomina Bhd** (INFOM) has bagged a three-year contract worth RM34.71m to provide technology and infrastructure operations and support services to the National Registration Department. The three-year contract was awarded by the Ministry of Home Affairs. It expects the contract to contribute positively to its earnings during the contract period (The Edge)

**Censof Holdings Bhd** (CENSOF), through its wholly owned unit Century Software (M) Sdn Bhd, has teamed up with Netherlands-based Storecove to strengthen its position in the e-invoicing market. It selected Storecove for its e-invoice rollout due to Storecove's adaptive solution, as well as its proven expertise and experience. The partnership will ensure full compliance with Inland Revenue Board regulations. (The Edge)

**Cape EMS Bhd** (CEB), whose stock price has fallen over 30% in the past week, saw its managing director and chief executive officer Christina Tee Kim Chin disposing of 1.895m shares in the electronics manufacturing services firm. Tee offloaded the block of shares for RM1.27m. Following the disposal, Tee's shareholding in the company dropped to 37.86% from 38.05%. Still, he remains the largest shareholder of Cape EMS, followed by her sister Kim Yok, who is also the executive director, with a shareholding of 6.81%. (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	0.640	5.8%	Initiate on 5/4/2024
2	FFB	24-Apr	1.490	1.600	1.620	1.650	1.410	1.400	1.540	3.4%	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	0.725	0.725	-4.0%	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	2.31	2.31	-12.2%	Initiated on 2-Jul-2024
4	GREATEC	2-Jul	5.320	6.160	6.440	5.080	4.900	5.31	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	3.15	3.15	22.1%	Initiated on 2-Jul-2024
7	PPHB	2-Jul	1.090	1.230	1.300	1.040	0.975	1.00	1.00	-8.3%	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	1.05	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	-6.1%	Initiated on 2-Jul-2024
11	SUNVIEW	2-Jul	0.745	0.805	0.840	0.730	0.705	0.67	0.67	-10.7%	Initiated on 2-Jul-2024
12	SYGROUP	2-Jul	0.805	0.895	0.935	0.750	0.705	0.93	0.93	14.9%	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	6.97	6.97	3.1%	Initiated on 2-Jul-2024
Average Return										2.3%	



## 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)	29.4%
Accuracy (2023)	39.2%
FBM KLCI (Since 30/12/2022)	8.7%
FBM Small Cap (Since 30/12/2022)	30.1%
Malaysia GDP Growth (1H23)	4.2%

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