

MARKETS/FROM THE BROKERS

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Compiled by SunBiz Team

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Bursa Carbon Exchange to offer renewable energy certs

KUALA LUMPUR: Bursa Carbon Exchange (BCX), a wholly owned subsidiary of Bursa Malaysia Bhd, will host its inaugural renewable energy certificates (RECs) auction on June 25. This auction marks a significant step towards the transition of BCX to be a one-stop Syariah-compliant multi-environmental product exchange.

RECs is a new product offering by BCX, that first started enabling the trading of carbon credits in September 2023. This underscores Bursa Malaysia's progress as a multi-asset exchange in democratising access to and creating new opportunities for the market through additional types of asset classes, investment and trading choices.

For the auction, Sarawak Energy Bhd will supply the RECs from its Murum hydropower plant. This is part of the memorandum of collaboration that Bursa Malaysia had signed with Sarawak Energy together with Hydropower Sustainability Alliance and the I-REC Standard Foundation (I-REC Standard) during the 28th United Nations Climate Change Conference of Parties in December 2023.

Sarawak Energy is Sarawak's electricity utility which is at the forefront of championing the state's energy transition agenda. The RECs will be issued under the I-REC Standard, a globally recognised standard body, which is renowned for their robust environmental attribute tracking system.

Bursa Malaysia CEO Datuk Muhamad Umar Swift said, "As sustainability becomes an intrinsic necessity for Malaysia to stay relevant and investable as a nation, Bursa Malaysia continues to play a pivotal role in enabling the nation's implementation of policies and key projects through the capital market. RECs will support Malaysia's energy transition roadmap which targets to substantially increase the country's renewable energy capacity. We are pleased to collaborate with Sarawak Energy for our inaugural RECs offering."

Ringgit continues to gain ground against US dollar

THE ringgit continued to close higher versus the US dollar yesterday in tandem with the 0.1% decline in the US Dollar Index (DXY) to 105.845 points, said an analyst.

At 6pm, the ringgit rose to 4.7840/7870 against the greenback from Wednesday's closing of 4.7910/7950.

Bank Muamalat Malaysia Bhd chief economist Mohd Afzanizam Abdul Rashid said concerns over the Middle East conflict have somewhat receded, judging from the decline in Brent crude oil prices to US\$86.90 per barrel.

"However, markets are still wary of the geopolitical risks and, above all, the uncertain outlook on the US interest rates," he told Bernama.

He also said the focus on the local front will be on Malaysia's advance gross domestic product estimate for the first quarter of 2024, which is slated to be released today.

"Positive surprises should be good for the ringgit the way we see it," he added.

At the close, the ringgit traded mostly higher against a basket of major currencies.

It eased against the euro to 5.1050/1082 from 5.0981/1024 at Wednesday's close, but edged up vis-a-vis the Japanese yen to 3.0980/1002 from 3.0990/1018 and gained versus the British pound to 5.9671/9708 from 5.9720/9770 previously.

The local note was traded mixed against Asean currencies.

It appreciated versus the Thai baht to 13.0053/0188 compared with 13.0194/13.0373 at Wednesday's close and improved against the Philippine peso to 8.36/8.37 from 8.37/8.39 previously.

However, the ringgit fell vis-a-vis the Indonesian rupiah to 295.6/296.0 from 295.3/295.7 yesterday and slipped against the Singapore dollar to 3.5176/5201 from 3.5171/5200.

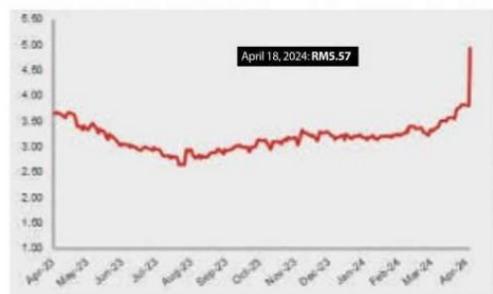
Exchange Rates

| FOREIGN CURRENCY | SELLING TT/OD | BUYING TT | BUYING OD |
|-----------------------|---------------|-----------|-----------|
| 1 US Dollar | 4.8550 | 4.7210 | 4.7110 |
| 1 Australian Dollar | 3.1470 | 3.0220 | 3.0060 |
| 1 Brunei Dollar | 3.5700 | 3.4690 | 3.4610 |
| 1 Canadian Dollar | 3.5250 | 3.4310 | 3.4190 |
| 1 Euro | 5.1910 | 5.0260 | 5.0060 |
| 1 New Zealand Dollar | 2.8850 | 2.7790 | 2.7630 |
| 1 Singapore Dollar | 3.5700 | 3.4690 | 3.4610 |
| 1 Sterling Pound | 6.0580 | 5.8700 | 5.8500 |
| 1 Swiss Franc | 5.3210 | 5.1990 | 5.1840 |
| 100 UAE Dirham | 133.8700 | 126.9600 | 126.7600 |
| 100 Bangladesh Taka | 4.5110 | 4.2180 | 4.0180 |
| 100 Chinese Renminbi | 67.5800 | 64.7500 | N/A |
| 100 Danish Krone | 71.3200 | 65.6500 | 65.4500 |
| 100 Hongkong Dollar | 62.7200 | 59.6200 | 59.4200 |
| 100 Indian Rupee | 5.9100 | 5.5500 | 5.3500 |
| 100 Indonesian Rupiah | 0.0310 | 0.0281 | 0.0231 |
| 100 Japanese Yen | 3.1530 | 3.0540 | 3.0440 |
| 100 New Taiwan Dollar | N/A | N/A | N/A |
| 100 Norwegian Krone | 45.3200 | 41.7100 | 41.5100 |
| 100 Pakistan Rupee | 1.7800 | 1.6700 | 1.4700 |
| 100 Philippine Peso | 8.6300 | 8.1300 | 7.9300 |
| 100 Qatar Riyal | 134.7800 | 127.9500 | 127.7500 |
| 100 Saudi Riyal | 131.0000 | 124.3600 | 124.1600 |
| 100 South Africa Rand | 26.4800 | 23.9100 | 23.7100 |
| 100 Sri Lanka Rupee | 1.6600 | 1.5200 | 1.3200 |
| 100 Swedish Krona | 45.8200 | 41.7400 | 41.5400 |
| 100 Thai Baht | 13.8100 | 12.2600 | 11.8600 |

Source: Malayan Banking Bhd/Bernama

P.I.E Industrial Bhd

Outperform. Target price: RM6.75



Source: Kenanga Research

WE understand that PIE, via referral from a key shareholder, has secured a new sizeable AI server client that will take up the entire Plant 6 (280k sq ft), its largest facility. We also understand that this is part and parcel of the key shareholder's diversification strategy.

A fast-track project, the qualification processes will be completed followed by small production before the year is out, paving the way for mass production in 2025. Ultimately, Plant 6 will produce approximately one-third of the new customer's global volume.

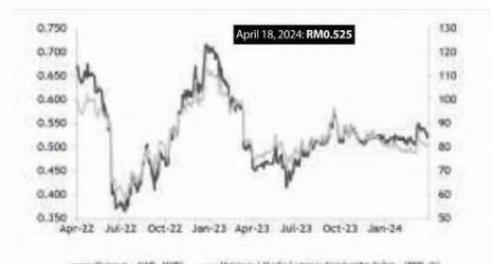
Separately, we understand that Plant 5 (approximately 100k sq ft) has been completed and is in the final stages of equipment installation. This entire plant will be dedicated to Customer A and is set to commence operations by the end of May, doubling the floor space allocation for Customer A, which currently occupies the entirety of Plant 3. The increased demand is driven by new model launches from Customer A, as well as a robust order pipeline, aligning with the optimism in the DeFi market.

The group has also successfully on-boarded four smaller customers with products related to: (i) drone device for light shows, (ii) diagnostic device for oral cancer, (iii) smart home, and (iv) industrial sensors. The drone device and smart home customer have begun production with the diagnostic device for oral cancer to follow in March. Contributions from these new customers are expected to collectively account for c.8%–12% of total group revenue in FY24.

We raise our FY25F earnings forecast by 10%, lift our TP by 69% to RM6.75 (from RM4) and reiterate our OUTPERFORM call.

Mynews Holdings Bhd

Buy. Target price: RM0.62



Source: Maybank Investment Bank

BASED on MNHB's 2023 annual report, the group has greatly improved on its sustainability disclosures within the quantitative environmental ('E') category, particularly for scope 1, 2 & 3 carbon emissions. Once a trend is established through consistent annual disclosures, investors will be able to better track and monitor the group's ESG progress.

MNHB has published key areas to address under individual environment, social and governance pillars. However, concrete ESG targets remain absent in its latest sustainability statement. Note that its convenience store peers have not committed to long-term ESG targets as well.

Our expectations for MNHB's FY24E earnings turnaround is premised on narrowed losses for both its CU stores and food processing centre. The group's focus on ramping up fresh food SKUs to existing Mynews stores could also gradually drive gross profit margin upwards, in tandem with MNHB's new store opening target (+100 stores in FY24E). Our earnings estimates are unchanged.

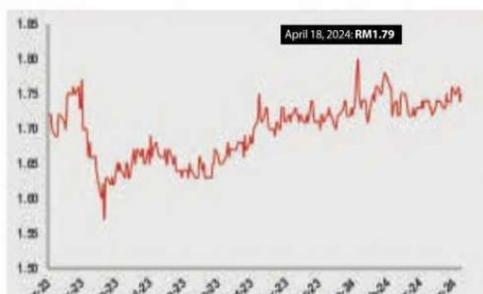
The ESG pressure faced by convenience stores in general mainly emanates from their usage of single-use plastic bags and other plastic materials in food product packaging. Positively, enhanced Government regulations have led to a decline in MNHB's overall plastic usage per retail transaction, and lower biodegradable plastic uses in its food product packaging, especially ones that are manufactured in-house.

Food wastage is another area that requires attention given MNHB's foray into food manufacturing in 2019. Unsold third-party supplied food products are returnable but the group has yet to determine sustainable means of disposing its in-house manufactured food products at this juncture.

Maintain BUY with an unchanged TP of RM0.62.

IGB REIT

Market Perform. Target price: RM1.68



Source: Kenanga Research

IGBREIT'S Q1'24 core net profit of RM102.3 million met expectations, making up 27% and 26% of our full-year forecast and full-year consensus estimate, respectively. The group also announced a distribution of 2.96 sen, on track to meet our full-year forecast of 10.8 sen.

YoY, its Q1'24 revenue increased by 5% attributable to higher rental income in both Mid Valley and The Gardens Mall. That said, we noted that average occupancy rates closed at 94.3% (from near 100%) with a key tenant in Mid Valley (i.e. Metrojaya) surrendering its tenanted net lettable area of 200k sq ft at end-March 2024 for reconfiguration. Its net property margin declined slightly to 76.4% (-0.3ppt) owing to its attached cost. Excluding the fair value losses, its core net profit comes in at RM102.3 million (+6%).

QoQ, its revenue increased by 3% likely due to positive rental reversions as occupancy rates were fairly full. Its core net income rose by 10% due to the low-base effect from the preceding quarter arising from hiked operating expenses, likely in lieu of year-end seasonal expenses and upkeep.

In the immediate term, IGBREIT could continue to see encouraging seasonal spending supported by Hari Raya festivities. Aside from this, we opine that its assets should remain relevant thanks to their wide range of tenants that cater to various income groups. With regards to the tenancy status of Metrojaya, we understand from recent media articles that they are slated to rebrand to "MJ by Metrojaya" which could refresh the vibrancy of footfalls when it reopens during the targeted Q3'24 period.

We maintain our forecasts, TP of RM1.68 and MARKET PERFORM call.