

Minor setback

Market Review

Malaysia: The FBM KLCI (-0.3%) reversed some of its previous session gains, dragged by profit taking in close to half of the key index constituents yesterday. The lower liners finished mixed, while financial services and REIT sector outperformed the negative sectorial peers after adding 0.1% each.

Global markets: Wall Street advanced as the Dow (+1.3%) rallied on the unexpected solid retail sales data that rose 0.3% MoM in May 2023, while the S&P 500 (+1.2%) powered higher for the sixth straight session to close at 13-month high. The European finished mostly lower, while Asia stockmarkets closed mixed.

The Day Ahead

The FBM KLCI slid on the back of profit taking activities as the US Fed's hawkish signal sparked worries over 2 more potential rate hikes in 2023. Nevertheless, we believe the overall sentiment has turned more optimistic given the rally in the technology giants in the US as well as the recent rate cut in China, which may boost more economic activities going forward. Commodities wise, the Brent crude oil price jumped above USD75 per barrel mark, while the CPO price hovered above RM3,500.

Sector focus: We believe the energy and plantation sectors may trend higher in tandem with the solid commodities prices. Besides, investors may pile into the technology sector given the persisted uptrend move on Wall Street. Also, we like stocks with high net cash position under the elevated interest rate environment.

FBMKLCI Technical Outlook



Bloomberg

Once again, the FBM KLCI declined below its daily EMA9 level. Technical indicators remained mixed as the MACD Histogram extended a positive bar, while the RSI hover below 50. Support is pegged along 1,370, while the resistance is set along 1,400-1,410.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,408.06	+1.26
S&P 500	4,425.84	+1.22
NASDAQ	13,782.82	+1.15
FBM KLCI	1,381.73	-0.27
FBM Small Cap	5,124.57	0.04
FBM ACE	5,104.81	-1.81
Construction	161.72	-0.07
Consumer	552.91	-0.17
Energy	787.22	-0.03
Financial Services	5,204.01	0.13
Healthcare	1,794.14	-0.35
Ind Products	158.89	-0.74
Plantation	6,700.67	-0.10
Property	688.01	-0.27
REITs	780.90	0.09
Technology	62.70	-1.24
Telco & Media	596.53	-0.57
Transport	910.83	-0.53
Utilities	969.97	-0.88
Trading Vol (m)	3,479.39	2165
Trading Val (RM m)	1,800.93	2.67
Advance/ Decline		
FKLI	1,382.50	0.29
FCPO (RM)	3,508.00	1.17
Brent oil (USD)	75.67	3.37
Gold (USD)	1,958.01	0.05
USD	4.6257	0.37
GBP	5.8548	(0.66)
EURO	5.0167	(0.58)
SGD	3.4448	(0.10)
Trading participant		
Institution	213.8	
Retail	40.0	
Foreign	-253.8	

Source: Bloomberg, Bursa Market Place

Company Brief

VS Industry Bhd's 3QFY23 net profit dropped 47.8% YoY to RM26.8m, due to higher electricity, labour and financing costs, as well as net foreign exchange loss. Revenue for the quarter, however, rose 7.5% YoY to RM996.8m. A third interim dividend of 0.4 sen per share, payable on 28th July 2023 was declared. (The Star)

Paramount Corp Bhd has set a sales target of RM1.20bn for FY23, representing about 9.1% YoY increase against the RM1.10bn sales achieved in FY22. The targeted sales growth is conservative, considering weaker market sentiment this year compared with last year amid concerns over high inflation and economic prospects. (The Edge)

Boustead Holdings Bhd on 15th June 2023 clarified that it has not held any material discussion on divesting petrol station operator Boustead Petroleum Marketing Sdn Bhd (BHPetrol). The statement was issued after Bloomberg reported earlier in the day that Boustead was considering selling BHPetrol for as much as RM2.00bn. (The Edge)

Practice Note 17 (PN17) group **Bintai Kinden Corp Bhd** has ceased to be a substantial shareholder of **Genomics Resource Centre Bhd** (MGRC). The mechanical and electrical engineering services provider had disposed of 1.8m shares in MGRC on 13th June 2023, trimming its stake in MGRC to 3.6%. (The Edge)

Non-independent executive director of **Leong Hup International Bhd** Tan Sri Lau Eng Guang has acquired 50.1m shares in the poultry producer for RM22.5m. This raised his direct stake in Leong Hup to 2.8%. He also holds a 0.3% indirect stake in the group. (The Edge)

GIIB Holdings Bhd executive chairman and chief executive officer Tai Boon Wee has ceased to be a substantial shareholder of the company after he transferred 45.8m, representing a 7.7% stake, of his shares to his son, Tai Qisheng, who is the executive director of the company via an off-market transaction on 13th June 2023. Following the transfer, Qisheng, 36, now holds 67.7m shares, or an 11.5% direct stake, in GIIB. Boon Wee, meanwhile, is left with 9.6m shares or a 1.6% equity interest. (The Edge)

Fraser & Neave Holdings Bhd (F&N) is venturing into the upstream fresh milk business, following the ground-breaking ceremony of the group's integrated dairy farm in Gemas, Negeri Sembilan, with an investment of at least RM1.00bn for the development of Phase 1 of the farm. The farm is expected to put the group on track to becoming one of Malaysia's largest milk producers, when Phase 1 reaches full production of 100.0m litres of fresh milk. The project, which will be developed in phases, is expected to be fully completed by 2027 and create 500 jobs as well as provide agro business opportunities for the local community. (The Edge)

Capital A Bhd is set to launch, AirAsia Cambodia, a new low-cost airline in Cambodia, which is expected to start operating in 4Q23. Capital A's aviation group saw a total of 157 aircraft reactivated as of 1Q23, with enhanced profitability amid rationalised airfares and stabilising external factors. (The Edge)

Zelan Bhd has decided to terminate the contract of its chief executive officer (CEO) Hazimi Baharum. Hazimi joined Zelan in March 2010 as head of special projects and was promoted to chief operating officer in February 2012 before leaving the company in 2016 to pursue other career opportunities. He rejoined Zelan in 2020 and was named acting CEO in March before being appointed as CEO in September 2022. (The Edge)

Seremban Engineering Bhd (SEB) is being sued by construction firm See Yong & Son Construction Sdn Bhd over payments for subcontract works. See Yong is demanding that SEB pays the first portion of the retention sum amounting to RM579,016, a performance incentive of RM463,212, and late payment interest of RM33,348 as well as an issuance of a certificate of completion for the subcontract works. (The Edge)

Betamek Bhd has signed a Memorandum of Understanding (MOU) with Shenzhen Zhonghong Technology Co Ltd (SZH) to develop advanced driver assistance systems, and an automotive cockpit system. The partnership is proposed to explore growth opportunities in the Asean automotive industry. The MOU is effective for 1-year period, which will see both parties collaborate to generate new intellectual property, and to potentially develop and market the final products. (The Edge)

APB Resources Bhd announced more boardroom changes on 15th June 2023, including the appointment of 3 new independent and non-executive directors: Kee Wui Hong, Dang Nguk Ling and Tan Teik Hsiung. Just a day earlier, the group had announced the appointment of Kang Wei Lun as a new independent and non-executive director. Kang, Kee and Tan are also independent and non-executive directors of **Artroniq Bhd**. APB also announced the retirement of non-independent and non-executive alternate director Datuk Yap Kau @ Yap Yeow Ho and non-independent and non-executive chairman Yap Kow @ Yap Kim Fah. (The Edge)

Resintech Bhd wholly-owned Resintech Plastics (Sarawak) Sdn Bhd has inked a Memorandum of Understanding (MOU) with SEDC Energy Sdn Bhd to establish a joint venture company to expand its business in Sarawak and get itself into the renewable energy sector. The partnership will enable the parties to leverage each other's strengths and resources to operate in the plastic industry. Under the MOU that will be in effect for 1 year, their eventual joint venture collaboration is subject to the parties obtaining the necessary approvals. (The Edge)

UMW Holdings Bhd has signed a maintenance service agreement with Khazanah Nasional Bhd's subsidiary Cenergi SEA Bhd for a 5-year term, with an agreement valued at RM12.0m. The MSA was signed between UMW's wholly-owned subsidiary UMW Industrial Power Services Sdn Bhd (UIPS) with Cenergi RE Sdn Bhd, a subsidiary of Cenergi SEA. It will see UIPS providing maintenance services for Cenergi RE's existing Jenbacher biogas engines throughout Malaysia as well as newer ones, said UMW. (The Edge)

Sime Darby Plantation Bhd (SDP) has appointed its non-independent director Tan Sri Dr Nik Norzrul Thani Nik Hassan Thani as the group's interim chairman. This follows the retirement of Tan Sri Megat Najmuddin Megat Khas, 79, as chairman at the conclusion of the group's annual general meeting on 15th June 2023. Nik Norzrul, 62, was appointed to SDP's board a year ago. (The Edge)

Technical Focus Tracker

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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	0.710	7.6%	Closed at cut-off on 15-Jun
2	KRONO	12-Jun	0.565	0.595	0.630	0.655	0.520	0.515	0.560	-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	1.150	-5.0%	On-going
4	INFOM	04-Apr	1.530	1.620	1.720	1.420	1.320	1.300	1.530	0.0%	On-going
5	KPJ	04-Apr	1.120	1.210	1.260	1.070	1.030	1.000	1.150	2.7%	On-going
6	LAYHONG	04-Apr	0.310	0.335	0.365	0.280	0.265	0.250	0.280	-9.7%	On-going
7	PANTECH	04-Apr	0.810	0.865	0.900	0.750	0.720	0.695	0.745	-8.0%	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	0.430	3.6%	On-going
11	TIMECOM	04-Apr	4.970	5.800	6.000	5.250	5.060	5.000	5.220	5.0%	On-going
12	UNISEM	04-Apr	3.200	3.180	3.300	2.970	2.760	2.700	3.080	-3.8%	On-going
Average Return										-1.9%	

Technical Focus Tracker Summary	
Total recommendations	334
Total winners	205
Total losers	129
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)	4.6%
Accuracy (2023)	59.1%
FBM KLCI (Since 30/12/2022)	-7.6%
FBM Small Cap (Since 30/12/2022)	1.3%
Malaysia GDP Growth (1Q23)	5.6%

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