

Taking a breather ahead of CPI

Market Review

Malaysia: The FBM KLCI (-0.11%) ended slightly lower amid mixed regional market performance. On the broader market, the Utilities sector (-1.77%) fell as investors might be taking profit from the extensive bull run. Meanwhile, the leading sector was the Energy sector (+0.51%) in line with the surge in Brent oil prices.

Global markets: Wall Street ended lower as investors traded cautiously ahead of the August CPI data, should the CPI pick up, it may prompt further hawkish tone from the Fed. European stock markets amid selling pressure in selected chemical companies, while the Asia markets ended mixed.

The Day Ahead

The FBM KLCI ended flat but observed some bargain hunting activities within selected index members, thus forming a hammer candle, while the Wall Street traded mixed with selling pressure picked up in the technology sector despite Apple's 'Wonderlust' event. We believe the market is focusing on the upcoming CPI and PPI data that will be released later today and tomorrow respectively. Should any pick up in the inflation numbers, that may provide pressure to the stock markets with the anticipation of a more hawkish tone from the Fed. Commodities wise, the Brent crude oil formed a pennant breakout above the USD90/bbl level, while the CPO prices sank below the RM3,700/MT level.

Sector focus: We believe technology stocks on the local bourse could experience some selling pressure taking cues from Nasdaq negative performance coupled with UWC's weaker financial results. Meanwhile, we still expect the trading tone to stay firm within the O&G sector with the decent surge in Brent oil prices. Also, traders may take the opportunity to look into defensive characteristic sectors such as consumer and REIT.

FBMKLCI Technical Outlook



Bloomberg

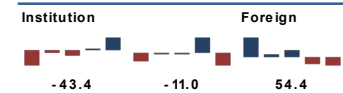
The FBM KLCI ended flat for the second session. The technical readings on the key index were mixed with the MACD Histogram extended another negative bar, but the RSI is still hovering above 50. The resistance is located around 1,465-1,470, while the support is set around 1,430-1,440.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,645.99	-0.05
S&P 500	4,461.90	-0.57
NASDAQ	3,773.61	-1.04
FBM KLCI	1,453.39	-0.11
FBM Small Cap	6,819.49	-0.34
FBM ACE	5,165.95	0.09
Construction	176.57	-0.36
Consumer	556.68	0.02
Energy	855.70	0.51
Financial Services	6,436.92	-0.03
Healthcare	1,679.51	-0.20
Ind Products	170.73	-1.13
Plantation	6,884.28	0.38
Property	836.53	-1.11
REITs	776.45	0.29
Technology	62.71	0.22
Telco & Media	580.88	-0.08
Transport & Logist	96.29	-0.46
Utilities	113.14	-1.77
Trading Vol (m)	2,880.45	2.91
Trading Val (RM m)	990.95	2161
Gainers/ Losers rat	68%	
FKLI	1,440.50	0.17
FCPO (RM)	3,693.00	0.27
Brent oil (USD)	92.06	157
Gold (USD)	193.67	(0.00)
USD	4.6788	(0.12)
GBP	5.8346	0.39
EURO	5.016	0.01
SGD	3.4366	(0.08)

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place

Company Brief

MyEG Services Bhd is alleged to have been illegally collecting fees for its foreign worker permit renewal services, despite suspension by the Immigration Department of Malaysia since February, Kota Melaka Member of Parliament Khoo Poay Tiong claimed in Dewan Rakyat on Tuesday. According to Khoo, a factory paid about RM20,000 to MyEG for an absent worker's permit but has yet to receive a refund. *The Edge* has reached out to MyEG for comment. (The Edge)

Sunway Bhd has secured a parcel of land from the Housing and Development Board of Singapore to develop an executive condominium housing development project worth RM1.2bn (S\$348.5m) near Jurong West. Its subsidiary Sunway Developments Pte Ltd (SDPL) and Hoi Hup Realty Pte Ltd will incorporate a 35:65 joint venture to undertake the development, located in the Jurong Lake district situated between Jurong West and Choa Chu Kang. This is the fifth JV that SDPL has formed with Hoi Hup for development projects in Singapore since 2016. (The Edge)

Hektar REIT's trustee MTrustee Bhd has entered into a conditional sale and purchase agreement (SPA) with KYS College Sdn Bhd to buy Kolej Yayasan Saad in Ayer Keroh, Melaka, for RM150m. The buildings it is acquiring include academic blocks, a great hall, staff and student accommodation, and sports and other facilities. Hektar has also proposed a placement of up to 20% of the existing issued units to raise up to RM56.56m, of which RM35m will be used to pay the final balance sum, while RM19.56m will be used as working capital. (The Edge)

Hong Seng Consolidated Bhd has scrapped a plan to sub-lease a part of a three-acre industrial land in Prai Bulk Cargo Terminal, Penang from Penang Port Sdn Bhd. The sub-lease was supposed to be for a period of 20 years for a total rental payment of RM8.53m. Hong Seng said it has reached an agreement to terminate the sub-lease, in part following a decision to suspend the development of a proposed nitrile butadiene latex manufacturing plant in Kedah Rubber City. (The Edge)

Sarawak Consolidated Industries Bhd has signed an agreement with Indonesian mass rapid transit operator PT MRT Jakarta (Perseroda) Tbk to explore potential partnership to develop a transport-orientated development in Jakarta. Under a memorandum of understanding, the parties are looking at conducting studies related to land development in transit-oriented areas in Jakarta, engaging in discussions and coordination regarding development study results and land use plans, and working together to realise investments in the project. (The Edge)

Betamek Bhd has terminated its memorandum of understanding (MOU) with Singapore-based semiconductor company Krakatoa Technologies Pte Ltd to develop a battery management system-on-a-chip for electric vehicles. The electronics manufacturing services (EMS) provider said that its wholly-owned unit Betamek Electronics (M) Sdn Bhd had given Krakatoa a three-month notice of termination as stated within the MOU. Betamek entered into the MOU back in March as part of the group's overall corporate strategy to expand its business further to provide valuable experience in the automotive EMS market. (The Edge)

Bermaz Auto Bhd saw its net profit jump 99.8% year-on-year to RM100.22m in the first quarter ended July 31, 2023 (1QFY2024). This is the second consecutive quarter that the automaker's earnings have reached above RM100m. It posted a net profit of RM100.66m in the preceding quarter ended April 30, 2023 (4QFY2023), and RM50.16m a year ago. The automaker announced that quarterly revenue leapt 52% to RM1.09bn from RM716.87m a year ago, mainly attributable to the brisk sales, particularly the CX-30 CKD model and the continued fulfilment of the balance back orders for Mazda 3. (The Edge)

Berjaya Rail Sdn Bhd, the rail arm of **Berjaya Land Bhd**, has appointed the daughter of Sultan of Johor, Tunku Tun Aminah Sultan Ibrahim Ismail, as its chairperson. Tun Aminah holds a 30% stake in Berjaya Rail. She currently sits on the board of Berjaya Corp Bhd, Berjaya Assets Bhd, Berjaya Capital Bhd, Berjaya Hartanah Bhd, Bukit Kiara Resort Bhd and REDtone Digital Bhd. (The Edge)

Penang's water service provider **PBA Holdings Bhd** has appointed newly-elected Penang Deputy Chief Minister I Datuk Dr Mohamad Abdul Hamid as its non-independent and non-executive vice/deputy chairman, effective Tuesday. Meanwhile, PBA has also appointed Penang Deputy Chief Minister II Jagdeep Singh Deo as its non-independent and non-executive director, and Datuk Dr Roslan Ahmad as its non-independent and non-executive director. Shares of PBA closed one sen or 1.23% lower at 80 sen on Tuesday, valuing the company at RM263.36m. (The Edge)

Automated test equipment assembler **UWC Bhd** continued to be reeling from the impact of the semiconductor industry downturn, after posting its weakest quarterly performance since listing, as net profit fell 93.55% y-o-y in 4QFY2023. The company, which also services the life sciences industry, however sees a pick-up in demand in 2024, citing ongoing plans to expand production capacity amid signs of recovery from new markets like electric vehicles (EV). UWC's quarterly net profit fell to RM1.94m or 0.18 sen per share, from RM30.11m or 2.73 sen in 4QFY2022. Shares of UWC rose 14 sen or 4.26% to RM3.43 on Tuesday, giving it a market capitalisation of RM3.78bn. Year to date, the counter has lost 14.43%. (The Edge)

Cypark Resources Bhd's unit Cypark Renewable Energy Sdn Bhd (CRE) has issued the second tranche of its remaining Perpetual Sukuk Musharakah of up to RM265m for working capital and repayments of borrowings. Short-term borrowings stood at RM252.34m with long-term borrowings coming in at RM1.19bn. Deposits, cash and bank balances stood at RM155.62m, down from RM224.89m a year ago. In its latest quarter ended April 30, 2023, the group fell into the red for the first time since its 2010 listing with net loss of RM298.48m, dragged by impairments and provisioning of RM376m. (The Edge)

Property developer **Crescendo Corp Bhd** (CCB) is buying two plots of freehold vacant land in Johor Bahru for RM72m cash, tapping the "good development potential" there. The total gross land area is approximately 3.272 acres or 13,243 sq m, and located in the Johor Bahru city centre, near the Johor Bahru Singapore Rapid Transit System (RTS) terminal at Bukit Chagar. The estimated development cost (inclusive of land cost) is approximately RM535m which will be financed by internally generated funds as well as bank borrowings. CCB said that the development is expected to commence in the first quarter of 2024 and estimated to complete in three years' time. (The Edge)

Public Bank Bhd (PBB) has obtained approval from Bank Negara Malaysia (BNM) for the establishment of a subordinated medium term notes (sub-notes) programme of up to RM20bn in nominal value. In a filing with Bursa Malaysia on Tuesday, the third largest bank in the country in terms of total assets said the programme will have a tenure of 30 years from the date of the first issuance of the sub-notes. The sub-notes programme will provide PBB with the flexibility to issue sub-notes from time to time. (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	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	0.990	21.5%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.550	15.3%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.230	17.1%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.530	7.7%	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	1.040	8.3%	On-going
9	TEOSENS	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	1.030	12.0%	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	0.990	11.2%	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	YTLPOWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	2.080	58.8%	On-going
Average Return										11.5%	

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)	-2.8%
FBM Small Cap (Since 30/12/2022)	6.0%
Malaysia GDP Growth (1H23)	4.2%

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