INTER-PACIFIC RESEARCH SDN BHD

BULLETIN TODAY

Friday | 17 January 2025

BURSA MALAYSIA

Index		Closing	Pts Chg	% Chg
FBM-KLCI		1,555.54	(6.58)	(0.42)
Volume: Total (mil):		3,611.04	203.45	5.97
Total Value (RM' mil):		3,163.59	79.31	2.57
Gainers		480		
Losers		525		
Unchanged		502		

TRADE STATISTICS

Participation		Bought	Sold	Net
40.26	Institution	1,325	1,222	103
17.71	Retail	615	505	110
42.03	Foreign	1,224	1,436	(212)
100.00		3,164	3,164	0

FTSE-BURSA MALAYSIA

Index	Closing	Pts Chg	% Chg
FBM 70	17,830.52	37.97	0.21
FBM 100	11,614.89	(27.56)	(0.24)
FBM Palm Oil - NC	12,010.86	(54.99)	(0.46)
FBM Smallcap	17,126.93	(15.58)	(0.09)
FBM Emas	11,925.05	(26.67)	(0.22)
FBM Fledgling	19,019.81	(31.15)	(0.16)

WORLD

Index	Closing	Pts Chg	% Chg
Dow Jones	43,153	(68)	(0.16)
Nasdaq	19,338	(173)	(0.89)
FTSE 100	8,392	91	1.09
Nikkei 225	38,573	128	0.33
Hang Seng	19,523	237	1.23
Korea Kospi	2,527	31	1.23
Singapore STI	3,801	29	0.76
Thailand SET	1,353	(1)	(0.05)
Jakarta	7,108	28	0.39
Shanghai	3,236	9	0.28
Shenzhen	1,909	8	0.44

KLCI FUTURES

Index	Closing	Pts Chg	% Chg	Volume
FBM-KLCI	1,555.54	(6.58)	(0.42)	292m
FKLI – Jan 25	1,550.50	(2.50)	(0.16)	8,288
FKLI – Feb 25	1,552.50	(4.00)	(0.26)	632
FKLI – Mar 25	1,535.50	(4.00)	(0.26)	461
FKLI – Jun 25	1,542.00	(3.50)	(0.23)	197

FOREX & COMMODITIES

	Closing	Pts Chg	% Chg
CPO Futures (Apr)	4,186.00	(82.00)	(1.92)
Brent (USD/b)	81.29	(0.74)	(0.90)
Gold (USD/Ounce)	2,714.31	17.99	0.67
USD/RM	4.5030	0.0042	0.09
SGD/RM	3.2932	0.0009	0.03
JPY/RM	2.9023	0.0270	0.94

HIGHLIGHTS

- The **Dow dipped 68.42 points** or 0.2% to **43,153.13** and the **Nasdaq slid 172.94 points** or 0.9% to **19,338.29**

- **ANCOM NYLEX BHD – 2QFY25: Recommendation and TP under review**

- U.S. weekly jobless claims rebound from nearly eleven-month low
- U.S. retail sales rise less-than-expected in December
- Eurozone trade surplus shrinks in November
- UK's modest November GDP growth disappoints

- **Sime Darby Property** to partner Singapore's YCH Group to develop logistics hubs in SEA
- **Jati Tinggi** bags RM25.5m job from **TNB** to lay cables for data centre
- **SBH Marine** buys land in Penang for new corporate office for RM18.9m
- **FSBM** signs MOUs with VisionTech, Cydentiq to advance AI, cybersecurity solutions
- **Bintai Kinden** gets approval for regularisation plan, confident measures will help exit PN17
- **Tanco** plans 7-for-5 bonus issue as share price hits 27-year high

THE SLANT

- The FBM KLCI extended its losing streak for a fourth session yesterday, on the back of the continuing selling by foreign funds, nullifying the intraday gains as well. Cumulatively, the key index shed 5.3% since the start of the year to emerge as the biggest loser among regional indices. The broader market was also mostly in the red and construction stocks were the biggest losers once again as the selling escalated. Traded volumes rose to 3.6b units for the day amid the continuing strong selling flavour.

- The key index's near-term outlook remains frail due to the continuing selldown by foreign funds that is leaving the key index to drift further. Their incessant selling shows few signs of abating and this could still send the FBM KLCI lower over the near-term. With Malaysia's strong reliance on China for trade and the latter likely to face further tariffs from incoming U.S. President Trump, export reliant stocks on Bursa Malaysia's could face increased headwinds. Amid the continuing trade uncertainties, the downside bias remains and the key index may whittle down further to end the week on another sombre note. With successive support levels broken, the immediate support is now at 1,550 points, followed by the 1,544 level. The resistances, meanwhile, are at 1,560 and 1,565 points respectively.

- There is also no change to the near-term outlook of the broader market shares and they will still be mostly indifferent due to the low following from retail players. Under the prevailing environment, their downsides could also persist into the final trading day of the week.

RESULTS UPDATE

- **ANCOM NYLEX BHD – 2QFY25: Recommendation and TP under review**

FYE May (RM m)	2QFY25	2QFY24	*YoY*	1QFY25	*QoQ*	1HFY25	1HFY24	*YoY*
			%		*%*			*%*
Revenue	450.7	505.2	*(10.8)*	515.5	*(12.6)*	966.3	992.5	*(2.6)*
PBT	24.3	28.0	*(13.0)*	20.7	*17.6*	45.0	57.3	*(21.4)*
PATAMI	15.2	22.1	*(31.5)*	13.2	*14.8*	28.4	42.9	*(33.9)*
EPS (sen)	1.3	2.3	*(45.9)*	1.4	*(10.0)*	2.7	4.5	*(40.9)*

Y-o-Y. Revenue decreased by 10.8% to RM450.7m in 2QFY25, from RM505.2m in the previous corresponding period, primarily attributed to weaker contributions from the industrial chemicals segment which recorded a 16.5% decline due to lower selling prices and volumes, partially offsetting the 3.7% growth in the agricultural chemicals segment. PATAMI also dropped by 31.5% to RM15.2m, down from RM22.1m in 2QFY24, owing to the lower overall revenue as well as reduced profitability in the agricultural chemicals segment, which was adversely affected by significant USD fluctuations that led to higher import costs and pressure on selling prices. A higher effective tax rate of 35.3%, compared to 19.1% in the previous year further weighed on earnings.

Q-o-Q. Revenue fell by 12.6% compared to the preceding quarter, largely dragged down by a 21.1% contraction in revenue from the industrial chemicals segment. Despite the drop in revenue, PATAMI improved by 14.8%, driven by higher other income and lower finance costs.

Missed expectations. Ancom Nylex's 2QFY25 revenue and PATAMI came in below our expectations, representing 43.9% and 28.8% of our full year forecast respectively. We are reviewing our recommendation and TP on Ancom Nylex pending more information from an analyst briefing today. Our last recommendation was a Buy with a TP of RM1.16, which was derived from ascribing an unchanged target PER of 13.0x (+1 SD above its 3-year average forward PER) to its diluted FY25F EPS.

GLOBAL AND ECONOMIC UPDATE

- Following the substantial rally seen during Wednesday's session, U.S. stocks turned in a relatively lacklustre performance during trading on Thursday. The Dow dipped 68.42 points or 0.2% to 43,153.13 and the Nasdaq slid 172.94 points or 0.9% to 19,338.29. ***RTT News***

- **U.S. weekly jobless claims rebound from nearly eleven-month low**
  A report released by the Labor Department showed first-time claims for U.S. unemployment benefits rebounded by more-than-expected in the week ended 11 January, 2025. The initial jobless claims climbed to 217k, an increase of 14k from the previous week's revised level of 203k. Economists had expected jobless claims to rise to 210k. The bigger-than-expected increase came after jobless claims fell to their lowest level since hitting 200k in the week ended 17 February, 2024. ***RTT News***

- **U.S. retail sales rise less-than-expected in December**
  The Commerce Department released a report showing retail sales in the U.S. increased by less-than-expected in December. The retail sales rose by 0.4% M-o-M in December after advancing by an upwardly revised 0.8% M-o-M in November. Economists had expected retail sales to climb by 0.6% M-o-M. ***RTT News***

- **Eurozone trade surplus shrinks in November**
  Eurozone's trade surplus decreased in November from a year ago as exports fell faster than imports. The trade surplus dropped to EUR16.4b in November, from EUR18.2b in October. Nonetheless, the surplus grew markedly from EUR8.6b in October. The monthly increase was mainly due to an increase in the surplus for chemicals and related products and a shift in the balance for other manufactured goods. Exports posted an annual decline of 1.6%, while imports decreased by 1.0% in November. ***RTT News***

- **UK's modest November GDP growth disappoints**
  The UK economy grew only marginally in November after two consecutive contractions, underpinned by the services sector. This has strengthened the scope for more monetary policy easing from the Bank of England as inflation also softened unexpectedly at the end of 2024. GDP edged up 0.1% M-o-M in November, following an unrevised M-o-M fall of 0.1% in October. GDP was expected to grow 0.2% M-o-M. The services sector was the largest contributor to growth with output rising 0.1% M-o-M, from a 0.1% M-o-M fall in October. ***RTT News***

CORPORATE NEWS

- **Sime Darby Property to partner Singapore's YCH Group to develop logistics hubs in SEA**
  Sime Darby Property Bhd is joining hands with Singapore-based YCH Group, a supply chain solutions outfit, to develop logistics hubs in Malaysia, Vietnam and other Asean markets. The two parties inked a MOU for the proposed partnership at the sidelines of the 102nd Asean Business Advisory Council (Asean-BAC) Meeting. According to Asean-BAC, the first major milestone will be the development of a landmark logistics facility in the group's port-centric township of Bandar Bukit Raja in Klang, Selangor. The facility is expected to cost at least RM300.0m and will be modelled after YCH's flagship Supply Chain City in Singapore. ***The Edge Markets***

- **Jati Tinggi bags RM25.5m job from TNB to lay cables for data centre**
  Jati Tinggi Group Bhd has won the tender for a RM25.5m contract from **Tenaga Nasional Bhd** (TNB) to lay underground double-circuit cables for a data centre in Selangor. The contract is expected to be completed within 270 days from the commencement date. ***The Edge Markets***

- **SBH Marine buys land in Penang for new corporate office for RM18.9m**
  SBH Marine Holdings Bhd has acquired a 7.2-ac. vacant industrial land in Penang via a public auction for RM18.9m to build its new corporate office. The leasehold land has 47 years remaining on its tenure, expiring on 7 May, 2072. As per the auction conditions, the land must be developed with approved factory buildings within two years of the ownership transfer. The group plans to fund the acquisition using internal funds and bank borrowings. ***The Edge Markets***

- **FSBM signs MOUs with VisionTech, Cydentiq to advance AI, cybersecurity solutions**
  FSBM Holdings Bhd has signed two MOUs with VisionTech Pte Ltd and Cydentiq Sdn Bhd to develop advanced artificial intelligence (AI) and cybersecurity solutions. The collaboration with VisionTech, a Singapore-based generative AI firm, aims to create AI-driven solutions for improving efficiency, addressing workforce challenges, and enhancing decision-making, while the partnership with cybersecurity solutions provider Cydentiq focuses on embedding security measures like identity governance, threat monitoring, and industry compliance. The partnerships are part of the group's strategy to expand its offerings in analytics, business intelligence, and AI of Things (AIoT). ***The Edge Markets***

- **Bintai Kinden gets approval for regularisation plan, confident measures will help exit PN17**
  Bintai Kinden Corporation Bhd has secured the approval from Bursa Malaysia for a proposed plan to fix its finances and strengthen the engineering services firm to shake off the PN17 status. Bursa Malaysia also approved the listing of new shares and stock options to employees that allows the group to raise fresh capital, incentivise key staff and meet the listing requirements. The group planned to issue 244.0m new shares through a private placement, up to 146.4m shares under a granting of options scheme, and additional shares amounting to 15% of the group's issued shares through an employees' share option scheme. The private placement to raise RM19.5m will be mainly used to repay borrowings and for working capital. The group also plans to focus on the construction business to diversify its income stream and will implement a share capital reduction to cancel up to RM160.0m to lower its accumulated losses and improve its financial position. ***The Edge Markets***

- **Tanco plans 7-for-5 bonus issue as share price hits 27-year high**
  Tanco Holdings Bhd has proposed a bonus issue of up to 3.85b new shares — on the basis of 7 bonus shares-for-every 5 Tanco shares held — to reward shareholders. The entitlement date for the bonus issue will be announced later. The proposed bonus issue would raise its share base to up to 6.6b shares, assuming the full exercise of its outstanding warrants. Tanco shares would theoretically be adjusted to 51.0 sen per share after the bonus issuance. The bonus issue is expected to be completed by 1Q2025. ***The Edge Markets***

Published by

INTER-PACIFIC RESEARCH SDN BHD

West Wing, Level 13
Berjaya Times Square
No.1, Jalan Imbi
55100 Kuala Lumpur
General Line: 03-2117 1888 | Fax: 03-2142 7678