

**26 Mar 2024**

# | Daily Digest

**Key indices**

	Close	Chg	% Chg
KLCI	1,538	(5)	(0.3)
FBM EMAS	11,541	(14)	(0.1)
DJIA	39,476	(305)	(0.8)
NASDAQ	16,429	27	0.2
FTSE	7,928	(3)	(0.0)
HSI	16,474	(26)	(0.2)
NIKKEI	40,414	(474)	(1.2)
STI	3,205	(13)	(0.4)
KOSPI	2,738	(11)	(0.4)

Source: Bloomberg

**Market data**

	Close	3MMA	12MMA
Volume (m)	3,761	4,211	3,441
Value (RM m)	2,556	2,865	2,221

  

	Close	Prev	% Chg
CPO	4,340	4,376	-0.8
RM/ US\$	4.72	4.74	-0.2
Crude oil (brent)	85.9	85.4	0.5
MGS 10 yr	3.85	3.85	-0.1

Source: Bloomberg, CIMB Securities

**Relative performance**
**(CIMB Securities)**

Top gainers (%)	1M	3M	12M
SP SETIA	59	64	100
ECONPILE	31	52	122
MAH SING	26	31	74
MAHB	19	23	28
JENTAYU	17	(27)	(1)
KPJ HEALTHCARE	17	26	59
MEGA FIRST	13	14	15
ANN JOO	12	4	(11)
E&O	12	64	203
IJM	12	19	36

  

Top losers (%)	1M	3M	12M
ASTRO MALAYSIA	(16)	(28)	(59)
AIRASIA X	(16)	(32)	4
TAN CHONG	(13)	(20)	(30)
PHARMANIAGA	(13)	(14)	8
CTOS DIGITAL	(13)	(15)	(12)
COCO	(12)	(17)	(38)
TOP GLOVE	(9)	(19)	(24)
TUNE PROTECT	(8)	(21)	(27)
MAXIS	(8)	(15)	(21)
BAT(M)	(7)	(17)	(30)

Source: Bloomberg

## Construction – Sabah Pan Borneo gets going again

We maintain our **Overweight** stance on the construction sector. Based on our latest checks on the ground, tender activities for Phase 1B of Pan Borneo Sabah seems to be picking up with the award of several new contracts. Bottoms-up, we advise investors to focus on contractors with a good track record in Sabah, and/or possess a strong balance sheet – i.e. Gamuda (Buy, TP=RM5.70), IJM (Buy, TP=RM2.70), WCT Holdings (Buy, TP=RM0.72) and MRCB (Buy, TP=RM0.73).

## Mynews Holdings – 2nd profitable quarter in a row

Mynews posted a core net profit of RM1.8m in 1QFY10/24; marking its 2nd consecutive profitable quarter. This was in line with our forecast but above consensus. We expect Mynews to continue delivering stronger earnings, backed by: i) accelerated store opening, with a focus on profitable Mynews outlets, ii) stringent cost discipline, and iii) a more profitable sales mix. We are upgrading Mynews to **Hold** from Sell and raising our TP to **RM0.49** (16.4x CY25F P/E) as we believe the worst is behind the stock.

## Consumer Price Index February 2024 – Water tariff hikes drive February inflation higher

Malaysia's headline inflation rose to 1.8% YoY in Feb'24, from an almost 3-year low of 1.5% in the past four months. February's CPI print was above market expectations, led mainly by housing & utilities costs, which surged following a water tariff hike of 22 cents per cubic meter for domestic users starting Feb'24. With inflation anticipated to be manageable, along with improving economic prospects and recovery in trade activity, we expect the central bank to keep the OPR unchanged at 3.00% throughout 2024.

## Malaysia Strategy – Weekly wrap and fund flows (#12/2024)

### | News Headlines

- TCS bags RM140.27 mil buildings works projects in Selangor
- Pharmaniaga Logistic to reimburse RM16.78 mil to MOH over 104 malfunctioning ventilators — PAC
- Financial incentive for sugar manufacturers mere stopgap measure, says deputy minister
- SC in talks with govt to review fee structure in bid to address annual deficits
- Penang Development Corp to set aside RM5 bil for 15 high-impact projects
- BNM told businesses to defer foreign investments, hedge investments abroad, says FMM

## Newsflow

### **TCS bags RM140.27 mil buildings works projects in Selangor**

Building and infrastructure construction company TCS Group Holdings Bhd has secured a contract worth RM140.27 million to undertake building works for a proposed commercial complex known as Bandar Seri Coalfields Retail Park in Sungai Buloh, Selangor. TCS accepted the project through its wholly-owned subsidiary, TCS Construction Sdn Bhd, which received the letter of award from KLK Retail Centres Sdn Bhd — a wholly-owned subsidiary of Kuala Lumpur Kepong Bhd, as shown in TCS's bourse filing. TCS stated that the contract period will be 19 months, commencing from March 2024 with the expected completion by October 2025. *[The Edge]*

### **Pharmaniaga Logistic to reimburse RM16.78 mil to MOH over 104 malfunctioning ventilators — PAC**

Pharmaniaga Logistic Sdn Bhd (PLSB), a wholly-owned unit of Practice Note 17 outfit Pharmaniaga Bhd, has agreed to reimburse the Ministry of Health (MOH) RM16.78 million for the supply of 104 malfunctioning ventilators during the Covid-19 pandemic in 2020, according to the Public Accounts Committee. Although there was no written agreement between the MOH and PLSB regarding the procurement of ventilators, PAC chairperson Datuk Mas Ermieyati Samsudin said that PLSB has agreed in principle to bear the costs for the malfunctioning ventilators during a meeting chaired by the Secretary General of Treasury on Feb 29, 2024. *[The Edge]*

### **Financial incentive for sugar manufacturers mere stopgap measure, says deputy minister**

Deputy Minister of Domestic Trade and Consumer Affairs Fuziah Salleh has clarified that the provision of a RM42 million financial incentive to sugar manufacturers is only a temporary measure aimed at ensuring ample supply of this essential item. Fuziah said that the financial incentive to sugar manufacturers is neither a subsidy nor a long-term solution. Instead, it serves as a temporary mechanism until the government reaches a final decision regarding the pricing and production of sugar. "The government is currently engaging with all stakeholders in the industry, including micro, small, and medium traders (PMKS), to find a sustainable solution to the issue," she said in response to Datuk Seri Wee Ka Siong (BN-Ayer Hitam) during the question-and-answer session in Dewan Rakyat on Monday. *[The Edge]*

### **SC in talks with govt to review fee structure in bid to address annual deficits**

The Securities Commission Malaysia (SC) running into a deficit in 2023 has pushed the regulator into questioning its financial sustainability and engaging the government towards a potential review of its fee structure to beef up its revenue. SC chairman Datuk Seri Dr Awang Adek Hussin said talks are still in preliminary stages but noted that it is crucial towards addressing the commission's financially unsustainable state. "We just had a meeting with the Ministry of Finance [MOF] hardly a week ago. The conclusion for that meeting was that 'okay, they [MOF] are receptive, they don't mind but we have to engage our players'," Awang Adek told the press on Monday. "So we're starting, not only [with] Bursa Malaysia, we have to start talking to the industry as a whole, see where we can land on this in an amicable way," he added. *[The Edge]*

### **Penang Development Corp to set aside RM5 bil for 15 high-impact projects**

The Penang Development Corporation (PDC) will allocate RM5 billion to implement 15 high-impact projects under the 2024-2028 Strategic Plan, including RM3 billion to grow its landbank. PDC chief executive officer Datuk Aziz Bakar said the RM5 billion is expected to be spent in the next seven- to eight years and it will be a catalyst for Penang's economic growth. He said the plan is anchored on four pillars, namely land innovation, asset innovation, business sustainability and smart professional (abbreviated as PDC LABS). "PDC has allocated RM3 billion to increase the landbank through the proposed repossession of 1,214.06 hectares (ha) for the planned opening of a new industrial park, but the location is yet to be finalised. *[The Edge]*

### **BNM told businesses to defer foreign investments, hedge investments abroad, says FMM**

Bank Negara Malaysia (BNM) told businesses to defer new investments and hedge investments abroad among other recommendations to help prop up the ringgit. The central bank held an engagement session with chambers of commerce, business councils, trade associations and chief executives of Malaysian companies, during which the BNM emphasised "whole-of-nation approach", the Federation of Malaysian Manufacturers (FMM) said in a statement. BNM, in its "call to action to the business community", stressed on measures including adopting a "Malaysia First attitude" by prioritising domestic investment and choosing domestic goods and services, which FMM said has been "conveyed to its members via a members' advisory". *[The Edge]*

# Forthcoming Events

Date	Event
29 Mar 2024	Detailed Disclosure of International Reserves as at end-February 2024
29 Mar 2024	Monthly Highlights & Statistics for February 2024
5 Apr 2024	International Reserves of BNM as at 29 March 2024
22 Apr 2024	International Reserves of BNM as at 15 April 2024

---

Source: Bank Negara, CIMB Securities

## DISCLAIMER

The content of this report (including the views, opinions and recommendations expressed and the information contained in this report) has been prepared by and belongs to CIMB Securities Sdn Bhd (formerly known as KAF Equities Sdn Bhd) ("**CIMB Securities**").

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

By accepting this report, you represent and warrant that you are entitled to receive this report in accordance with the restrictions in this report and agree to be bound by the limitations in this report. Any failure to comply with these limitations may constitute a violation of law.

This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, in whole or in part, to any other person.

This report is general in nature and has been prepared for information purposes only. It is intended for distribution in Malaysia by CIMB Securities to the clients of CIMB Securities, CIMB Investment Bank Berhad and CIMB Bank Berhad generally and does not have regard to the specific investment objectives, financial situation and particular needs of any specific person who may receive this report.

**The information, views, opinions or recommendations in this report are not and should not be construed or considered as an offer, or solicitation to buy or sell, or an invitation to subscribe for, the securities of the company(ies), related investments or other financial instruments or any derivative instrument, or any rights pertaining thereto.**

**You are advised to make your own independent evaluation of the information contained in this report**, consider your own individual investment objectives, financial situation and particular needs and consult your own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this report. The securities of the company(ies) may not be eligible for subscription or sale in all jurisdictions or to all categories of investors.

CIMB Securities may or may not issue regular reports on the subject matter of this report at any frequency and may cease to do so or change the periodicity of reports at any time. CIMB Securities has no obligation to update this report to include any material omission or in the event of a material change to the information contained in this report.

CIMB Securities does not accept any obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the contents of this report constitute all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and recommendations; and accordingly, CIMB Securities as well as its affiliates, related and associate corporations (and their respective directors, officers and/or employees) shall not be liable in any manner whatsoever for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any reliance thereon or usage of this report. In particular, CIMB Securities disclaims all responsibility and liability for the views, opinions and recommendations set out in this report.

Unless otherwise specified, this report is based upon sources or data which CIMB Securities considered to be reasonable, correct and reliable at the time of issue of this report. Such sources or data will, unless otherwise specified, for market data, be market data and prices available from the stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research.

Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of your investments may go down and you may lose some or all of your investments.

This report may contain information obtained from third party content providers. Reproduction and distribution of third party contents in any form is prohibited except with the prior written consent of the related third party content provider.

Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such contents. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their contents.

CIMB Securities as well as its affiliates, related and associate corporations (and their respective directors, officers and/or employees) may own or have positions in securities of the company(ies) covered in this report or any securities related to it and may from time to time add to or dispose of, or may be materially interested in, any such securities.

Further, CIMB Securities as well as its affiliates, related and associate corporations do and seek to do business with the company(ies) covered in this report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers (for its own account or the account of its customers)

and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit investment, advisory or other services from any company(ies) mentioned in this report.

CIMB Securities as well as its affiliates, related and associate corporations may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. CIMB Securities may disclose the contents of this report to the company(ies) covered by it and may have amended the contents of this report following such disclosure.

The analyst(s) responsible for the production of this report certifies that the views, opinions and recommendations expressed herein accurately and exclusively reflect his/her personal views, opinions and recommendations about any and all of the company(ies) or securities analysed in this report and were prepared independently and autonomously.

In reviewing this research report, you should be aware that any or all of the foregoing, among other things, may give rise to actual or potential conflicts of interest. Subject to the duties of confidentiality, additional information may be available, on request, at our sole discretion.

## **RATING GUIDE**

<b>Stock Rating</b>	<b>Definition</b>
Buy	The stock's total return is expected to exceed 10% over the next twelve (12) months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next twelve (12) months.
Reduce	The stock's total return is expected to fall below 0% or more over the next twelve (12) months.
	<i>Note: The total expected return of a stock is defined as the sum of:</i> (a) <i>the percentage difference between the target price and the current price; and</i> (b) <i>the forward net dividend yields of the stock. Stock price targets have an investment horizon of twelve (12) months</i>
<b>Sector Rating</b>	<b>Definition</b>
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

## **DISCLOSURE OF CONFLICTS OF INTEREST**

### ***Disclosure by CIMB Securities***

CIMB Securities hereby declares that:

(a) CIMB Securities, CIMB Investment Bank Berhad and/or CIMB Bank Berhad has/have proprietary positions in the following securities of the company(ies) mentioned in this report:

Nil

(b) CIMB Securities (only in respect of its Equities Research Department) received material benefit in relation to the production of this report for the following companies mentioned in this report:

Nil

### ***Disclosure by Analyst(s)***

The analyst(s) who prepared this report declares that:

(a) He/she received material benefit in relation to the production of this report for the following companies mentioned in this report:

Nil

(b) He/she has/have an interest in the securities in the following company(ies) recommended in this report:

Nil

(c) He/she serves as a director or board member of the following company(ies) mentioned in this report:

Nil

Information barriers and other arrangements may be established, where necessary, to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/her coverage of company(ies) in the performance of his/her duties or the correlation between his/her views, opinions or recommendations and the performance of the securities of the company(ies) and may also participate in the solicitation of the businesses.

This report is distributed in Malaysia by CIMB Securities solely for the benefit of and for the exclusive use of the clients of CIMB Securities, CIMB Investment Bank Berhad and CIMB Bank Berhad. Recipients of this report are to contact CIMB Securities at Level 14, Chulan Tower, No. 3, Jalan Conlay, 50450 Kuala Lumpur in respect of any matters arising from or in connection with this report. CIMB Securities has no obligation to update, revise or reaffirm its opinion or the information in this research report after the date of this report.

This report is not directed to or intended for distribution or publication outside of Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located and seek the advice of professional advisers in your jurisdiction.