

Focusing on the 12th Malaysia Plan

Market Review

Malaysia: The FBM KLCI (+0.01%) ended flat amid a mixed regional performance. On the broader market, the Property sector (-0.89%) fell as investors are cautious over the uncertainty in China's property sector. While the leading sector was the Technology sector (+0.27%) which rebounded after heavy profit-taking last week.

Global markets: After registering a negative performance last week, Wall Street ended higher as investors could be expecting a declining CPI, PPI data, while anticipating that the interest rates may rise slower than expected. European stock markets gained momentum on the back of mining stocks, while Asia ended mixed.

The Day Ahead

Overall, the FBM KLCI traded flat as investors were assessing the midterm review of the 12th Malaysia Plan. Meanwhile, Wall Street gained momentum despite heading into several key economic data such as CPI, PPI and retail sales. However, do note that the FOMC meeting will be held next week and traders may stay cautious ahead of the event. Closer to home, we think the local bourse may perform on a positive note after Rafizi Ramli elaborated further on the 12th Malaysia Plan on national TV station, reiterating that the government will be focussing on 5 high-growth high value sectors (HGHV), while the buying interest may spillover from Wall Street as well. Commodities wise, the Brent crude oil maintained its firm trading tone above the USD90/bbl level, while the CPO prices is still trading below the RM3,800/MT level.

Sector focus: Under the 12MP, the 5 HGHV sectors, namely the (i) renewable energy, (ii) technology and digital, (iii) electrical and electronics, (iv) agriculture and agro-based, and (v) rare earth industries will be in focus. We believe investors may look into those areas for trading opportunities over the near term.

FBMKLCI Technical Outlook



Bloomberg

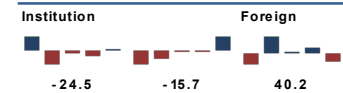
The FBM KLCI ended flat after forming a bearish candle on Friday. Meanwhile, the technical readings on the key index were mixed with the MACD Histogram extended another negative bar, but the RSI is still hovering above 50. The resistance is located around 1,465-1,470, while the support is set around 1,430-1,440.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,663.72	0.25
S&P 500	4,487.46	0.67
NASDAQ	13,917.89	1.14
FBM KLCI	1455.04	0.01
FBM Small Cap	16,873.32	-0.60
FBM ACE	5,1107	-0.53
Construction	177.20	-0.65
Consumer	556.58	-0.21
Energy	85137	-0.48
Financial Services	16,442.62	0.10
Healthcare	1682.83	0.15
Ind Products	172.68	-0.03
Plantation	6,857.94	-0.09
Property	845.89	-0.89
REITs	774.48	-0.40
Technology	62.57	0.27
Telco & Media	58133	-0.21
Transport & Logist	920.53	-0.11
Utilities	1,133.17	-0.27
Trading Vol (m)	2,798.89	9.81
Trading Val (RM m)	1637.10	(1167)
Gainers/ Losers rat	50%	
FKLI	1438.50	0.24
FCPO (RM)	3,760.00	127
Brent oil (USD)	90.64	(0.01)
Gold (USD)	1922.30	0.03
USD	4.6730	0.09
GBP	5.8571	(0.31)
EURO	5.0167	(0.21)
SGD	3.434	(0.14)

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place

Company Brief

CIMB Group Holdings Bhd has raised its sustainable finance target to RM100b by 2024, marking a substantial increase from its earlier target of RM60b set in 2022 and an initial goal of RM30b set in 2021. Its CEO Datuk Abdul Rahman Ahmad said the group is raising its target given that it had surpassed its previous target, having mobilised close to RM70b in sustainable finance currently. (The Edge)

Serba Dinamik Holdings Bhd's (SDHB) liquidator has set Oct 10 as the date for the meeting of contributories to provide a status update of the company's liquidation and consider the appointment of a Committee of Inspection. Contributories are entities liable to help with adding to the assets of the companies that are being wound up. Victor Saw Seng Kee, who is from PriceWaterhouseCoopers Advisory Sdn Bhd (PWC), was officially appointed as liquidator by the High Court on Jan 10, after the court had allowed the winding-up petition of SDHB and three of its companies. Serba Dinamik is appealing against an earlier High Court decision to allow the winding up petition. (The Edge)

Kuala Lumpur Kepong Bhd (KLK) has entered into a letter of agreement with Boustead Holdings Bhd (BHB) and the Armed Forces Fund Board (LTAT) to agree for the cut-off date for a strategic collaboration agreement to be Sept 22, or such other date as may be agreed in writing between KLK, BHB and LTAT. (The Edge)

UEM Sunrise Bhd is disposing of a 4.01-acre parcel of land in Kiara Bay, Kuala Lumpur for RM85m to repay its debt obligations and fund its working capital for new product launches. UEM's indirect unit Mega Legacy (M) Sdn Bhd (MLSB) is selling the land to Pembinaan Kery Sdn Bhd (PKSB), a unit of Melati Ehsan Holdings Bhd. MLSB has also entered into a development rights agreement with PKSB to develop the land at a development rights value of at least RM93.5m. The deal is deemed a related party transaction, as Melati Ehsan's executive chairman and director Tan Sri Yap Suan Chee also holds an indirect stake of 50% in MLSB through Mega Legacy Equity Sdn Bhd. (The Edge)

Artroniq Bhd is going to distribute electric motor products for Indonesian firm PT Terang Dunia Internusa. It has, through its wholly owned Artroniq Itech Sdn Bhd (AiTech), inked a one-year distribution agreement with PT Terang. Under the agreement, AiTech will be appointed as distributor of PT Terang's products, which AiTech will buy from PT Terang in "completely knocked down" form and be assembled back at AiTech's factory. PT Terang, based in Kawasan Industri Branta Mulia in Desa Tarikolot, Bogor, in Indonesia, is primarily involved in the manufacturing of electric motors and bicycles. (The Edge)

Lagenda Properties Bhd's RM52m office tower acquisition in Petaling Jaya. Lagenda announced last Tuesday that its wholly-owned subsidiary, Lagenda Harta Sdn Bhd, had entered into an unconditional sale and purchase agreement with Mtrustee Bhd (trustee for **Capitaland Malaysia Trust**) to acquire the 3 Damansara Office Tower for RM52mil cash. Lagenda plans to finance 80% of the acquisition (RM41.6m) via borrowings, which will likely increase its current net gearing level to 0.09 times from 0.05 times, it said.

For its second quarter ended June 30, 2023, Lagenda's net profit dipped to RM33.19mil from RM50.38m in the previous corresponding period. Revenue in the quarter stood at RM196.38m from RM258.55m a year earlier. Basic earnings per share came in at 3.96 sen, versus 6.03 sen previously. For the six-month period ended June 30, 2023, Lagenda's net profit stood at RM72.52m compared with RM97.39m in the previous corresponding period while revenue was at RM377.34m compared with RM451.30m previously. (The Star)

Magni-Tech Industries Bhd's net profit jumped 36.2% to RM32.73m in 1QFY2024 from RM24.03m a year earlier, on the back of a decline in operating expenses, higher investment income and foreign exchange gains. The stronger earnings were achieved despite quarterly revenue slipping 4.84% to RM324.38m from RM340.91m a year earlier, mainly due to lower sale orders received. The group declared a single tier interim dividend of 2.8 sen per share, to be paid on Oct 12. (The Edge)

Capital A Bhd, parent of Malaysian budget airline AirAsia, expects to see the carrier's operations returning to pre-pandemic levels by December, Capital A CEO Tony Fernandes told *Reuters* on Monday. The target indicates a slight delay from his earlier forecast of putting all 204 of its fleet back in service by August. He said AirAsia's operating level stood at between 50% and 60% in the first half of the year, and it is expected to have about 190 planes back in service by the final quarter of this year. Fernandes did not elaborate on the delay, but said drivers for capacity growth included improving demand from migrating workforce, tourism, students and connecting travellers. (The Edge)

Australia's biggest private hospital operator Ramsay Health Care Ltd and Malaysian conglomerate **Sime Darby Bhd** have shortlisted candidates for the sale of their hospital unit, which could fetch about US\$1.5b in a deal. TPG Inc-backed hospital group Columbia Asia Sdn Bhd and Sunway Medical Centre, a unit of Kuala Lumpur-listed Sunway Bhd, were picked to proceed to the next round of bidding, said the people. Macquarie Asset Management and PT Mitra Keluarga Karyasehat are also among the shortlisted suitors, the people said, asking not to be identified as the process is private. The sellers invited some healthcare companies and private equity firms to submit non-binding bids for the unit by the end of August, *Bloomberg News* reported. (The Edge)

OCK Group Bhd has issued sukuk murabahah pursuant to its Islamic medium-term notes programme of up to RM700m in nominal value over a tenure of 30 years. The telecommunications network solutions provider said in a statement that the proceeds raised from the issuance will be used to finance general working capital and capital expenditure, and to restructure existing borrowings along with other general corporate purposes. OCK group managing director Datuk Sam Ooi Chin Khoon believes that the issuance strategically aligns with its long-term goals, as it will enable it to further pare down existing borrowings through the restructuring of loans, especially US dollar borrowings. Under the first tranche of the exercise to be issued, the sukuk murabahah has already been accredited by MARC Ratings, with a preliminary credit rating of AA- for up to RM400m. (The Edge)

Eco World Development Group Bhd will build 1,372 properties with a gross development value (GDV) of RM800mil in Batu Kawan in the second half of this year. Eco World (Northern Region) general manager Datuk Chan Soo How told StarBiz the launch comes under the Eco Horizon development, of which 1,302 high-rise units are in the Ceria D'Eco Horizon development and the remaining 70 semi-detached houses in the third phase of the Beldon Collection. The high-rises are each priced below RM499,000, while the semi-detached units are about RM1.5m. (The Star)

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	SCOMNET	2-Aug	1.370	1.480	1.550	1.650	1.290	1.280	1.290	-5.8%	Closed at cut off period
2	HARBOUR	9-Aug	1.170	1.240	1.290	1.350	1.120	1.110	1.180	0.9%	Closed at cut off period
3	MCEMENT	16-Aug	3.370	3.500	3.600	3.800	3.100	3.090	3.500	3.9%	Take profit at R1 on 17-Aug

Market Chat Tracker

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	0.295	-16.9%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.895	21.8%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	1.040	27.6%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.670	19.2%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.220	16.2%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.410	2.6%	On-going
7	SCICOM	4-Jul	1.170	1.360	1.450	1.110	1.070	1.040	1.110	-5.1%	On-going
8	SFPTECH	4-Jul	0.960	1.150	1.260	0.940	0.895	0.870	1.030	7.3%	On-going
9	TEOSEN	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	1.050	14.1%	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	0.980	10.1%	On-going
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.640	0.8%	On-going
13	YTLPWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	2.110	61.1%	On-going
Average Return										12.0%	

Technical Focus Tracker Summary	
Total recommendations	347
Total winners	214
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)	61.4%
FBM KLCI (Since 30/12/2022)	-2.7%
FBM Small Cap (Since 30/12/2022)	6.4%
Malaysia GDP Growth (1H23)	4.2%

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