

## Turning sideways

### Market Review

**Malaysia:** The FBM KLCI (+0.1%) edged marginally higher, lifted mainly by gains in banking heavyweights yesterday. The lower liners ended mixed, while the financial services (+0.2%), telecommunications & media (+0.2%) and energy (+0.02%) sectors outperformed the negative broader market.

**Global markets:** Wall Street edged lower as the Dow (-0.2%) fell as cautiousness prevails ahead of the release of inflation data, while Micron Technology (-3.7%) warned of softening demand for semiconductor chips. The European stock markets closed mostly negative, but the Asia stock markets finished mostly higher.

### The Day Ahead

The FBM KLCI booked marginal gains amid lacklustre trading as cautious undertone remained in place ahead of the US inflation data that will be released later tonight. With the Wall Street overnight ended negative, we opine that the investors may stay sidelines for the session. Upside potential might be capped by the elevating global risks such as China-Taiwan tension and heightened inflationary pressures environment. However, traders are likely to position themselves selectively ahead of the August reporting month as foreign buying remains positive over the past few days. Commodities wise, the crude oil price hovered around USD96, while the CPO price traded above RM4,150.

**Sector focus:** The banking sector may continue to shine amid interest rate upcycle especially ahead of the earnings season. Investors may focus on defensive stocks in sectors such as REIT, solid consumer and utilities. Meanwhile, the CPO price trading above RM4,150 could be a slight positive catalyst to the plantation sector.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI eked out small gains but remained below the key 1,500 level. Technical indicators are generally weaker as the MACD Histogram approaches zero, while the RSI is hooking downwards around 60. Resistance is set along 1,530-1,550, while support is located at 1,480, followed by 1,460.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	32,774.41	-0.18
S&P 500	4,122.47	-0.42
NASDAQ	12,493.93	-1.19
FBM KLCI	1,497.68	0.11
FBM Small Cap	14,352.04	-0.18
FBM ACE	4,886.74	0.64
Construction	158.91	-0.34
Consumer	572.85	-0.43
Energy	652.69	0.02
Financial Services	1,687.15	0.21
Healthcare	1,707.39	-0.02
Ind Products	181.87	-0.42
Plantation	7,102.24	-0.27
Property	640.35	-0.35
REITs	810.07	-0.38
Technology	66.40	-0.39
Telco & Media	583.49	0.19
Transport	802.68	-0.44
Utilities	846.73	-0.29
Trading Vol (m)	2,523.59	15.10
Trading Val (RM m)	1259.23	-5.11
Advance/Decline	96%	
FKLI	1,497.50	-0.13
FCPO (RM)	4,153.00	0.83
Brent oil (USD)	96.31	-0.35
Gold (USD)	1,794.29	0.30
USD	4.4548	0.08
GBP	5.401	-0.22
EURO	4.561	-0.40
SGD	3.2352	-0.11

Trading participation 5-day trend and value (m)

Institution	Retail	Foreign
-380.8	-13.0	393.8

Source: Bloomberg, Bursa Market Place

## Company Brief

**Texchem Resources Bhd**'s 2QFY22 net profit surged 15.9x YoY to RM6.7m, mainly on the recovery of restaurant operation and additional strategic business initiatives to improve the bottom line. Revenue for the quarter rose 15.4% YoY to RM301.5m. A first interim single tier dividend of 8.0 sen per share, payable on 19th September 2022 was declared. (The Star)

**Lagenda Properties Bhd** has proposed to acquire a 422.0-ac land in Perak for RM92.4m cash in a related party transaction. It said Taraf Nusantara Sdn Bhd, a wholly owned subsidiary of Blossom Eastland Sdn Bhd, which is in turn wholly owned by Lagenda has entered into a conditional sale and purchase agreement (SPA) with Ladang Awana Sdn Bhd. (The Star)

**Hartalega Holdings Bhd**'s 1QFY23 net profit slumped 96.1% YoY to RM88.3m, as glove average selling price (ASP) and sales volume declined after rising to a record high during the crucial period of the Covid-19 outbreak. Revenue for the quarter dropped 78.3% YoY to RM845.7m. (The Edge)

**KLCC Stapled Group Bhd**'s 2QFY22 net profit rose 14.7% YoY to RM165.2m, mainly due to a better performance of its retail segment, driven by lower rental assistance and higher advertising income. Revenue for the quarter grew 25.0% YoY to RM350.3m. An interim dividend, totalling 8.0 sen per stapled security that is payable on 28th September 2022 was declared. (The Edge)

**Leong Hup International Bhd**'s unit Leong Hup Feedmill Malaysia Sdn Bhd (LFM), which was 1 of the 5 feed millers recently issued with a proposed decision by the Malaysia Competition Commission (MyCC), has reported that MyCC has proposed to impose a financial penalty of RM157.5m in the event LFM is found to have infringed the Competition Act 2010. (The Edge)

Perbadanan Nasional Bhd, who is suing **Serba Dinamik Holdings Bhd**'s managing director Datuk Dr Mohd Abdul Karim Abdullah and 2 former senior executives of the oil and gas services outfit's subsidiaries to claim the return of RM46.5m over a share investment that went bad, has applied for a summary judgement against the trio. It filed the application on 1st August 2022 through Messrs Azmi & Associates, claiming that the defendants' defence has no merit, and that there are no longer triable issues to be decided by the court. (The Edge)

**ILB Group Bhd** and its board members have filed an application to strike out a suit filed by minority shareholder BT Investment Capital Ltd, which wants to block ILB from acquiring commercial property in Petaling Jaya. ILB and the other defendants claimed that BT Investment Capital had no locus standi (legal standing) to bring the action, as it is not the beneficial owner of the company's shares, because the claimed shares are registered under UOB Kay Hian Nominees (Asing) Sdn Bhd. (The Edge)

**Green Packet Bhd** further reduced its stake in **G3 Global Bhd** to 4.7%, after selling 40.0m shares for RM20.0m. These were the warrants that had been converted into shares by Green Packet in May 2022. (The Edge)

**Nestcon Bhd** has entered into a memorandum of understanding with Nam Heng Safety Glass Sdn Bhd (Nam Heng Glass) to develop solar photovoltaic facilities at properties owned by Nam Heng Glass, including its related corporations in Malaysia. (The Edge)

Messrs Mazars PLT has been appointed as the new external auditor of **Gabungan AQRS Bhd** with effect from 11th August 2022. (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	HARBOUR	25-Jul	1.070	1.150	1.240	1.430	1.010	1.000	1.100	2.8%	On-going
2	MTAG	3-Aug	0.500	0.520	0.540	0.560	0.445	0.440	0.500	0.0%	On-going
3	GCB	8-Aug	2.440	2.540	2.610	2.990	2.270	2.260	2.320	-4.9%	On-going
4	KERJAYA	10-Aug	1.140	1.240	1.290	1.370	1.080	1.070	1.140	0.0%	Initiate position

3Q22 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	UWC	1-Jul	3.260	3.890	4.180	-	3.230	2.850	3.920	20.2%	On-going
2	DUFU	1-Jul	2.840	3.100	3.280	-	2.750	2.600	3.040	7.0%	On-going
3	DAYANG	1-Jul	0.965	1.100	1.140	-	0.940	0.880	0.950	-1.6%	On-going
4	GASMSIA	1-Jul	3.010	3.220	3.300	-	2.970	2.850	3.260	8.3%	On-going
5	PTRANS	1-Jul	0.770	0.860	0.905	-	0.725	0.680	0.830	7.8%	On-going
6	SYSCORP	1-Jul	0.410	0.445	0.470	-	0.375	0.340	0.410	0.0%	On-going
7	PWROOT	1-Jul	1.700	1.830	1.920	-	1.630	1.550	1.720	1.2%	On-going
8	GCB	1-Jul	2.510	2.710	2.800	-	2.460	2.380	2.320	-7.6%	On-going
9	QL	1-Jul	5.210	5.710	5.920	-	5.230	5.050	5.040	-3.3%	On-going
10	AMBANK	1-Jul	3.720	3.980	4.110	-	3.620	3.450	3.880	4.3%	On-going
Average Return										3.6%	

Technical Focus Tracker Summary	
Total recommendations	249
Total winners	149
Total losers	98
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	56.1%
Accuracy (2022)	56.3%
FBM KLCI (Since 31/12/2021)	-4.5%
FBM Small Cap (Since 31/12/2021)	-8.9%
Malaysia GDP Growth (1Q22)	5.0%