

Temporary pause in monetary tightening

Market Review

Malaysia: The FBM KLCI (+0.4%) regained some grounds, taking cue from the positive developments on Wall Street overnight. The lower liners also advanced, while the technology sector (+1.3%) continues to lead the mostly positive sectorial peers after closing at the highest level in 3 months.

Global markets: Wall Street turned wobbly as the Dow (-0.7%), but the S&P 500 (+0.1%) and Nasdaq (+0.4%) hung onto their gains after the US Federal Reserve kept the interest at 5.00-5.25% in June, but signals further rate hikes are still on the table. Both the European and Asia stockmarkets ended mostly higher.

The Day Ahead

The FBM KLCI tracked the positive performance on Wall Street in anticipation of a halt in the interest rate hikes following the release of a larger-than-expected drop in the US inflation data. However, volatility surged on Wall Street as the US Fed signalled two more potential rate hikes in 2023. Meanwhile, the local bourse may see selling pressure on interest rate sensitive sectors such as the technology sector. Commodities wise, the Brent crude oil price saw a pullback towards USD73, while the CPO price hovered above RM3,450.

Sector focus: A gradual improvement in the CPO price may provide buying interest in the plantation sectors. Investors may focus on sectors such as consumer, tourism, and REITs in view of more stimulus measures on the China front. On the other hand, the technology sector may see some pullback on the back of profit taking activities.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended on an upbeat note as the key index rose above its daily EMA9. Technical indicators remained mixed as the MACD Histogram extended a positive bar, while the RSI hover below 50. Resistance is set along 1,400-1,410, while the support is monitored at 1,370.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,979.33	-0.68
S&P 500	4,372.59	0.08
NASDAQ	13,626.48	0.39
FBM KLCI	1,385.42	0.35
FBM Small Cap	5,116.62	0.37
FBM ACE	5,199.00	1.02
Construction	1,618.4	0.89
Consumer	553.86	0.50
Energy	787.43	0.87
Financial Services	5,184.14	-0.10
Healthcare	1,800.49	0.16
Ind Products	1,600.7	0.83
Plantation	6,707.11	-0.17
Property	689.85	-0.43
REITs	780.17	0.48
Technology	63.49	1.29
Telco & Media	599.96	0.86
Transport	915.70	-0.14
Utilities	978.60	-0.02
Trading Vol (m)	2,860.21	(7.24)
Trading Val (RM m)	1,754.15	(10.87)
Advance/ Decline		
FKLI	1,386.50	0.11
FCPO (RM)	3,452.00	0.20
Brent oil (USD)	73.20	0.29
Gold (USD)	1,942.52	0.08
USD	4.6215	0.12
GBP	5.8449	(0.04)
EURO	4.9933	(0.21)
SGD	3.445	0.10
Trading participant		
Institution	323.6	
Retail	33.5	
Foreign	-303.1	

Source: Bloomberg, Bursa Market Place

Company Brief

My EG Services Bhd (MYEG) and Universiti Malaya (UM) have announced the expansion of their research collaboration with China Academy of Information and Communications Technology (CAICT) to include the development of Artificial Intelligence (AI) technology. This is being done under the existing intergovernmental research collaboration. The Chinese government had previously announced the government-to-government (G2G) programme, a collaboration between the Chinese government and overseas governments. (The Star)

K Seng Seng Corp Bhd (KSSC) is seeking to raise up to RM41.5m from a private placement to finance the acquisition of a majority stake in a precision machined parts manufacturer, and for working capital. The placement entails the issuance of up to 34.6m new shares, representing not more than 20.0% of the group's issued shares, to independent investors to be identified later. KSSC assumed the issue price of the new shares at RM1.20, a discount of 6.0% to the 5-day volume weighted average market price of the group's shares of RM1.277. Of the RM41.5m gross proceeds, RM21.3m will be allocated for working capital for payment of overheads while another RM19.1m will go towards funding the acquisition of a 51.0% stake in Metalmach Micro Technology Sdn Bhd. (The Edge)

Hong Leong Industries Bhd (HLI) has proposed to dispose of its wholly-owned fibre cement products manufacturing subsidiary at an indicative price of RM79.5m. Hume Cemboard has 2 plants located in Petaling Jaya and Chemor, Perak. The disposal will enable the group to exit its non-core fibre cement board business. HLI will secure a net gain of RM12.9m from the sale to Saint-Gobain Malaysia Sdn Bhd at the indicative price, with the final sale price to be determined later. (The Edge)

Shares of **APB Resources Bhd** hit limit-up on yesterday after **Press Metal Aluminium Holdings Bhd**'s co-founder and executive director Datuk Koon Poh Tat emerged as its new substantial shareholder after Koon bought a 5.7% stake or 6.4m shares on the open market on 13th June 2023. The transaction price was not disclosed. (The Edge)

Southsea Gold Sdn Bhd has accused **Bahvest Resources Bhd**'s new management of providing misleading information about the firm at its extraordinary general meeting (EGM) on 13th June 2023. At the meeting, Bahvest's new management claimed that just before Lo Fui Ming exited the group, the Bahvest founder transferred RM13.0m to Southsea as a non-refundable deposit to commence negotiations about compensation for alleged wrongful occupation and trespass on a plot of leased land. However, Southsea rejected the claim, saying the RM13.0m was actually a negotiated compensation, reduced from the RM20.4m sought in the original letter of demand. (The Edge)

Ewein Bhd has received notice of an unconditional mandatory takeover offer (MTO) at 60.0sen per share from the managing director and major shareholder of **Nationgate Holdings Bhd** Ooi Eng Leong. Ooi made a move to acquire all the remaining 149.0m shares or a 49.4% stake not already owned by him and persons acting in concert (PAC), Datuk Seri Hong Yeam Wah and Goh Kiang Teng, for a total RM89.4m. The takeover offer came after Ooi raised his stake in Ewein from 3.8% to 43.8% after buying a 40.0% stake from Hijauwasa Sdn Bhd for RM72.4m. (The Edge)

Pharmaniaga Bhd clarified that a significant portion of its proposed private placement proceeds has been earmarked for payments to its suppliers and trade creditors. Pharmaniaga, which has booked negative net operating cash flow since 2020, intends to issue up to 131.0m shares for the placement, with an indicative price of 34 sen per share or RM44.5m. (The Edge)

Tomypak Holdings Bhd has revived its efforts to purchase a stake in flexible plastic packaging manufacturer and seller EB Packaging Sdn Bhd, after earlier Memoranda of Understanding for the deal lapsed in November 2022. Tomypak's unit Tomypak Flexible Packaging Sdn Bhd (TFP) entered into 2 conditional share and sale agreements with the 4 vendors of EB Packaging to acquire their stakes in the company amounting to 70.0% for RM73.5m in cash. TFP also entered into a call and put option agreement with 3 of the vendors to acquire the remaining 30.0% stake for a maximum of RM31.5m, and a shareholders' agreement with the same vendors and EB Packaging. (The Edge)

Sapura Energy Bhd's external auditor Ernst & Young PLT has expressed its unqualified opinion with material uncertainty relating to the group's going concern, in respect of the financial statements for FY23). An extract of the auditor's report noted that the group and the company posted a net loss of RM3.2.0bn and RM3.67bn respectively for FY2023, and that their current liabilities exceeded their current assets by RM12.66bn and RM1.75bn respectively. (The Edge)

Serba Dinamik Holdings Bhd's 3QFY23 net loss widened to -RM972.9m, from a net loss of -RM434.2m, mainly due to impairment of trade receivables amounting to RM865.1m arising from the projects that the company was unable to fulfill. Revenue for the quarter tumbled 97.0% YoY to RM6.2m. (The Edge)

JAG Bhd said its wholly-owned recycling unit, Jaring Metal Industries Sdn Bhd (JMI), has been appointed as the service partner of Atreon Holdings Sdn Bhd for spent catalyst treatment processing and reworking at JMI's facilities in Malaysia. The minimum total value of the 3-year contract is RM27.6m. (The Edge)

Seremban Engineering Bhd and Negeri Sembilan's investment arm NS Corp have entered into a joint venture agreement for the proposed development of 3 parcels of concession land, which includes the Jetty Arang, that cumulatively measure 26.4-ac in Port Dickson. Both parties have also entered into a subscription and shareholders agreement (SHA) for the incorporation of a special purpose vehicle (SPV) to implement the joint venture. Seremban Engineering holds an 80.0% stake in the SPV while NS Corp will hold the remaining 20.0%. (The Edge)

UOA Development Bhd has proposed to venture into the food & beverages (F&B) business with its units Armada Hartasegar Sdn Bhd and Regenta Development Sdn Bhd entering into a term sheet agreement with Hokkien Peng Restaurant Group Sdn Bhd and Hoteland Sdn Bhd. Armada will provide the set-up cost of the business which amounts to RM21.2m by way of subscription of redeemable preference shares (RPS) in Hoteland at a subscription price of RM1.00 per RPS. As such, Hoteland will become a 51.0%-owned subsidiary of UOA. (The Edge)

Sapura Industrial Bhd has announced that its independent director Tan Sri Dr Azmil Khalili Khalid has been redesignated as the group's deputy chairman with effect from 14th June 2023. Azmil, 62, was appointed as independent and non-executive director in March 2023. (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	CARIMIN	31-May	0.660	0.740	0.765	0.820	0.635	0.630	0.715	8.3%	On-going
2	SFPTECH	06-Jun	2.520	2.630	2.750	2.940	2.350	2.340	2.750	9.1%	Take profit at R2 on 13-Jun
3	KRONO	12-Jun	0.565	0.595	0.630	0.655	0.520	0.515	0.570	0.9%	On-going

2Q23 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	DANCO	04-Apr	0.460	0.500	0.525	0.425	0.405	0.395	0.410	-10.9%	On-going
2	EFRAME	04-Apr	0.935	1.100	1.150	0.925	0.880	0.860	0.880	-5.9%	On-going
3	HEXTAR	04-Apr	1.210	1.350	1.450	1.100	1.040	1.020	1.180	-2.5%	On-going
4	INFOM	04-Apr	1.530	1.620	1.720	1.420	1.320	1.300	1.600	4.6%	On-going
5	KPJ	04-Apr	1.120	1.210	1.260	1.070	1.030	1.000	1.120	0.0%	On-going
6	LAYHONG	04-Apr	0.310	0.335	0.365	0.280	0.265	0.250	0.275	-11.3%	On-going
7	PANTECH	04-Apr	0.810	0.865	0.900	0.750	0.720	0.695	0.740	-8.6%	On-going
8	PENTA	04-Apr	4.930	5.250	5.500	4.580	4.380	4.300	4.950	0.4%	On-going
9	RANHILL	04-Apr	0.490	0.550	0.580	0.450	0.425	0.405	0.530	8.2%	On-going
10	T7GLOBAL	04-Apr	0.415	0.460	0.475	0.385	0.365	0.345	0.415	0.0%	On-going
11	TIMECOM	04-Apr	4.970	5.800	6.000	5.250	5.060	5.000	5.270	6.0%	On-going
12	UNISEM	04-Apr	3.200	3.180	3.300	2.970	2.760	2.700	3.140	-1.9%	On-going
Average Return										-1.8%	

Technical Focus Tracker Summary	
Total recommendations	334
Total winners	206
Total losers	128
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)	4.9%
Accuracy (2023)	61.4%
FBM KLCI (Since 30/12/2022)	-7.4%
FBM Small Cap (Since 30/12/2022)	1.3%
Malaysia GDP Growth (1Q23)	5.6%

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