

Recovery trend stalled by profit taking

Market Review

Malaysia: The FBM KLCI (-0.1%) halted a 3-day winning streak after briefly hitting the 1,400 psychological level, on the back of profit taking activities. The lower liners finished mixed, while the technology sector (+1.2%) mirrored the strong gains in Nasdaq overnight to outperform the mostly negative sectorial peers.

Global markets: Wall Street remained upbeat as the Dow (+0.1%) rose after the producer price index for June 2023 rose at the smallest pace in 3 years at +0.1% YoY; highlighting that the inflationary pressure is subsiding. Both the European and Asia stockmarkets marched higher.

The Day Ahead

Signs of quick profit taking activities emerged within the local bourse as the key index was not able to climb and close above the 1,400 psychological level. We expect further recovery to be in store as foreign funds have turned into a net buying position in recent 2 days. On the other hand, the lower liners may continue to build onto their recovery momentum, taking advantage of the positive market sentiment. With inflationary pressure cooling off in the US, upward movements could sustain over the near term. Commodities wise, the Brent crude oil climbed above USD81, while the CPO steadied above RM3,800.

Sector focus: We continue to favour the technology sector on the back of the extended uptrend momentum on Nasdaq overnight. The energy sector will be buoyed by the rising crude oil prices after Saudi Arabia pledged to extend a production cut of 1.0m barrels per day (bpd) in August 2023, while Russia will cut exports by 500,000 bpd. Firmer CPO prices that track the gains on soybean oil and recovery in demand from India should boost the plantation sector.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI formed a bearish candle, reversing all its intraday gains yesterday. Technical indicators, however, remained positive as the MACD Histogram formed another positive bar, while the RSI remained above 50. The 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	34,395.14	0.14
S&P 500	4,510.04	0.85
NASDAQ	14,138.57	1.58
FBM KLCI	1,396.23	-0.13
FBM Small Cap	15,359.78	0.47
FBM ACE	5,212.52	-0.17
Construction	168.09	0.67
Consumer	55104	0.10
Energy	811.8	-0.33
Financial Services	15,545.16	0.31
Healthcare	1,668.70	-0.69
Ind Products	16107	-0.12
Plantation	6,895.67	-0.01
Property	717.17	0.14
REITs	774.70	-0.39
Technology	63.06	1.20
Telco & Media	577.32	-0.17
Transport	899.41	-0.12
Utilities	995.09	-0.10
Trading Vol (m)	2,932.36	4.14
Trading Val (RM m)	1780.50	3.06
Advance/Decline	14.1%	
FKLI	1,401.50	0.36
FCPO (RM)	3,876.00	0.28
Brent oil (USD)	81.36	1.56
Gold (USD)	1,960.51	0.05
USD	4.5822	1.52
GBP	5.9893	0.42
EURO	5.1196	0.17
SGD	3.4572	0.57

Trading participation 5-day trend and value (m)	
Institution	Foreign
166.0	-85.2
-80.8	

Source: Bloomberg, Bursa Market Place

Company Brief

Solarvest Holdings Bhd through its residential solar arm, Vestech Energy Sdn Bhd, has entered into a memorandum of understanding (MoU) with Selangor Industrial Corporation Sdn Bhd (SIC), a wholly-owned subsidiary of Perbadanan Kemajuan Negeri Selangor (PKNS). The collaboration aimed to accelerate the development of residential rooftop solar photovoltaic (PV) systems in Malaysia and contribute to the nation's overall clean energy goals. (The Star)

Stella Holdings Bhd has been awarded a mixed development scheme project by Warisan Kesumi Enterprise Sdn Bhd worth RM91.4m. Stella Holdings's wholly owned subsidiary, Mewah Kota Sdn Bhd is appointed as a sub-contractor in relation to structure, architecture works and mechanical and electrical works for the project. The contract is for a period of 25 months from the date of possession of site and the date of completion shall be on 27th August 2025. (The Star)

MyMBN Bhd, which is set to be listed on Bursa Malaysia on 25th July 2023, saw 19.3m new shares offered to the public oversubscribed by 30.8x. MyMBN is principally involved in the processing and sale of edible bird's nests, specifically raw unclean edible bird's nests. A total of 7,712 applications for 613.1m shares were received from the public for the 19.3m shares offered at 21.0 sen per share. (The Edge)

SMTrack Bhd has denied any knowledge or involvement in the probe into **Sersol Bhd** while seeking to locate its executive director Datuk Justin Lim Hwa Tat, who is wanted by the Malaysian Anti-Corruption Commission to assist with the investigation. SMTrack further announced that it had no knowledge or involvement regarding the investigation by the MACC concerning Sersol, where Lim is the CEO and a major shareholder. The company reported that he has been away on an overseas business trip since February 2023. (The Edge)

Meanwhile, **Sersol Bhd** announced that the MACC investigation into Justin involves certain payments made by the company to a third party on his instruction and approval. The chemical manufacturer had been informed thus by the MACC, which had contacted the company on the matter. (The Edge)

Kinergy Advancement Bhd's (KAB) unit has signed a heads of agreement with a China-based entity to start its first biomass plant, focusing on power and steam generation. This plant is expected to be set up on a plot of 300-ac in Kulim, Kedah. The company is expected to generate up to 30MW of electricity and 80 tonnes of steam per hour. (The Edge)

Shin Yang Shipping Corp Bhd's shares will be traded under its new name of **Shin Yang Group Bhd**. The stock number remains unchanged. Its name change is in line with its rebranding, restructuring and recapitalisation exercise to better reflect the group's new corporate identity and entity. (The Edge)

Dayang Enterprise Holdings Bhd's contract to provide upstream oil and gas support services to Roc Oil (Sarawak) Sdn Bhd has been extended by almost 18 months. Dayang Enterprise noted that the value of the contract is based on work orders issued by Roc Oil (Sarawak) throughout the contract duration. (The Edge)

Wellspire Holdings Bhd's unit Wellspire Global Trading Sdn Bhd has entered into an export agency agreement with China-based entity Cundo Food Co, Ltd to be the exclusive distributor of Cundo products in Malaysia, Singapore and Thailand. Products distributed will include Cundo's chocolate coating cake products, as well as three flavours of Cundo Cake (chocolate, milk and strawberry-raspberry). (The Edge)

The Armed Forces Fund Board (LTAT) had almost lost control of **Pharmaniaga Bhd**, its pharmaceutical unit, after some well-connected persons attempted to acquire the company at a significantly discounted valuation through the highest leadership, revealed by Defence Minister Datuk Seri Mohamad Hasan. He expressed his determination to not only manage and revive Pharmaniaga, but also bring the Boustead group of companies back to its former glory. The minister made these comments during the launch of LTAT's strategy for 2023-2025. (The Edge)

Two former directors of **MMAG Holdings Bhd**'s 80.0%-owned air cargo logistics unit, M Jets International Sdn Bhd, has slapped the group and its directors with a RM49.9m counter-suit for allegedly conspiring to injure the duo's investments in M Jets. The two; Gunasekar Mariappan and Philip Phang Kim Ming were suspended by MMAG in February 2023 pending the outcome of an investigation by the MACC following a raid on M Jets' office. (The Edge)

Mestron Holdings Bhd is optimistic of an even better year ahead as it sees visible growths and further catalysts in all 3 of its business segments, with possibly a record turnover for 2QFY23. The group's lighting and pole segment which is Mestron's core business has seen an average of purchase orders amounting to RM10.0m each month. (The Edge)

Oppstar Bhd has entered into a memorandum of understanding with 2 parties to look into jointly establishing an investment holding company and an IC-related product company in Shanghai, China. The two parties are Chinese national Chen Junhua, and Shenzhen City Yixin Investment (Limited Partnership), a China-based company that invests in emerging industries like the IC industry. (The Edge)

Cypark Resources Bhd former chairman Tan Sri Razali Ismail will resign from his current post as executive director with effect from 30th September 2023. Razali, 84, had expressed his wish to step down from the post, simultaneously resigning as a member of the Remuneration Committee. (The Edge)

Bintai Kinden Corp Bhd has reported that **Tenaga Nasional Bhd** (TNB) terminated 2 contracts awarded to its subsidiary Kejuruteraan Bintai Kinden Sdn Bhd (KBK) due to KBK's inability to continue performing the contractual obligations. KBK is facing financial difficulties arising from its banking facilities being suspended or terminated by financial institutions. The two contracts were awarded in July and October 2018 and pertained to the establishment of a switching station and utilities, with a collective value of RM84.4m. (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	0.910	-2.7%	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	0.345	-2.8%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.790	7.5%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	0.870	6.7%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.310	7.5%	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	2.290	-2.6%	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	1.060	10.4%	On-going
9	TEOSENG	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	0.985	7.1%	On-going
10	UCHITEC	4-Jul	3.530	3.700	3.850	3.420	3.320	3.240	3.550	0.6%	On-going
11	WASCO	4-Jul	0.890	0.985	1.100	0.860	0.810	0.785	0.960	7.9%	On-going
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.720	13.4%	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										4.1%	

Technical Focus Tracker Summary	
Total recommendations	342
Total winners	211
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)	61.5%
FBM KLCI (Since 30/12/2022)	-6.6%
FBM Small Cap (Since 30/12/2022)	2.9%
Malaysia GDP Growth (1Q23)	5.6%

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