

Bargain hunting activities emerged

Market Review

Malaysia: The FBM KLCI (+0.4%) snapped a 4-day losing streak as bargain hunting activities emerged within two-thirds of the key index components yesterday. The lower liners also advanced, while the energy sector (+1.8%) outperformed following the strength in crude oil prices.

Global markets: Wall Street rebounded as the Dow (+0.6%) halted a 3-day decline, but cautiousness prevails ahead of the release of CPI data tomorrow night and the start of the quarterly reporting season later this week. The European stockmarkets also advanced, while Asia stockmarkets closed mostly higher.

The Day Ahead

The FBM KLCI delivered a strong performance yesterday on a broad-based rebound, whilst the economy continues to demonstrate resilience after the unemployment rate in May 2023 was held steady at 3.5%. We expect an extended recovery to take place over the near term as investors are likely to bargain hunt on beaten down and oversold stocks. The calmer market condition also presents opportunity for rotational play amongst the lower liners, though we caution that the pace of the recovery may be limited. Elsewhere, investors may keep a close watch on the US inflation rate that will be released tomorrow night and may provide further clues over the direction of interest rate in the US. Commodities wise, the Brent crude oil eased below USD78, while the CPO price towards near RM4,000.

Sector focus: Commodity-related sectors (energy and plantation) may take cue from the firmer prices. The stronger natural rubber production rose 6.8% MoM, whilst inventory level fell 11.4% MoM in May 2023; implying demand is gathering pace bodes well for rubber-related stocks. The technology sector is likely to march higher in tandem with the positive developments on Nasdaq overnight.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI formed a bullish candle, but remain below EMA20. Technical indicators stayed mixed as the MACD Histogram formed another positive bar, but the RSI lingered below 50. The immediate resistances are envisaged along 1,413-1,430, while the support is pegged around 1,370.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,944.40	0.62
S&P 500	4,409.53	0.24
NASDAQ	13,685.48	0.18
FBM KLCI	1383.06	0.39
FBM Small Cap	15,108.32	0.12
FBM ACE	5,158.44	0.36
Construction	164.24	-0.01
Consumer	545.89	0.10
Energy	806.44	1.80
Financial Services	15,402.35	0.16
Healthcare	1675.90	0.05
Ind Products	158.88	0.40
Plantation	6,827.70	0.36
Property	710.52	0.91
REITs	777.58	-0.18
Technology	6146	0.36
Telco & Media	570.27	-0.03
Transport	892.79	-0.55
Utilities	985.34	-0.13
Trading Vol (m)	2,241,95	13.54
Trading Val (RM m)	1508.39	7.07
Advance/Decline	10%	
FKLI	1383.50	(0.07)
FCPO (RM)	3,978.00	1.48
Brent oil (USD)	77.69	(0.99)
Gold (USD)	1925.35	0.02
USD	4.6705	(0.09)
GBP	5.9817	(0.55)
EURO	5.1198	(0.82)
SGD	3.4628	(0.31)

Trading participation 5-day trend and value (m)

Institution	Foreign
112.1	295.5
	-407.6

Source: Bloomberg, Bursa Market Place

Company Brief

Fajarbaru Builder Group Bhd has secured a contract from Australian Department of Defence to redevelop military facilities at the Royal Malaysian Air Force (RMAF) Base Butterworth, Penang, Malaysia. The planning phase of the project, Fajarbaru's portion of the contract has a value of RM7.4m. This phase will commence on 10th July 2023 and is scheduled to be completed by 13th November 2023. (The Star)

HSS Engineers Bhd has inked its fifth memorandum of understanding (MoU) of preferred partnership with another Japanese engineering consultant firm, CTII. Its subsidiary HSS Engineering Sdn Bhd and CRII will explore opportunities in the region as well as participate in tenders for social-environmental infrastructure projects. The parties will tender for include water resources and supply management, flood mitigation and disaster management, and sewerage and drainage. The parties will also team up in other infrastructure projects, such as transport, roads and highways, data centres, and smart cities. (The Star)

EP Manufacturing Bhd has received the Ministry of Investment, Trade and Industry (Miti)'s approval to manufacture and assemble energy efficient vehicles (EEV), electric passenger vehicles and electric commercial vehicles in Malaysia. The conditional approval will allow its wholly owned subsidiary Peps-JV (Melaka) Sdn Bhd (PJVM) to establish a manufacturing plant to produce these vehicles and other related products. (The Edge)

Aeon Credit Service (M) Bhd's 1QFY24 net profit fell 39.1% YoY to RM99.4m, mainly because of higher impairment losses on financing receivables. Revenue for the quarter, however, gained 15.9% YoY to RM452.7m. (The Edge)

Electricity supply to **Cahaya Mata Sarawak Bhd** (CMS)'s phosphate production plant housed under the group's subsidiary Cahya Mata Phosphates Industries Sdn Bhd (CMPI) has been cut off. This came after the Court of Appeal dismissed CMPI's bid for a preservation order to bar state utility firm Syarikat SESCO Bhd from terminating power supply to the plant. Cahya Mata sought the preservation order to maintain status quo, pending its appeal against the Kuching High Court's decision in June 2023 to dismiss its interim injunction application. (The Edge)

The chief executive officer of **Capital A Bhd**, Tan Sri Tony Fernandes, has sold all of his shares in QPR Holdings Ltd which is the parent company of Queens Park Rangers Football Club (QPR) to focus on AirAsia's and Capital A's digital businesses. Fernandes no longer holds any shares in QPR Holdings, and the CEO intends to shift his focus to finalising the regularisation plan to uplift Capital A from its Practice Note 17 (PN17) status. (The Edge)

ManagePay Systems Bhd (MPay) wholly owned unit has been appointed as an open payment system provider at selected toll lanes for the Ampang-Kuala Lumpur Elevated Highway (AKLEH) and Guthrie Corridor Expressway (GCE). ManagePay Services Sdn Bhd's (MPSB) appointment was made by Turnpike Synergy Sdn Bhd, a subsidiary of highway concessionaire Projek Lintasan Kota Holdings Sdn Bhd (Prolintas), which is in turn owned by Permodalan Nasional Bhd. (The Edge)

Iris Corp Bhd and **Theta Edge Bhd** have mutually agreed to call off their memorandum of understanding (MOU) to form a joint venture company (JVCo), after both groups were unable to identify and procure projects for the JVCo. Both companies entered into the MOU in August 2022 with the intention of forming the JVCo on a 70:30 basis, to explore and identify future projects with mutual benefits for both parties. The duration of the JV agreement is from 16th August 2022 to 15th August 2023. (The Edge)

Sarawak Consolidated Industries Bhd (SCIB)'s former chairman Datuk Mohd Abdul Karim Abdullah has ceased to be a shareholder in the company, after having his 139.7m shares, or a 24.0% stake, disposed of due to force-selling. Abdul Karim was the largest shareholder in the concrete product manufacturer after he acquired a 22.5% stake or 19.4m shares for 70 sen apiece, or RM13.5m in May 2019. (The Edge)

Kronologi Asia Bhd has set an ambitious target to double its revenue and triple its earnings before interest, tax, depreciation and amortisation (Ebitda) in the next 3-5 years, following record earnings for the latest financial year. The ACE Market-listed data storage and cloud specialist intends to do that by focusing on recurring as-a-service revenue, rather than one-time infrastructure sales. (The Edge)

Citaglobal Bhd's non-independent non-executive director Ikhlas Kamarudin has ceased to be a substantial shareholder of the group, after disposing of a 5.5% stake via Citaglobal Energy Resources Sdn Bhd (CERSB) for RM29.9m via direct business transaction on 6th July 2023. Ikhlas, 31, still holds an indirect interest of 2.9% or 12.0m shares in the company. (The Edge)

Censof Holdings Bhd has secured a RM13.4m contract from the Companies Commission of Malaysia (SSM) to develop a financial management system. The contract also pertains to the supply, implementation, warranty, support, maintenance and licences of the financial management system. (The Edge)

Hibiscus Petroleum Bhd expects a decision on the field development plan (FDP) for Teal West Development soon, after its indirect wholly owned subsidiary Anasuria Hibiscus UK Ltd received the grant of consent for the environmental statement (ES). There were no conditions attached to the agreement to the grant of the consent received from the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED). (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	CAPITALA	3-Jul	0.800	0.855	0.880	1.000	0.750	0.745	0.840	5.0%	On-going
2	ECA	5-Jul	0.935	0.955	1.000	1.130	0.825	0.820	0.890	-4.8%	On-going
3	T7GLOBAL	10-Jul	0.465	0.475	0.500	0.550	0.420	0.415	0.475	2.2%	Take profit at R1 on 10-Jul

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	0.325	-8.5%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.755	2.7%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	0.855	4.9%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.320	7.8%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.070	1.9%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.270	-3.4%	On-going
7	SCICOM	4-Jul	1.170	1.360	1.450	1.110	1.070	1.040	1.150	-1.7%	On-going
8	SFPTECH	4-Jul	0.960	1.150	1.260	0.940	0.895	0.870	1.080	12.5%	On-going
9	TEOSENG	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	1.010	9.8%	On-going
10	UCHITEC	4-Jul	3.530	3.700	3.850	3.420	3.320	3.240	3.570	1.1%	On-going
11	WASCO	4-Jul	0.890	0.985	1.100	0.860	0.810	0.785	0.910	2.2%	On-going
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.690	8.7%	On-going
13	YTLPOWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	1.250	-4.6%	On-going
Average Return										2.6%	

Technical Focus Tracker Summary	
Total recommendations	341
Total winners	210
Total losers	131
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)	5.0%
Accuracy (2023)	60.8%
FBM KLCI (Since 30/12/2022)	-7.5%
FBM Small Cap (Since 30/12/2022)	1.2%
Malaysia GDP Growth (1Q23)	5.6%

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