

Approaching 1,400

Market Review

Malaysia: The FBM KLCI (+0.5%) extended its rebound for the third straight session, following the strong industrial production index data (+4.7% MoM). The lower liners also marched higher, while the energy sector (+1.5%) outperformed the mostly positive sectorial peers following the firmer crude oil prices.

Global markets: Wall Street marched higher as the Dow (+0.3%) advanced on the softer CPI data that rose +3.0% YoY; marking the slowest increase since March 2021. The European stockmarkets also extended their winning run, while Asia stockmarkets ended mostly upbeat.

The Day Ahead

The FBM KLCI remained upbeat as the key index is now a hair away from the 1,400 psychological level on the back of the upbeat economic data. Gains were also driven by the foreign funds that have turned into net buying position for the first time in 7 trading days. The lower liners are also performing better on the back of the positive market sentiment as of late, which may have attributed to the rotational, supported by the broad-based recovery tune amid the rising commodities prices. Elsewhere, the softer US inflation data may provide near term impetus for further upsides, in our view. Commodities wise, the Brent crude oil surged above USD80, while the CPO hovered above RM3,900.

Sector focus: Following the firmer crude oil prices, it should translate to greater trading interest within the energy sector. Meanwhile, the passing of the 8 top UK bank stress tests may provide a relief and may boost the sentiment within the financial services sector. Besides, the positive performance on Nasdaq could spillover to the technology sector.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI formed another bullish candle after lingering mostly in the positive territory as the key index cement its position above EMA20. Technical indicators stayed positive as the MACD Histogram formed another positive bar, while the RSI hovered above 50. Likely, the KLCI may surge above 1,400, next resistance will be set 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	34,347.43	0.25
S&P 500	4,472.16	0.74
NASDAQ	13,918.96	1.16
FBM KLCI	1398.06	0.47
FBM Small Cap	15,288.04	0.62
FBM ACE	5,221.27	0.03
Construction	166.97	1.04
Consumer	550.47	0.47
Energy	813.88	1.45
Financial Services	15,497.28	0.20
Healthcare	1680.33	-0.48
Ind Products	16126	1.39
Plantation	6,896.03	-0.08
Property	716.14	0.34
REITs	777.70	0.25
Technology	62.31	0.06
Telco & Media	578.32	0.56
Transport	900.48	0.88
Utilities	996.09	0.49
Trading Vol (m)	2,815.69	(0.56)
Trading Val (RM m)	1727.63	(7.35)
Advance/Decline	148%	
FKLI	1408.50	0.46
FCPO (RM)	3,919.00	(0.18)
Brent oil (USD)	80.11	0.89
Gold (USD)	1957.35	0.02
USD	4.6516	0.15
GBP	6.0145	0.03
EURO	5.1284	(0.02)
SGD	3.4769	(0.10)

Trading participation 5-day trend and value (m)		
Institution	Foreign	
303.3	3.2	-306.5

Source: Bloomberg, Bursa Market Place

Company Brief

Pharmaniaga Bhd has secured a contract from the Health Ministry (MOH) to provide medical supply logistics services. The contract is for a period of seven years, commencing from 1st July 2023 to 30th June 2030. (The Star)

Microlink Solutions Bhd has accepted a letter of award worth RM29.0m from the National Audit Department to develop a data warehouse, audit analytics application, audit dashboard as well as hardware and other supporting infrastructure. The contract is subject to a formal agreement being entered into by the parties. The project is expected to commence beginning August 2023 and will run for 3 years, concluding in July 2026. (The Edge)

Sapura Resources Bhd has reported that its aviation business at the Subang Airport that it is considering selling to Abu Dhabi-based private jet operator Royal Jet LLC comprises 2 wholly-owned subsidiaries with a total issued share capital RM80.0m. The subsidiaries are Sapura Aero Sdn Bhd with an issued capital of RM37.5m, and DNEST Aviation Sdn Bhd with an issued capital of RM42.5m. (The Edge)

Hap Seng Consolidated Bhd is disposing of hotel operator Richmore Development Sdn Bhd to Gek Poh (Holdings) Sdn Bhd for RM51.0m cash in a related party transaction. Via the deal, the diversified group is to see RM212.5m in liabilities deconsolidated from the group's books as Gek Poh replaces it as the new guarantor for Richmore's bank borrowings. A share sale agreement was inked between the group's indirect wholly-owned subsidiaries HS Hospitality Sdn Bhd, Hap Seng Land Development Sdn Bhd and Gek Poh for the disposal. HS Hospitality owns a 99.0% stake in Richmore, while Hap Seng Land Development owns the other 1.0% stake. (The Edge)

The High Court in Shah Alam has fixed 24th August 2023 as the auction date in respect of five properties of **Serba Dinamik Holdings Bhd** for which **Public Bank Bhd** has obtained an order for sale. The 5 parcels of properties, charged to the bank, are located in Section 11, Shah Alam. The High Court in Kuala Lumpur has meanwhile fixed 28th August 2023 as the auction date in respect of 3 other properties charged to Public Islamic Bank Bhd (PIBB), two of which are located in Johor Bahru and the other in Klang. This comes after Serba Dinamik's wholly-owned subsidiary, Serba Dinamik Sdn Bhd (SDSB), defaulted on payments totalling RM14.6m. (The Edge)

The Malaysian Anti-Corruption Commission (MACC) is seeking the public's help to locate Datuk Justin Lim Hwa Tat to assist in an investigation. Lim sits on the board of several public listed companies including Johor-based **Sersol Bhd** as chief executive officer and **SMTTrack Bhd** as an executive director. Sersol executive chairman and managing director Datuk Lim Tiong Siang is the father of Justin Lim. (The Edge)

Zhulian Corp Bhd's 2QFY23 net profit dropped 4.3% YoY to RM9.5m, mainly due to the absence of a net gain on disposal. Revenue for the quarter decreased 8.2% YoY to RM33.4m. A second interim dividend of 3.0 sen per share, payable on 6th September 2023 was declared. (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	ECA	5-Jul	0.935	0.955	1.000	1.130	0.825	0.820	0.935	0.0%	On-going
2	VOLCANO	12-Jul	0.970	0.990	1.020	1.080	0.860	0.855	0.990	2.1%	Take profit at R1 on 13-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	0.335	-5.6%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.775	5.4%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	0.865	6.1%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.300	7.1%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.050	0.0%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.310	-1.7%	On-going
7	SCICOM	4-Jul	1.170	1.360	1.450	1.110	1.070	1.040	1.140	-2.6%	On-going
8	SFPTECH	4-Jul	0.960	1.150	1.260	0.940	0.895	0.870	1.050	9.4%	On-going
9	TEOSENG	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	0.975	6.0%	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	0.950	6.7%	On-going
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.735	15.7%	On-going
13	YTLPOWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	1.270	-3.1%	On-going
Average Return										3.5%	

Technical Focus Tracker Summary	
Total recommendations	342
Total winners	211
Total losers	130
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)	5.9%
Accuracy (2023)	61.5%
FBM KLCI (Since 30/12/2022)	-6.5%
FBM Small Cap (Since 30/12/2022)	2.4%
Malaysia GDP Growth (1Q23)	5.6%

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