

Bargain hunting likely to be short-lived

Market Review

Malaysia: The FBM KLCI (+0.4%) advanced to snap a 5-day losing streak on the back of bargain hunting activities in two-thirds of the key index components. The lower liners also advanced, while the healthcare sector (+1.3%) outperformed amongst the mostly positive sectorial peers.

Global markets: Wall Street turned volatile as the Dow (-1.0%) sank on concern that policymakers were unable to strike a deal to raise the debt ceiling offset the strong economic data in retail sales, manufacturing production and industrial production. The European stockmarkets also retreated, while Asia stockmarkets ended mixed.

The Day Ahead

The FBM KLCI rebounded to end the session higher, snapping the 5-day losing streak as bargain hunting activities emerged. Overall, the US stock markets were weaker, awaiting news on the debt ceiling negotiations between congressional leaders and President Joe Biden. Meanwhile, Janet Yellen reiterated her concerns if the debt ceiling is not raised and the country may face defaulting as early as 1st June. Given the uncertainties in the US, we believe the selling pressure may spillover to the local front, capping the upside potential on the FBM KLCI. Commodities wise, the Brent crude oil price is hovering along USD 74-75, while the CPO fell below RM3,500. Gold price fell below USD2,000.

Sector focus: With the negative performance from Wall Street, we opine that traders may focus on defensive stocks within the telco, utilities and consumer sectors. Meanwhile, we like the tourism and healthcare related stocks after the reopening of China borders since January.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI rebounded after a 5-day losing streak. Technical indicators are suggesting that the momentum is relatively weak at this juncture, with the negative MACD Histogram and the RSI is below 50. We believe the upside could be capped around 1,435-1,450. Support is located around 1,400-1,410.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,012.14	-1.01
S&P 500	4,109.90	-0.64
NASDAQ	12,343.05	-0.18
FBM KLCI	1,423.50	0.43
FBM Small Cap	5,218.67	0.27
FBM ACE	5,000.57	0.39
Construction	169.74	-0.63
Consumer	572.11	-0.04
Energy	833.94	0.79
Financial Services	5,531.14	0.27
Healthcare	1,823.01	1.27
Ind Products	166.74	0.62
Plantation	6,933.72	0.61
Property	69108	-0.07
REITs	786.40	-0.83
Technology	58.81	0.48
Telco & Media	610.00	-0.56
Transport	90180	0.24
Utilities	95104	0.31
Trading Vol (m)	2,570.49	(3.44)
Trading Val (RM m)	1510.03	7.05
Advance/Decline		
FKLI	1,422.50	(0.07)
FCPO (RM)	3,457.00	(1.33)
Brent oil (USD)	74.91	(0.43)
Gold (USD)	1,989.17	(1.00)
USD	4.4990	(0.04)
GBP	5.6393	(0.37)
EURO	4.9015	(0.27)
SGD	3.3674	(0.20)
Trading participant		
Institution	274.1	
Retail	-2.3	
Foreign	-271.8	

Source: Bloomberg, Bursa Market Place

Company Brief

Gamuda Bhd clarified that the Penang South Islands (PSI) land reclamation project had undergone a comprehensive and transparent due process that led to the approval of the PSI project. Gamuda, which is the majority shareholder of the project's developer SRS Consortium Sdn Bhd, reported that approval of the PSI project covers not only the concerns of the environmentalists and the anti-development lobby, but also balances that with the well-being of the communities in the vicinity of the project. (The Star)

Cahaya Mata Sarawak Bhd (CMSB)'s unit has obtained an interim injunction to restrain Syarikat SESCO Bhd from terminating electricity supply to its phosphate complex, pending a hearing on the application between both parties. The Kuching High Court had on yesterday granted Cahya Mata Phosphates Industries Sdn Bhd (CMPI) the ex parte ad interim injunction till 25th May 2023, when the inter parte hearing is scheduled. This development follows the Emergency Arbitrator's refusal to grant interim measures to CMPI concerning a power purchase agreement (PPA) dispute with SESCO. (The Edge)

Malaysian Bulk Carriers Bhd (Maybulk) has proposed to undertake a RM275.0m capital reduction to eliminate its accumulated losses. As at 3rd May 2023 (the latest practicable date prior to this capital reduction announcement), the issued share capital of Maybulk was RM338.8m, comprising 1.0bn shares. The proposed capital reduction will result in its share capital being reduced to RM63.8m, resulting in a capital reduction of RM275.0m, which will be utilised to set off its accumulated losses of RM259.1m at the company level. The corporate exercise requires approvals including from shareholders via an extraordinary general meeting, as well as its creditors. (The Edge)

Bintai Kinden Corp Bhd made further announcements on its boardroom changes yesterday including the return of its former CEO Datuk Tay Chor Han as its new group managing director effective 15th May 2023. Tay replaces Ku Chong Hong, who was redesignated to executive director cum chief financial officer. (The Edge)

Kejuruteraan Asastera Bhd (KAB) wholly owned subsidiary KAB Energy Holdings Sdn Bhd (Kabeh) is partnering with PT CNEC Engineering Indonesia, a subsidiary of China National Nuclear Corp, and Transcend Global Ltd (TGL) to develop potential sustainable energy solutions (SES) projects regionally. Through the partnership, Kabeh and PT CNEC will collaborate to identify and develop various proposed projects, while TGL will assist in conducting financial feasibility studies for shortlisted projects and facilitate the merger and acquisition (M&A) of projects by the special purpose vehicle (SPV). (The Edge)

Country Heights Holdings Bhd's chief financial officer (CFO) Yong Sie Hoong has resigned to pursue other personal goals, effective 16th May 2023. Yong, 48, was appointed to the role on 22nd August 2022, replacing Choh Kim Chiew and is a member of the Malaysian Institute of Accountants (MIA) and CPA Australia. (The Edge)

YNH Property Bhd is disposing of a piece of freehold land measuring approximately 5.1-ac in Desa Seri Hartamas to the Sunway group for RM170.0m cash. YNH will receive an additional RM50.0m cash from the Sunway group, should it manage to obtain a new development order (DO) from the authorities for a project, with a minimum plot ratio of 7 in the net land area, within 1 year from the date of the signing of the sales and purchase agreement (SPA). (The Edge)

MSM Malaysia Holdings Bhd has requested that Putrajaya intervenes to adjust the retail price of sugar to safeguard the profitability and sustainability of the local sugar industry. The industry has not received any government subsidy for a decade. (The Edge)

Hume Cement Industries Bhd's 3QFY23 net profit soared 14.1x YoY to RM27.0m, driven by a revision of the retail selling price of cement and higher cement sales volume. Revenue for the quarter rose 50.7% YoY to RM288.1m. (The Edge)

Foundpac Group Bhd's 3QFY23 net profit slipped 25.0% YoY to RM2.0m, attributed to the reduction in revenue from both its precision engineering and the accessory cables and connectors segments. An interim dividend of 1.0 sen per share, payable on 26th June 2023 was declared. Revenue for the quarter dropped 9.6% YoY to RM15.8m. (The Edge)

YAM Tunku Kamariah Aminah Maimunah Iskandariah Sultan Iskandar, a member of the Johor royal family, has been appointed as a non-executive chairman of **AHB Holdings Bhd**. Tunku Kamariah is the eldest sister of the Sultan of Johor, Sultan Ibrahim Almarhum Sultan Iskandar. (The Edge)

Vinvest Capital Holdings Bhd was issued an unusual market activity (UMA) query by Bursa Malaysia Securities Bhd, following a sharp fall in its share price and trading volume yesterday. The counter plummeted 52.8% or 9.5 sen to 8.5 sen a share, and became Bursa's top sixth daily loser. (The Edge)

NTPM Holdings Bhd saw its major shareholder Teoh Teik Lin dispose of 5.7% stake in the paper products manufacturer and ceasing to be a substantial shareholder. Teik Lin offloaded 64.5m shares held through Kota Beras Sdn Bhd and Teoh Peng Heong & Sons Sdn Bhd. Meanwhile, his cousin Dr Teoh Teik Toe has disposed of 8.7m shares at 53 sen per share on 15th May 2023, at a premium of 8.16% to the closing price of 49 sen. He then resigned from the post of non-independent non-executive on Tuesday, due to personal commitment. (The Edge)

IJM Land Bhd has announced that its 51.0%-owned UK subsidiary RMS (England) 2 Ltd (RMS 2) has partnered with UK-based railway company Network Rail to explore development opportunities through Network Rail's portfolio. Under the partnership, both parties will explore opportunities to develop mixed-use schemes, residential, commercial or logistic properties in Central London and South East London. (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	GCB	10-May	2.620	2.760	2.850	3.000	2.510	2.500	2.670	1.9%	On-going
2	MYEG	15-May	0.800	0.855	0.915	0.965	0.740	0.735	0.795	-0.6%	On-going
3	OPTIMAX	17-May	0.735	0.770	0.795	0.845	0.710	0.705	0.735	0.0%	Initiate position

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	4-Apr	0.460	0.500	0.525	0.425	0.405	0.395	0.415	-9.8%	On-going
2	EFRAME	4-Apr	0.935	1.100	1.150	0.925	0.880	0.860	0.915	-2.1%	On-going
3	HEXTAR	4-Apr	1.210	1.350	1.450	1.100	1.040	1.020	1.220	0.8%	On-going
4	INFOM	4-Apr	1.530	1.620	1.720	1.420	1.320	1.300	1.380	-9.8%	On-going
5	KPJ	4-Apr	1.120	1.210	1.260	1.070	1.030	1.000	1.130	0.9%	On-going
6	LAYHONG	4-Apr	0.310	0.335	0.365	0.280	0.265	0.250	0.305	-1.6%	On-going
7	PANTECH	4-Apr	0.810	0.865	0.900	0.750	0.720	0.695	0.750	-7.4%	On-going
8	PENTA	4-Apr	4.930	5.250	5.500	4.580	4.380	4.300	4.750	-3.7%	On-going
9	RANHILL	4-Apr	0.490	0.550	0.580	0.450	0.425	0.405	0.585	19.4%	On-going
10	T7GLOBAL	4-Apr	0.415	0.460	0.475	0.385	0.365	0.345	0.410	-1.2%	On-going
11	TIMECOM	4-Apr	4.970	5.800	6.000	5.250	5.060	5.000	5.200	4.6%	On-going
12	UNISEM	4-Apr	3.200	3.180	3.300	2.970	2.760	2.700	2.800	-12.5%	On-going
Average Return										-1.9%	

Technical Focus Tracker Summary	
Total recommendations	327
Total winners	200
Total losers	126
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)	2.1%
Accuracy (2023)	56.8%
FBM KLCI (Since 30/12/2022)	-4.8%
FBM Small Cap (Since 30/12/2022)	2.0%
Malaysia GDP Growth (2022)	8.7%