

Muted recovery

Market Review

Malaysia: The FBM KLCI (+0.1%) chalked in meagre gains as the recovery was capped by the persistent selling activities from foreign funds. The lower liners ended mixed, while the healthcare sector (+1.9%) outperformed the mixed broader market to close at the highest level in a month.

Global markets: Wall Street advanced as the Dow (+1.2%) recouped all its previous session losses, driven by optimistic speculation that policymakers will be able to reach a deal to raise US debt ceiling to avoid an unprecedented default. Both the European and Asia stockmarkets closed mixed.

The Day Ahead

The FBM KLCI gained marginally higher for the session, led by Petronas Dagangan and Nestle. Although the deal for the US debt ceiling is not reached, the market could be speculating a positive outcome before this weekend to be seen on the ongoing debt ceiling negotiations, hence this has contributed to the strong performance on Wall Street and the market has seen reducing exposure on gold. However, on our local front, the state election, coupled with the ongoing earnings season could cap the upside potential at least for the near term. Commodities wise, the Brent crude oil price surged above USD75, while the CPO is below RM3,500 and the gold price fell below USD2,000.

Sector focus: With the positive performance from Wall Street, we believe traders may look into riskier sectors in the near term. We expect the healthcare related stocks to take the lead on the back of recovering earnings, while investors may look into poultry stocks for investing opportunities after Teoseng's stellar results.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI rebounded for another session, but the technical indicators are suggesting that the upside could be capped in the near term. The MACD Histogram has extended another negative histogram, while the RSI is below 50. Resistance will be located around 1,440-1,450, while the support is at 1,400-1,410.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,420.77	+1.24
S&P 500	4,168.77	+1.19
NASDAQ	12,500.57	+1.28
FBM KLCI	1424.34	+0.06
FBM Small Cap	15,260.38	+0.27
FBM ACE	4,996.78	-0.08
Construction	160.15	+0.26
Consumer	572.31	+0.03
Energy	834.57	+0.08
Financial Services	15,505.61	-0.16
Healthcare	1,857.68	+1.90
Ind Products	166.42	-0.19
Plantation	7,048.42	+1.65
Property	690.55	-0.08
REITs	782.85	-0.45
Technology	58.71	-0.17
Telco & Media	605.93	-0.67
Transport	901.30	-0.06
Utilities	962.45	+1.20
Trading Vol (m)	2,595.98	+0.99
Trading Val (RM m)	1,630.74	+7.99
Advance/ Decline		
FKLI	1422.00	+0.28
FCPO (RM)	3,434.00	(0.64)
Brent oil (USD)	76.96	+2.74
Gold (USD)	1,981.84	+0.06
USD	4.5262	(0.60)
GBP	5.6318	+0.13
EURO	4.9023	(0.02)
SGD	3.3703	(0.09)

Trading participant

Institution	Retail	Foreign
344.8	-34.2	-310.6

Source: Bloomberg, Bursa Market Place

Company Brief

Pavilion Real Estate Investment Trust (Pavilion REIT) said it has fixed the issue price of the first tranche of its private placement exercise at RM1.22 per unit to raise approximately RM720.0m. That it is the largest private placement ever recorded for Malaysian REITs (M-REITs). The issue price represents a discount of approximately 6.6% to the 5-day volume weighted average market price of the units up to and including 16th May 2023 of RM1.31. (The Star)

Malaysia's Armed Forces Fund Board (LTAT) has accumulated over 90.0% shares of **Boustead Holdings Bhd**, a threshold that paves the way for its privatisation of the company. The RM703.3m deal's principal adviser UOB Kay Hian Securities (M) Sdn Bhd announced that LTAT now owns a 90.5% stake in Boustead, representing 1.83bn acceptance shares, and that the offer will remain open until 5.00pm next Monday. (The Edge)

Berjaya Land Bhd (BLand) is venturing into the rail business, particularly in the high-speed rail project with the launch of Berjaya Rail Sdn Bhd (Berjaya Rail). BLand will initially engage in the Request for Information exercise conducted by MyHSR Corp Sdn Bhd under the Ministry of Finance. (The Edge)

S P Setia Bhd's 1QFY23 net profit slipped 17.9% YoY to RM55.5m, due to higher losses in construction and other operations, which offset higher profit in the property development segment. Revenue for the quarter, however, increased 11.6% YoY to RM967.7m. (The Edge)

Perdana Petroleum Bhd's 1QFY23 net loss narrowed to -RM8.3m, from a net loss of -RM14.0m recorded in the previous corresponding quarter, mainly due to lower operating costs, lower depreciation charges, as well as lower finance costs. Revenue for the quarter rose 2.8% YoY to RM29.6m. (The Edge)

GuocoLand (Malaysia) Bhd's net profit rose 29.4% YoY to RM8.7m, due to higher profits from associates and joint ventures and better gross profit margins from finalisation of development cost in several projects. Revenue for the quarter, however, fell 7.4% YoY to RM112.4m. (The Edge)

Kobay Technology Bhd's 3QFY23 net profit contracted 47.6% YoY to RM7.9m, amid lower contributions from its manufacturing division. Revenue for the quarter fell 26.4% YoY to RM73.6m. (The Edge)

Volcano Bhd's 5QFY23 net profit sank 72.4% YoY to RM0.6m, on higher cost of goods sold and lower revenue. Revenue for the quarter declined 9.6% YoY to RM18.9m. (The Edge)

OSK Ventures International Bhd's 1QFY23 net profit shrank 52.0% YoY to RM4.3m, due to lower fair value gain on its financial assets. Revenue for the quarter slump 99.1% YoY to RM0.3m. (The Edge)

Mlabs Systems Bhd has proposed to diversify its business activities to include factoring and related business activities. This came after Mlabs completed the acquisition of an entire stake in Ikhlas Al Dain Sdn Bhd in December 2021, to diversify the group's earnings base and reduce business concentration risk. Mlabs proposed the diversification as the group has been loss making for years amid intense competition. (The Edge)

Edeltec Holdings Bhd, which is on the way to be listed on the ACE Market of Bursa Malaysia, found itself in hot water just as the group was looking to raise RM24.0m through the initial public offering. The group CEO and largest shareholder Chin Yong Keong is being sued by his former employer **Mi Technovation Bhd** for allegedly breaching employment contracts and abuse of legal process. Mi Technovation also alleged that Chin had provided false or misleading statements about his profile in the prospectus published by Edeltec, pertaining to his employment history in the former. Mi Technovation had filed the writ in the Penang High Court against Chin on 14th May 2023. (The Edge)

A unit of **Warisan TC Holdings Bhd** will kickstart the completely knocked down (CKD) vehicle project for Guangzhou Automobile Group Co Ltd's GS3 EMZOOM model with the aim to roll units off production lines in April 2024. The project is a partnership between the China automotive company, more commonly known as GAC MOTOR, and Warisan TC's wholly-owned WTC Automotif (M) Sdn Bhd. (The Edge)

Vinvest Capital Holdings Bhd is not aware of any report, rumour, corporate development or any other possible explanation that could account for the recent sharp fall in its share price, in response to an unusual market activity query (UMA) issued by Bursa Malaysia. (The Edge)

Bahvest Resources Bhd has reported that the Malaysian Anti-Corruption Commission (MACC) raided the goldmine and business premises of its wholly-owned unit Wullersdorf Resources Sdn Bhd in Tawau, Sabah. The raid was conducted on 16th May 2023 and key management personnel of the company, including its managing director-cum-CEO Datuk Lo Fui Ming, have been detained until 19th May 2023. (The Edge)

Integrated computer systems design company **Willowglen MSC Bhd** announced several boardroom changes including the redesignation of its managing director Wong Ah Chiew to executive chairman. Wong, 75, was redesignated as executive chairman effective 17th May 2023. Wong had been the group's MD since August 2013, after being redesignated from his previous position as non-executive director. He is succeeding independent and non-executive chairman Alfian Mohamed Basir, who is retiring on the same day. Also retiring is independent and non-executive director Wang Shi Tsang. (The Edge)

PPB Group Bhd has announced the retirement of its non-independent and non-executive chairman Tan Sri Oh Siew Nam, effective 17th May 2023. Oh, 84, has been on the company's board as non-independent and non-executive chairman since March 2016. He served the group as non-independent and executive chairman from 2004 to 2016, and managing director (MD) from 1993 to 1999. (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	GCB	10-May	2.620	2.760	2.850	3.000	2.510	2.500	2.720	3.8%	On-going
2	MYEG	15-May	0.800	0.855	0.915	0.965	0.740	0.735	0.785	-1.9%	On-going
3	OPTIMAX	17-May	0.735	0.770	0.795	0.845	0.710	0.705	0.750	2.0%	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	4-Apr	0.460	0.500	0.525	0.425	0.405	0.395	0.405	-12.0%	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	1.210	0.0%	On-going
4	INFOM	4-Apr	1.530	1.620	1.720	1.420	1.320	1.300	1.390	-9.2%	On-going
5	KPJ	4-Apr	1.120	1.210	1.260	1.070	1.030	1.000	1.120	0.0%	On-going
6	LAYHONG	4-Apr	0.310	0.335	0.365	0.280	0.265	0.250	0.310	0.0%	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	4.820	-2.2%	On-going
9	RANHILL	4-Apr	0.490	0.550	0.580	0.450	0.425	0.405	0.550	12.2%	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	5.240	5.4%	On-going
12	UNISEM	4-Apr	3.200	3.180	3.300	2.970	2.760	2.700	2.870	-10.3%	On-going
Average Return										-2.2%	

Technical Focus Tracker Summary	
Total recommendations	327
Total winners	201
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)	2.4%
Accuracy (2023)	59.5%
FBM KLCI (Since 30/12/2022)	-4.8%
FBM Small Cap (Since 30/12/2022)	2.0%
Malaysia GDP Growth (1Q23)	5.6%