

## NIMP to drive the market interest

### Market Review

**Malaysia:** The FBM KLCI (-0.17%) ended with a mixed tone, with profit-taking seen within the Telco and Media heavyweights; Axiata Group Bhd and CelcomDigi Bhd were the laggards within the sector. Meanwhile, the Technology (+1.44%) and Property (+1.12%) sectors were the leading sectors of the day.

**Global markets:** The US stock markets ended lower, but NASDAQ closed 0.11% higher. The core personal consumption expenditures index increased 0.2% MoM in July and 4.2% YoY, matching estimates from Dow Jones. The European stock markets were mostly down, while Asia is relatively unchanged.

### The Day Ahead

The FBM KLCI traded softer prior to the public holiday as profit taking activities emerged. Meanwhile, the Wall Street traded mixed as the heavy-technology-Nasdaq index gained momentum despite the core PCE ticked higher this month, but it was within market's expectations. We believe traders will be monitoring more clues from the August payroll that will be out later today. Should the payroll data come in below expectation, it will provide the Fed reason to pause further on the interest rate hike. On the local front, we expect greater trading activities, supported by the news flow regarding the National Industrial Master Plan (NIMP). Commodities wise, the Brent crude oil surged above USD86/bbl, while the CPO prices marked higher above RM4,000/MT.

**Sector focus:** We favour the Technology sectors on the local front with the positive overnight Nasdaq performance. Meanwhile, we are likely to see a broad positive trading interest with the anticipation of more clarity on the NIMP. Hence, besides the Technology sector, positive trading activities may flow within the Construction, Building Material, Renewable Energy-related and Industrial Products.

### FBMKLCI Technical Outlook



Bloomberg

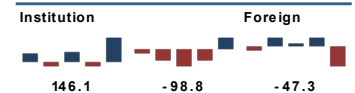
Following the breakout last Tuesday, the FBM KLCI has taken a breather after hitting the intraday high of 1,463. However, we think the momentum is still intact with the positive technical indicators – MACD Histogram is recovering, while the RSI is above 50. The resistance is envisaged around 1,460-1,465. Support is set around 1,430-1,440.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,721.91	-0.48
S&P 500	4,507.66	-0.16
NASDAQ	14,034.97	0.11
FBM KLCI	1451.94	-0.17
FBM Small Cap	16,072.89	0.50
FBM ACE	5,217.97	-0.73
Construction	18131	0.87
Consumer	559.37	0.20
Energy	835.59	0.39
Financial Services	16,385.60	0.35
Healthcare	1649.62	-1.35
Ind Products	17175	-0.60
Plantation	6,929.63	-0.17
Property	867.87	1.12
REITs	773.45	-0.14
Technology	64.07	1.44
Telco & Media	579.32	-1.50
Transport	927.05	-1.05
Utilities	1,139.60	-0.77
Trading Vol (m)	4,899.64	2188
Trading Val (RM m)	4755.18	66.95
Advance/ Decline	108%	
FKLI	143150	(0.31)
FCPO (RM)	4,010.00	2.04
Brent oil (USD)	86.83	1.87
Gold (USD)	1,940.19	(0.01)
USD	4.6385	0.6
GBP	5.899	(0.46)
EURO	5.0643	(0.25)
SGD	3.435	(0.6)

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place

## Company Brief

**Malayan Banking Bhd's (Maybank)** net profit for the second quarter ended June 30, 2023 rose 45% to RM2.34bn from RM1.61bn a year earlier, led by higher non-interest income from stronger treasury and market income. Southeast Asia's fourth largest bank by assets said revenue for the quarter jumped to RM16.13bn from RM10.25bn a year earlier. Maybank declared a dividend of 29 sen per share, translating to a dividend payout ratio of 75.9%, equivalent to RM3.5bn, to be paid no later than three months.

The banking group expects its net interest margin (NIM) to decline by 25 basis points YoY for FY2023, primarily due to competition in funding and deposits. Maybank group president and chief executive officer Datuk Khairussaleh Ramli said the banking group recorded a steep NIM compression decline of 23 basis points to 2.16% in 1HFY2023 compared to 2.39% in FY2022. (The Edge)

**CIMB Group Holdings Bhd's** net profit rose 38.45% to RM1.77bn for 2QFY2023 from RM1.28bn a year earlier, driven by strong operating income growth, stringent cost controls and lower provisions as the group benefits from its diversified Asean portfolio, with strong business growth recorded in Indonesia and Singapore. Quarterly revenue increased by 9.2% to RM5.33bn from RM4.88bn. It declared a first interim dividend of 17.50 sen per share, 35% higher than the 13 sen paid a year ago. The bank foresees that pressure on its NIM will dissipate in 2H2023. (The Edge)

**Hong Leong Bank Bhd** reported a net profit of RM864.68m in 4QFY2023, down 4.73% compared to RM907.64m posted a year ago, due to lower net income of RM195.2m and higher operating expenses of RM27.3m. Its quarterly revenue dipped 13% to RM1.30bn, against RM1.50bn posted in 4QFY2022. The bank declared a final dividend of 38 sen per share, bringing the total dividend to 59 sen per share for FY2023. (The Edge)

**Chin Hin Group Bhd** posted a 43.18% drop in net profit to RM21.87m for 2QFY2023 from RM38.49m a year earlier, amid a lower fair value gain on other investments. The group's lower earnings was also due to a lower gain on disposal of RM1.11m (compared to RM4.02m in 2QFY2022) and higher impairment loss on receivables of RM3.62m (RM1.63m previously) due to subsidiary **Chin Hin Group Property Bhd's** long outstanding debts. (The Edge)

**Cahaya Mata Sarawak Bhd's (CMS)** net profit declined 33.42% to RM26.35m in 2QFY2023 from RM39.57m a year earlier, due to a lower share of profit of associates. Earnings per share declined to 2.45 sen, from 6.70 sen. CMS also attributed the lower quarterly earnings to a bigger loss before tax of RM29.83m reported by its phosphate division, compared with RM13.93m in 2QFY2022. (The Edge)

**Datasonic Group Bhd** posted a 58.21% gain in net profit to RM19.04m for 1QFY2024 from RM12.03m a year earlier, on the back of higher revenue. Earnings per share increased to 0.67 sen from 0.42 sen. The group has declared a first interim dividend of 0.60 sen per share, compared with 0.25 sen per share a year ago. (The Edge)

**Farm Fresh Bhd's** net profit for 1QFY2024 dropped 58% YoY amid escalating costs of dairy raw materials, coupled with higher finance cost and marketing spend on new product launches. Net profit fell to RM6.37m or 0.34 sen per share for 1QFY2024, from RM15.24m or 0.82 sen per share a year ago. Farm Fresh said earnings for 1QFY2024 were also dampened by professional fees incurred for the acquisition of The Inside Scoop Sdn Bhd. (The Edge)

**Ekovest Bhd** has proposed to undertake a private placement of up to 10% of its issued shares to strategic and/or institutional investors to raise up to RM117.27m – mainly to fund the construction cost of the Rapid Transit System (RTS) Link project. The placement, to be implemented in tranches, entails the issuance of up to 269.58m new shares, with the issue price of the first tranche fixed at 43.5 sen per share, representing a discount of 4.35 sen or 9.09% to the group's five-day volume weighted average market price up to and including Aug 29 of 47.85 sen per share. The issue price of the remainder of the placement shares is yet to be fixed, but is assumed to also be at 43.5 sen, which could raise a total of up to RM117.27m for the group, of which RM86m will be used to partially fund the RTS Link. Of the balance, RM28.47m will be used for working capital and RM2.8m to defray the placement's expenses. (The Edge)

The Cabinet has agreed to **Westports Holdings Bhd's** proposed expansion plan for its port. Westports said its wholly owned Westports Malaysia Sdn Bhd had received a letter from the Port Klang Authority saying that the company's proposed expansion of its container terminals 10 to 17 had been presented to the Cabinet on July 25. However, the expansion was only approved for container terminals 10-17, instead of 10-19, the group said. (The Edge)

**RGB International Bhd** has clarified that its independent non-executive director Tan Sri Norazman Hamidun was not arrested by the Malaysian Anti-Corruption Commission (MACC), while managing director Datuk Seri Chuah Kim Seah is currently on bail and giving his full cooperation to the authorities. The company highlighted that the investigation had been largely focused on Chuah's private business related to slot clubs. RGB's involvement in this investigation is solely related to the sale of machines to Malaysia's slot clubs. (The Edge)

Renewable energy player **Sunview Group Bhd** has planned a private placement to raise an estimated RM39.31m to fund its engineering, procurement, construction and commissioning projects. The placement entails the issuance of up to 46.8m new shares – representing 10% of Sunview's issued shares – to independent investors at an issue price to be determined. The group said the assumed price of 84 sen represents a discount of 9.87% to the five-day volume weighted average market price of Sunview's shares up to the latest practicable date of 93.20 sen. Separately, Sunview said net profit for 1QFY2024 increased 9.85% to RM1.99m from RM1.8m a year ago. Revenue jumped more than three times to RM108.72m from RM31.5m, mainly attributed to the recognition of the progress of construction works for large-scale solar 4 (LSS4) projects. (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	SCOMNET	2-Aug	1.370	1.480	1.550	1.650	1.290	1.280	1.290	-5.8%	Closed at cut off period
2	HARBOUR	9-Aug	1.170	1.240	1.290	1.350	1.120	1.110	1.180	0.9%	Closed at cut off period
3	MCEMENT	16-Aug	3.370	3.500	3.600	3.800	3.100	3.090	3.500	3.9%	Take profit at R1 on 17-Aug

## Market Chat Tracker

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	0.300	-15.5%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.895	21.8%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	1.030	26.4%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.800	23.4%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.230	17.1%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.360	0.4%	On-going
7	SCICOM	4-Jul	1.170	1.360	1.450	1.110	1.070	1.040	1.140	-2.6%	On-going
8	SFPTECH	4-Jul	0.960	1.150	1.260	0.940	0.895	0.870	1.010	5.2%	On-going
9	TEOSEN	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	1.040	13.0%	On-going
10	UCHITEC	4-Jul	3.530	3.700	3.850	3.420	3.320	3.240	3.590	1.7%	On-going
11	WASCO	4-Jul	0.890	0.985	1.100	0.860	0.810	0.785	0.935	5.1%	On-going
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.660	3.9%	On-going
13	YTLPOWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	2.140	63.4%	On-going
Average Return										12.6%	

Technical Focus Tracker Summary	
Total recommendations	347
Total winners	214
Total losers	133
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)	4.8%
Accuracy (2023)	61.4%
FBM KLCI (Since 30/12/2022)	-2.9%
FBM Small Cap (Since 30/12/2022)	7.7%
Malaysia GDP Growth (1H23)	4.2%

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