

Upward movement sustained

Market Review

Malaysia: The FBM KLCI (+0.8%) extended its lead with 28 of the 30 key index components closed in green yesterday. The lower liners, however, ended mixed, while the technology sector (+0.8%) outperformed the mostly positive sectorial peers.

Global markets: Wall Street extended their decline as the Dow (-0.5%) fell ahead of the key inflation data report, while the surge in natural gas prices re-ignited concerns over the inflationary pressure. The European stockmarkets rebounded, while Asia stockmarkets finished mixed.

The Day Ahead

Expectedly, the key index remained on course over its upbeat tone yesterday as gains were evident amongst most of the index heavyweights. We expect buying momentum to remain stable, supported by the return of net buying position from the foreign funds. The lower liners, however, may tread cautiously as we enter the quarterly reporting season. Meanwhile, investors will be keeping a close watch on Malaysia's unemployment rate as well as the US inflation rate today; the latter may provide additional clues over the US Federal Reserve interest rate direction, moving forward. Commodities wise, the Brent crude oil advanced above USD87/bbl, while the CPO prices hovered above RM3,700/MT.

Sector focus: We continue to favour the financial services sector that is taking advantage of the return of foreign funds. The energy sector is expected to stay upbeat amid the stronger crude oil prices. Meanwhile, the technology sector is expected to stage a pullback in tandem with the negative developments on Nasdaq overnight.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI formed another bullish candle as the key index closed at its intraday high yesterday. Technical indicators, however, remained mixed as the MACD Histogram extended another negative bar, while the RSI hooked into the overbought territory. The immediate resistances are located along 1,480-1,500, while the support is pegged around 1,420-1,440.

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Market Scorecard

| Key indices | Last price | Change (%) |
|--------------------|------------|------------|
| Dow Jones | 35,123.36 | -0.54 |
| S&P 500 | 4,467.71 | -0.70 |
| NASDAQ | 13,722.02 | -1.17 |
| FBM KLCI | 1,462.03 | 0.76 |
| FBM Small Cap | 15,440.94 | -0.21 |
| FBM ACE | 5,315.76 | 0.42 |
| Construction | 170.01 | 0.10 |
| Consumer | 560.31 | 0.40 |
| Energy | 825.69 | -0.50 |
| Financial Services | 16,357.19 | 0.68 |
| Healthcare | 1,711.25 | -0.50 |
| Ind Products | 167.09 | 0.23 |
| Plantation | 7,169.84 | 0.37 |
| Property | 768.53 | -0.55 |
| REITs | 777.80 | 0.01 |
| Technology | 64.04 | 0.77 |
| Telco & Media | 582.94 | 0.69 |
| Transport | 920.65 | 0.49 |
| Utilities | 1,055.69 | 0.46 |
| Trading Vol (m) | 3,188.90 | (0.09) |
| Trading Val (RM m) | 2188.77 | 28.02 |
| Advance/Decline | 117% | |
| FKLI | 1,462.00 | (0.17) |
| FCPO (RM) | 3,761.00 | (0.27) |
| Brent oil (USD) | 87.55 | 1.60 |
| Gold (USD) | 1,914.46 | (0.56) |
| USD | 4.5830 | 0.22 |
| GBP | 5.8344 | 0.20 |
| EURO | 5.0278 | 0.15 |
| SGD | 3.4041 | 0.12 |

| Trading participation 5- day trend and value (m) | |
|--|---------|
| Institution | Foreign |
| -182.2 | 251.5 |
| -69.3 | |

Source: Bloomberg, Bursa Market Place

Company Brief

Hup Seng Industries Bhd's 2QFY23 net profit jumped 186.2% YoY to RM8.7m, driven by higher revenue. Revenue for the quarter rose 10.5% YoY to RM81.5m. An interim single-tier dividend of 1.0 sen per ordinary share was proposed. (The Star)

Hartalega Holdings Bhd's 1QFY23 net loss stood at -RM52.5m vs. a net profit of RM88.3m recorded in the previous corresponding quarter, dragged down by the normalising of selling prices and weaker sales. Revenue for the quarter slipped 48.0% YoY to RM440.0m. (The Edge)

Mr DIY Group (M) Bhd's 2QFY23 net profit increased 11.2% YoY to RM150.3m, on the back of higher revenue from new stores and gross profit margin. Revenue for the quarter rose 4.9% YoY to RM1.10bn. A dividend of 0.8 sen per share, payable on 22nd September 2023 was declared. (The Edge)

Maxis Bhd's 2QFY23 net profit climbed 2.5% YoY to RM330.0m, on higher service revenue, discontinued prosperity tax and prudent capital expenditure investments. Revenue for the quarter rose 2.0% YoY to RM2.47bn. A second interim dividend of 4.0 sen per share, payable on 29th September 2023 was declared. (The Edge)

AME Real Estate Investment Trust (REIT) is aiming for 100.0% renewal of its 12 leases expiring in FY24 to reinforce the industrial REIT's future earnings. On top of that, AME REIT is on the lookout for new properties in Johor, Klang Valley and the northern region to further strengthen its asset base. The REIT posted a net property income of RM10.7m in 1QFY24, on revenue of RM11.4m. No comparative figures for the preceding year are available, as the group was only listed on the Main Market of Bursa Malaysia on 20th September 2022. (The Edge)

Shares of **Handal Energy Bhd** surged to a nearly 3-year high amid changes in ownership, which saw Seaoftshore Capital Sdn Bhd ceasing to become a substantial stakeholder, just days after Deepetro Offshore Brokers Pte Ltd emerged as its largest investor with an 11.4% stake. Seaoftshore, controlled by its group managing director Sunildeep Singh Dhaliwal and Yamani Hafez Musa, had disposed of some 46.5m shares on the open market. Sunildeep still has a 6.4% stake in the oil and gas integrated services provider after the divestment. Separately, Handal Energy saw the departure of independent and non-executive chairman Tengku Baderul Zaman Ibni Sultan Mahmud and executive director Tengku Munawir Islahuddin Tengku Noone Aziz from its board effective 9th August 2023, citing other work commitments as the reason of resignation. (The Edge)

Perak Corporation Bhd is disposing of a piece of agricultural land in Perak to Kim Poh Sitt Tat Feedmill Sdn Bhd for RM5.5m cash as part of its regularisation plan. It has entered into a sale and purchase agreement with KPSTF for the disposal, which is expected to be completed by end-2023. (The Edge)

30 after acquiring a 51% stake in the developer of Nexus Residence in USJ Subang West, **Majuperak Holdings Bhd** has decided to sell back the stake after the vendor failed to achieve the required 50.0% sale of the units in the project. Majuperak is selling back the stake in Nexusbase Development Sdn Bhd to the vendor at the original sum of RM12.5m. Majuperak has given notice of the invocation of share repurchase to the vendor, Sloane Infinity Asia Pacific Sdn Bhd and Sloane's shareholder Datuk Lee Seng Khoo. (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 | PWF | 20-Jul | 0.760 | 0.765 | 0.800 | 0.850 | 0.700 | 0.695 | 0.730 | -3.9% | On-going |
| 2 | SCOMNET | 2-Aug | 1.370 | 1.480 | 1.550 | 1.650 | 1.290 | 1.280 | 1.340 | -2.2% | On-going |
| 3 | HARBOUR | 9-Aug | 1.170 | 1.240 | 1.290 | 1.350 | 1.120 | 1.110 | 1.180 | 0.9% | On-going |

| 3Q23 Stock Picks | | | | | | | | | | | |
|------------------|-----------|-------------|------------------------------|-------------------|-------------------|----------------|----------------|---------------|-----------------|---------------------------|----------|
| No. | Companies | Report Date | Report Date Share Price (RM) | Resistance 1 (RM) | Resistance 2 (RM) | Support 1 (RM) | Support 2 (RM) | Cut Loss (RM) | Last Price (RM) | Change in Share Price (%) | Comments |
| 1 | ADVCON | 4-Jul | 0.355 | 0.395 | 0.425 | 0.320 | 0.295 | 0.280 | 0.360 | 1.4% | On-going |
| 2 | CARIMIN | 4-Jul | 0.735 | 0.775 | 0.835 | 0.705 | 0.660 | 0.640 | 0.880 | 19.7% | On-going |
| 3 | ECOWLD | 4-Jul | 0.815 | 0.900 | 0.950 | 0.790 | 0.750 | 0.735 | 0.935 | 14.7% | On-going |
| 4 | MCEMENT | 4-Jul | 3.080 | 3.320 | 3.500 | 2.880 | 2.700 | 2.640 | 3.180 | 3.2% | On-going |
| 5 | OSK | 4-Jul | 1.050 | 1.150 | 1.200 | 1.040 | 0.995 | 0.970 | 1.140 | 8.6% | On-going |
| 6 | RCECAP | 4-Jul | 2.350 | 2.500 | 2.600 | 2.220 | 2.120 | 2.070 | 2.220 | -5.5% | On-going |
| 7 | SCICOM | 4-Jul | 1.170 | 1.360 | 1.450 | 1.110 | 1.070 | 1.040 | 1.130 | -3.4% | On-going |
| 8 | SFPTECH | 4-Jul | 0.960 | 1.150 | 1.260 | 0.940 | 0.895 | 0.870 | 1.130 | 17.7% | On-going |
| 9 | TEOSENG | 4-Jul | 0.920 | 1.000 | 1.050 | 0.880 | 0.820 | 0.800 | 1.030 | 12.0% | On-going |
| 10 | UCHITEC | 4-Jul | 3.530 | 3.700 | 3.850 | 3.420 | 3.320 | 3.240 | 3.450 | -2.3% | On-going |
| 11 | WASCO | 4-Jul | 0.890 | 0.985 | 1.100 | 0.860 | 0.810 | 0.785 | 0.985 | 10.7% | On-going |
| 12 | WCEHB | 4-Jul | 0.635 | 0.730 | 0.820 | 0.610 | 0.545 | 0.535 | 0.695 | 9.4% | On-going |
| 13 | YTLPOWR | 4-Jul | 1.310 | 1.450 | 1.600 | 1.250 | 1.150 | 1.120 | 1.530 | 16.8% | On-going |
| Average Return | | | | | | | | | | 7.9% | |

| Technical Focus Tracker Summary | |
|----------------------------------|-------|
| Total recommendations | 346 |
| Total winners | 213 |
| Total losers | 133 |
| Portfolio performance (2020) | 22.7% |
| Accuracy (2020) | 53.3% |
| Portfolio performance (2021) | 30.4% |
| Accuracy (2021) | 66.4% |
| Portfolio performance (2022) | 13.3% |
| Accuracy (2022) | 62.9% |
| Portfolio performance (2023) | 4.8% |
| Accuracy (2023) | 60.7% |
| FBM KLCI (Since 30/12/2022) | -2.2% |
| FBM Small Cap (Since 30/12/2022) | 3.5% |
| Malaysia GDP Growth (1Q23) | 5.6% |

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