

## Buoyed by heavyweights' solid earnings

### Market Review

**Malaysia:** The FBM KLCI (+1.5%) marched higher, largely boosted by the strong corporate earnings in selected index heavyweights such as PCHEM, MAYBANK, HLBANK and TM. The lower liners also extended their gains, while the Energy sector (-0.02%) underperformed the positive broader market.

**Global markets:** The US stockmarkets finished mostly higher as the Dow (+0.4%) advanced after US President Joe Biden looks to unveil a federal budget of up to USD6.0tn for the coming fiscal year. Both the European and Asia stockmarkets ended mixed.

### The Day Ahead

The FBM KLCI climbed for the third straight session, following the final hour buying particularly in the index-linked banking and telecommunication companies. Market sentiment may turn positive as the recovery theme is gaining traction following their release of growing earnings in selected corporates this reporting season. Moreover, the ongoing Covid-19 vaccination programme should support the economic recovery moving forward and investors should shift from pandemic beneficiaries to reopening of economic activities theme. Commodities wise, CPO staged a pullback while the oil price rose above USD 69.

**Sector focus:** Investors may put transportation & logistics counters on radar considering the high demand due to the shipping backlogs and reopening of business activities. Besides, vaccine-related counters may be in focus in line with the ongoing vaccination programme as well as market's acceptance rate towards vaccine. The rising oil price may also shine a light on oil & gas counters.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI marked a three-session rise, crossing above the immediate resistance level at 1,590. Technical indicators turned positive as the MACD Histogram and MACD Line is recovering, while the RSI is above 50. Should the FBM KLCI trade above 1,590, it should recover back to the next resistance level at 1,600, support is set at 1,555-1,565.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,464.64	0.41
S&P 500	4,200.88	0.12
NASDAQ	13,736.28	-0.01
FBM KLCI	1,593.90	1.02
FBM Small Cap	16,297.54	0.43
FBM ACE	7,937.47	1.12
Construction	168.49	0.23
Consumer	614.34	0.55
Energy	864.09	-0.02
Financial Services	16,132.50	1.60
Healthcare	3,148.55	0.59
Ind Products	194.39	1.21
Plantation	6,964.63	0.35
Property	730.65	0.29
REITs	796.36	0.03
Technology	80.82	1.70
Telco & Media	725.18	1.37
Transport	820.08	0.43
Utilities	931.71	1.07
Trading Vol (m)	8,613.24	35.93
Trading Val (RM m)	7,338.78	91.07
Advance/ Decline	15%	
FKLI	1,578.50	0.48
FCPO (RM)	3,916.00	-2.68
Brent oil (USD)	69.46	0.86
Gold (USD)	1,896.54	-0.01
USD	4.1403	0.08
GBP	5.8432	0.38
EURO	5.0431	0.68
SGD	3.1266	0.12

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
- 324.2	142.9	181.3

Source: Bloomberg, Bursa Market Place

## Company Brief

**Telekom Malaysia Bhd's** 1QFY21 net profit jumped 113.4% YoY to RM325.5m, underpinned by increase in contribution for all services apart from other telecommunication services. Revenue for the quarter increased 9.9% YoY to RM2.80bn. (The Star)

**Petronas Chemicals Group Bhd's** 1QFY21 net profit surged 190.5% YoY to RM1.47bn, as crude oil and petrochemicals prices were boosted by global demand recovery and supply disruptions. Revenue for the quarter gained 20.0% YoY to RM4.70bn. (The Star)

**Malayan Banking Bhd's** 1QFY21 net profit increased 16.7% YoY to RM2.39bn, as loans picked up on an improving economy. Revenue for the quarter, however, dipped 7.6% YoY to RM12.22bn. (The Star)

**Hong Leong Bank Bhd's** 3QFY21 net profit grew 44.2% YoY to RM771.5m, on sustained loan and financing growth. Revenue for the quarter increased 22.6% YoY to RM1.39bn. (The Star)

**Hong Leong Financial Group Bhd's** (HLFG) 3QFY21 net profit rose 70.2% YoY to RM577.3m, due to higher contributions from all of HLFG's operating divisions as the financial services group prudently managed its business risks against the economic impact of the Covid-19 pandemic. Revenue for the quarter climbed 38.6% YoY to RM1.58bn. (The Edge)

**Privasia Technology Bhd's** 1QFY21 net profit stood at RM0.3m vs. a net loss of RM0.7m recorded in the previous corresponding quarter, boosted by the realignment of its portfolio of customers. Revenue for the quarter, however, slipped 5.6% YoY to RM9.0m. (The Edge)

**Kerjaya Prospek Group Bhd's** 1QFY21 net profit rose 18.1% YoY to RM26.4m, in line with higher revenue. Revenue for the quarter increased 26.8% YoY to RM268.7m. (The Edge)

**Sime Darby Property Bhd's** 1QFY21 net profit skyrocket 22.3x YoY to RM60.6m, on higher sales recognition. Revenue for the quarter increased 23.7% YoY to RM589.5m. (The Edge)

**RHB Bank Bhd's** 1QFY21 net profit grew 13.9% YoY to RM650.3m, mainly due to higher net funding and non-fund-based incomes, partially offset by higher allowances for credit losses, higher operating expenses and net modification loss. Revenue for the quarter, however, fell 9.6% YoY to RM2.91bn. (The Edge)

**Icon Offshore Bhd** has received a second extension to charter its vessel Icon Kayra from Zell Transportation Sdn Bhd (ZT). The charter contract is worth RM168.0m. The contract is for the charter of the vessel by ZT for a primary contract duration of 17.5 months with a further yearly extension option of four years, which will be effective from 15th May 2021. (The Edge)

**OSK Holdings Bhd's** 1QFY21 net profit climbed 50.9% YoY to RM116.4m, on the back of higher revenue mainly driven by its property as well as financial services and investment holding segments. Revenue for the quarter rose 27.1% YoY to RM325.0m. (The Edge)

Foxconn Technology Group is in talks to buy a stake in Malaysian technology firm **Dagang NeXchange Bhd** (DNeX), after losing to it in bidding for a semiconductor company. The main assembler of Apple Inc's iPhones could take a minority stake in DNeX and help to expand the business of its chipmaker SilTerra Malaysia Sdn Bhd. DNeX landed the winning offer in the sale of SilTerra in February, outbidding Foxconn. (The Edge)

**Tenaga Nasional Bhd's** (TNB) 1QFY21 net profit rose 33.5% YoY to RM958.7m, fuelled by significant reductions in foreign currency translation loss and an increase in accounting gain on fair value of financial instruments. Revenue for the quarter, however, declined 1.5% YoY to RM11.48bn. (The Edge)

**Malaysia Building Society Bhd's** (MBSB) 1QFY21 net profit stood at RM63.4m vs. a net loss of RM73.3m recorded in the previous corresponding quarter, on lower funding costs while net allowance for impaired loans. Revenue for the quarter, however, slipped 8.2% YoY to RM681.0m. (The Edge)

**Petron Malaysia Refining & Marketing Bhd's** 1QFY21 net profit stood at RM103.0m vs. a net loss of RM83.7m recorded in the previous corresponding quarter, underpinned by higher gross profit and savings in operating and administrative expenses. Revenue for the quarter, however, declined 10.7% YoY to RM2.00bn. (The Edge)

**AirAsia Group Bhd's** 1QFY21 net loss narrowed to RM767.4m, from a net loss of RM803.9m recorded in the previous corresponding quarter, on fair value gains on derivatives and said it had successfully negotiated for deferrals with lessors. Revenue for the quarter, however, sank 87.1% YoY to RM298.2m. (The Edge)

**Media Prima Bhd's** 1QFY21 net profit stood at RM5.3m, from a net loss of RM29.5m registered in the previous corresponding quarter, driven by higher revenue and lower operating expenses. Revenue for the quarter rose 6.8% YoY to RM254.5m. (The Edge)

**BIMB Holdings Bhd's** 1QFY21 net profit fell 3.2% YoY to RM202.5m, on lower net income as gross fund-based and non-fund-based income decreased. Revenue for the quarter declined 3.8% YoY to RM1.20bn. (The Edge)

**IJM Plantations Bhd's** 4QFY21 net profit stood at RM59.4m vs. a net loss of RM76.4m recorded in the previous corresponding quarter, on higher commodity prices and higher volumes of crude palm oil (CPO) sold. Revenue for the quarter increased 26.1% YoY to RM246.4m. (The Edge)

**Press Metal Aluminium Holdings Bhd's** 1QFY21 net profit jumped 100.6% YoY to RM205.7m, driven by higher aluminium demand and prices. Revenue for the quarter expanded 14.8% YoY to RM2.10bn. (The Edge)

**QL Resources Bhd's** 4QFY21 net profit jumped 165.4% YoY to RM114.1m, on better earnings across all of its operating segments and a RM79.0m one-off gain from the remeasurement of its previously held equity interest in **Boilermech Holdings Bhd**. Revenue for the quarter gained 23.2% YoY to RM1.21bn. (The Edge)

**UEM Edgenta Bhd's** 1QFY21 net profit dropped 33.2% YoY to RM8.1m, as it recorded lower contract amounts in its infrastructure solutions segment. Revenue for the quarter slipped 3.7% YoY to RM483.6m. (The Edge)

**7-Eleven Malaysia Holdings Bhd's** 1QFY21 net profit gained 2.9% YoY to RM11.7m, on higher sales. Revenue for the quarter rose 6.0% YoY to RM657.1m. (The Edge)

**Kanger International Bhd** has inked a Memorandum of Understanding (MoU) with the Sabah Government to procure and import China's Sinopharm Covid-19 vaccines. Kanger will source the Sinopharm vaccines from abroad to be supplied to the Sabah Government, while the State Government appoints Kanger as the exclusive distributor of the vaccines in the State, subject to the approval of the Federal regulatory authorities. (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	PESTECH	5-May	1.100	1.220	1.280	1.430	0.970	0.965	1.040	-5.5%	On-going
2	GCB	24-May	2.760	2.880	2.980	3.200	2.570	2.560	2.800	1.4%	On-going
3	VSTECS	27-May	2.700	2.790	2.940	3.050	2.420	2.410	2.790	3.3%	On-going

2Q21 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	AIRASIA	29-Mar	1.150	1.300	1.350	1.400	1.080	1.060	0.860	-25.2%	On-going
2	GENM	29-Mar	3.170	3.310	3.400	3.520	2.870	2.850	2.800	-11.7%	On-going
3	MRDIY	29-Mar	3.770	4.180	4.300	4.500	3.610	3.590	3.850	2.1%	On-going
4	JAKS	29-Mar	0.675	0.780	0.825	1.000	0.600	0.590	0.600	-11.1%	On-going
5	TGUAN	29-Mar	2.270	2.590	2.860	3.000	1.950	1.930	2.800	23.3%	On-going
6	OPTIMAX	29-Mar	1.800	2.000	2.100	2.200	1.500	1.480	1.470	-18.3%	On-going
7	BURSA	29-Mar	8.940	9.650	9.960	10.320	8.750	8.720	8.180	-8.5%	On-going
8	PESTECH	29-Mar	1.260	1.300	1.430	1.510	1.040	1.020	1.040	-17.5%	On-going
9	OKA	29-Mar	0.785	0.870	0.930	1.000	0.750	0.740	0.755	-3.8%	On-going

Technical Focus Tracker Summary	
Total recommendations	118
Total winners	66
Total losers	52
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	115.3%
Accuracy (2021)	60.5%
FBM KLCI (Since 4/1/2021)	-2.0%
FBM Small Cap (Since 4/1/2021)	4.7%
Malaysia GDP Growth (1Q21)	-0.5%