

Relief rebound may take place

Market Review

Malaysia: The FBM KLCI (-0.4%) turned lower following HARTA (-12.5%) weak quarterly results, coupled with cautiousness prior to the release of the US inflation data. The lower liners also fell, while the plantation (+0.3%) and transportation & logistics (+0.1%) sectors outperformed the negative broader market.

Global markets: Wall Street rallied as the Dow (+1.6%) jumped on after inflation data in July 2022 rose 8.5% YoY vs. consensus expectations of 8.7% YoY increase may prompt less hawkish tone from the US Federal Reserve. The European stock markets turned upbeat, but the Asia stock markets ended mostly negative.

The Day Ahead

The FBM KLCI slipped as investors dumped selected glove, technology, and banking stocks prior to the released of the US CPI data. With the CPI numbers came in below the consensus figure, we believe the positive sentiment from Wall Street may spillover to the local front, especially within the technology sector. Investors should expect a lower scale of interest rate hikes moving forward from the Feds. Hence, it provides a decent window of opportunity to at least trade until the next CPI which will be in 13th September. On the commodity markets, the crude oil price rebounded marginally, trading around USD97 while the CPO remained above RM4,150.

Sector focus: Following the overnight gapped up move on Wall Street, we believe the broader market should trade in a positive-biased mode lead by the technology sector. Meanwhile, investors may look out for solar related stocks after the US customs has detained shipments from China.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI closed lower around its daily EMA9 level amid increased selling pressure. Technical indicators, however are mixed as the MACD Histogram turned mildly below zero, while the RSI hovered above 50. Resistance is located along 1,530-1,550, while support is envisaged 1,460-1,480.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,309.51	1.63
S&P 500	4,210.24	2.13
NASDAQ	12,854.80	2.89
FBM KLCI	1492.33	-0.36
FBM Small Cap	14,243.98	-0.75
FBM ACE	4,831.63	-1.13
Construction	158.06	-0.53
Consumer	570.29	-0.45
Energy	646.64	-0.93
Financial Services	16,649.61	-0.22
Healthcare	1662.61	-2.62
Ind Products	180.95	-0.51
Plantation	7,123.87	0.30
Property	638.43	-0.30
REITs	803.87	-0.77
Technology	64.45	-2.94
Telco & Media	578.76	-0.81
Transport	803.51	0.10
Utilities	843.03	-0.44
Trading Vol (m)	2,165.40	-14.19
Trading Val (RM m)	1,677.45	33.19
Advance/Decline	4%	
FKLI	1502.50	0.54
FCPO (RM)	4,168.00	1.39
Brent oil (USD)	97.40	1.13
Gold (USD)	1792.38	-0.11
USD	4.4557	-0.02
GBP	5.3904	0.20
EURO	4.5576	0.07
SGD	3.2353	0.00

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
-380.7	64.7	316.0

Source: Bloomberg, Bursa Market Place

Company Brief

Ranhill Utilities Bhd's wholly owned subsidiary Ranhill Solar I Sdn Bhd (RSI) has obtained a 4-year extension of a power purchase agreement (PPA) for the 50.0-MWac large-scale solar photovoltaic plant at Batang Padang, Perak under the LSS4@MENtARI. The project's FCD has been extended to 30th September 2022 from 30th June 2022 while the SCOD was extended to 31st December 2023. (The Star)

Swift Haulage Bhd has proposed to acquire the entire interest in Watt Wah Petroleum Pte Ltd from DLT Enterprise Pte Ltd (DLT) for S\$1.6m (about RM5.2m) to expand its presence in Singapore. Watt Wah is principally involved in chartering, forwarding and transporting petroleum products. It has more than 20 years of experience in oil and gas logistic services, servicing all the oil majors as well as commercial customers. (The Star)

Malaysia Competition Commission (MyCC) has proposed to impose a financial penalty of RM46.4m on FFM Bhd, an 80.0% subsidiary of **PPB Group Bhd**, following the findings on the alleged infringement of Section 4 of the Competition Act 2010 (Act 712). MyCC's allegation against FFM was in relation to purported entering into agreements or concerted practices by certain poultry feed millers in fixing the price of poultry feed. FFM may submit a written representation to MyCC by 20th September 2022 and the company is working with its advisors on its representations to MyCC. (The Star)

Malayan Flour Mills Bhd's (MFM) partially owned Dindings Poultry Development Centre Sdn Bhd (DPDC) has reported that Malaysia Competition Commission (MyCC) has proposed to impose a financial penalty of RM70.0m in the event that DPDC is found to have infringed the Competition Act 2010. However, DPDC strongly denies the allegation of any infringement of the provisions of the Act as mentioned in the proposed decision. (The Edge)

Malaysia Airports Holdings Bhd and **Capital A Bhd** have both decided to drop legal proceedings against each other that they initiated via their subsidiaries Malaysia Airports (Sepang) Sdn Bhd (MASSB) and AirAsia Aviation Group Ltd (AirAsia Group). The two groups have locked horns since the end of 2018 when AirAsia Group's Malaysian operations refused to collect the higher passenger service charges (formerly known as airport tax) from passengers that MAHB and MASSB demanded after the rate was raised to RM73 per passenger in 2018 from RM50, which escalated into a series of lawsuits between the groups. (The Edge)

MISC Bhd announced that it has, via a consortium with Nippon Yusen Kabushiki Kaisha (NYK), Kawasaki Kisen Kaisha Ltd (K-Line) and China LNG Shipping (Holdings) Ltd (CLNG), been awarded liquefied natural gas (LNG) shipping charter contracts by QatarEnergy for 7 new LNG carriers that will be built by Hyundai Heavy Industries Co Ltd. MISC, however, did not specify the value and duration of the LNG shipping charter contracts. Each consortium member will have an equal equity interest of 25.0% in each awarded LNGC. (The Edge)

Pertama Digital Bhd has gained the majority vote from its shareholders to dispose of its entire equity interest in China-based textile subsidiary BeTop to Gifted Investments Ltd for a total consideration of RM70.0m. However, it triggered paragraph 8.03A(2)(a)(bb) of the Main Market Listing Requirements when it completed its asset sale. (The Edge)

Hup Seng Industries Bhd's 2QFY22 net profit declined 15.1% YoY to RM3.0m, dragged by continuous escalation in input costs. Revenue for the quarter, however, rose 11.0% YoY to RM73.8m. (The Edge)

Green Packet Bhd has disposed of its remaining shares in **G3 Global Bhd** for RM5.8m. The remaining amount of 115.3m G3 Global shares, representing a 4.0% stake was sold in the open market via a direct business transaction on 10th August 2022. These were among 305.3m warrants that had been converted into shares by Green Packet in May 2022. (The Edge)

KPower Bhd's unit KPower Development Sdn Bhd (KDSB) has received approval from the Terengganu government to develop affordable and mixed housing development on 19.0-ha of land in Kuala Nerus district, Terengganu. 4.9% of the gross development value will be attributable to the state's affordable housing fund, which is under the purview of the housing department of Terengganu's state secretary. (The Edge)

Technical Focus Tracker

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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	1.080	0.9%	On-going
2	MTAG	3-Aug	0.500	0.520	0.540	0.560	0.445	0.440	0.495	-1.0%	On-going
3	GCB	8-Aug	2.440	2.540	2.610	2.990	2.270	2.260	2.260	-7.4%	Cut loss on 11-Aug
4	KERJAYA	10-Aug	1.150	1.240	1.290	1.370	1.080	1.070	1.150	0.0%	On-going

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	3.830	17.5%	On-going
2	DUFU	1-Jul	2.840	3.100	3.280	-	2.750	2.600	2.900	2.1%	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	3.200	6.3%	On-going
5	PTRANS	1-Jul	0.770	0.860	0.905	-	0.725	0.680	0.860	11.7%	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	1.630	-4.1%	On-going
8	GCB	1-Jul	2.510	2.710	2.800	-	2.460	2.380	2.250	-10.4%	On-going
9	QL	1-Jul	5.210	5.710	5.920	-	5.230	5.050	5.050	-3.1%	On-going
10	AMBANK	1-Jul	3.720	3.980	4.110	-	3.620	3.450	3.930	5.6%	On-going
Average Return										2.4%	

Technical Focus Tracker Summary	
Total recommendations	249
Total winners	149
Total losers	99
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	50.8%
Accuracy (2022)	56.3%
FBM KLCI (Since 31/12/2021)	-4.8%
FBM Small Cap (Since 31/12/2021)	-9.6%
Malaysia GDP Growth (1Q22)	5.0%

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