

Recovery trend gathering steam

Market Review

Malaysia: The FBM KLCI (+0.6%) build onto the previous session gains, taking cue from the positive developments on Wall Street overnight. The lower liners also extended their rebound move, while the technology sector (+1.3%) led the mostly positive sectorial peers.

Global markets: Wall Street extended its lead as the Dow (+0.9%) reclaimed the 34,000 psychological level in anticipation of a softer CPI data, coupled with the stronger crude oil prices. Both the European and Asia stockmarkets also closed on an upbeat note.

The Day Ahead

The FBM KLCI advanced in tandem with the mostly positive regional peers. Looking ahead, we reckon that the key index may look to take a jab towards the 1,400 psychological level as sentiment remains in favour. The lower liners are also benefitting with rotational play that were evident across the board, whilst trading activities gather pace as traders nibble onto beaten down stocks. While investors are anticipating softer US inflation data, this suggests that the monetary tightening cycle may near its peak and bodes well for the equities market. Meanwhile, the barrage of US corporate earnings releases will be in focus. Commodities wise, the Brent crude oil jumped above USD79, while the CPO climbed above RM3,900.

Sector focus: We favour the technology sector that may take cue from the positive developments on Nasdaq overnight. The energy sector may chart higher in tandem with the firmer crude oil prices. The construction sector may be boosted by the positive developments over the Kuala Lumpur-Singapore High Speed Rail (KL-SG HSR) project that is undergoing a full-fledged request for information (RFI) stage.

FBMKLCI Technical Outlook



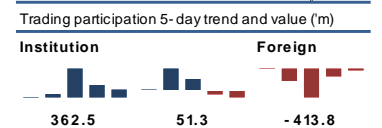
Bloomberg

The FBM KLCI formed a gap up formation to close above EMA20. Technical indicators turned positive as the MACD Histogram formed another positive bar, while the RSI edged marginally above 50. Should the key index breakout above 1,400, 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	34,261.42	0.93
S&P 500	4,439.26	0.67
NASDAQ	13,760.70	0.55
FBM KLCI	1,391.46	0.61
FBM Small Cap	15,193.12	0.56
FBM ACE	5,219.53	1.19
Construction	165.25	0.61
Consumer	547.92	0.37
Energy	802.22	-0.52
Financial Services	15,466.88	0.42
Healthcare	1,688.35	0.74
Ind Products	159.05	0.11
Plantation	6,901.43	1.08
Property	713.70	0.45
REITs	775.75	-0.24
Technology	62.27	1.32
Telco & Media	575.10	0.85
Transport	892.64	-0.02
Utilities	991.21	0.60
Trading Vol (m)	2,831.64	26.30
Trading Val (RM m)	1864.59	23.62
Advance/Decline	129%	
FKLI	1,393.50	0.11
FCPO (RM)	3,916.00	0.69
Brent oil (USD)	79.40	2.20
Gold (USD)	1,932.23	0.36
USD	4.6590	0.25
GBP	6.0164	(0.58)
EURO	5.1274	(0.15)
SGD	3.4734	(0.31)



Source: Bloomberg, Bursa Market Place

Company Brief

Velesto Energy Bhd, via its unit Velesto Drilling Sdn Bhd has received a letter of award worth RM60.6m from PTTEP HK Offshore Ltd, PTTEP Sabah Oil Ltd and PTTEP Sarawak Oil Ltd (PTTEP) for the provision of one 10,000 jack-up drilling rig. The contract is for the provision of drilling rig services for PTTEP's drilling programme, whereby Velesto will assign its NAGA 3 for the job. (The Star)

Westports Holdings Bhd's founder and executive chairman Tan Sri G Gnanalingam passed away on 11th July 2023 afternoon, at the age of 78. T Gnanalingam's vision and stewardship of the company have built and transformed Westports and Port Klang into the preeminent gateway port in Malaysia and one of the transshipment hubs in Southeast Asia. (The Edge)

Scientex Bhd, which is in the midst of acquiring 960-ac of prime freehold land in Tebrau, Johor from **S P Setia Bhd** for RM547.6m, is buying another 550.7-ac of land in Kulai, also in Johor, for RM299.8m. Scientex indirect subsidiary, Scientex Lestari Sdn Bhd has inked a conditional sale and purchase agreement with Seriemas Development Sdn Bhd to acquire the 6 parcels of land in Kulai to increase its landbank. Seriemas is a wholly owned unit of PNB Development Sdn Bhd, which is in turn wholly owned by Permodalan Nasional Bhd. Scientex Lestari proposes to develop the land into a mixed-development property, consisting of approximately 7,000 affordable houses. (The Edge)

Sarawak Consolidated Industries Bhd (SCIB) has signed a memorandum of understanding with IRIX Sdn Bhd that will pave the way for SCIB to acquire a 30.0% stake in IRIX SEA H2X Sdn Bhd, pending satisfactory due diligence. The company would participate in the SEA-H2X project by investing in IRIX SEA H2X, which is part of the consortium responsible for constructing and operating the Southeast Asia Hainan-Hong Kong express cable system. (The Edge)

Samaiden Group Bhd's unit has secured a contract worth RM181.3m to develop a solar power plant in Sungai Petani, Kedah. The company wholly owned subsidiary Samaiden Sdn Bhd received the contract from **Uzma Bhd's** associate company Suria Infiniti Sdn Bhd. The project is a large-scale solar PV (LSSPV) power plant with a capacity of 50MW, which has been approved by the Energy Commission pursuant to the LSS4 programme. (The Edge)

Sapura Resources Bhd is disposing of its aviation business at the Subang International Airport to Abu Dhabi-based private jet operator RoyalJet LLC for an undisclosed sum. The group has signed a conditional heads of agreement with RoyalJet on June 23. RoyalJet intends to establish a presence in Southeast Asia's private aviation market by designating Subang Airport as its regional hub for private charters and for their maintenance, repair, and overhaul (MRO) business. (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	CAPITALA	3-Jul	0.800	0.855	0.880	1.000	0.750	0.745	0.855	6.9%	Take profit at R1 on 11-Jul
2	ECA	5-Jul	0.935	0.955	1.000	1.130	0.825	0.820	0.925	-1.1%	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
4	VOLCANO	12-Jul	0.965	0.990	1.020	1.080	0.860	0.855	0.965	0.0%	Initiate position

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	0.335	-5.6%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.750	2.0%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	0.850	4.3%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.290	6.8%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.060	1.0%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.330	-0.9%	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	1.090	13.5%	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	3.610	2.3%	On-going
11	WASCO	4-Jul	0.890	0.985	1.100	0.860	0.810	0.785	0.915	2.8%	On-going
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.730	15.0%	On-going
13	YTLPOWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	1.280	-2.3%	On-going
Average Return										3.6%	

Technical Focus Tracker Summary	
Total recommendations	342
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)	5.6%
Accuracy (2023)	59.6%
FBM KLCI (Since 30/12/2022)	-7.0%
FBM Small Cap (Since 30/12/2022)	1.8%
Malaysia GDP Growth (1Q23)	5.6%

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