

Cautious trading may persist ahead of FOMC

Market Review

Malaysia: The FBM KLCI (-0.07%) ended flat as investors shifted their focus towards small- and mid-cap stocks. The Energy sector (+1.71%) gained momentum amid firm Brent oil prices, while the Plantation sector (-0.30%) fell as profit-taking emerged within selected plantation heavyweights with the declining CPO prices.

Global markets: Wall Street ended lower as investors were trading cautiously ahead of the FOMC meeting. The European markets fell awaiting the decisions from the UK, Swiss & Turkish central banks, while the Asian markets ended lower after Australia's Central Bank showed concerns that the inflation may be on the high side.

The Day Ahead

The FBM KLCI may trade in a sideways tone as investors are likely to stay on the sidelines ahead of the FOMC meeting. For the FOMC meeting, we expect the Fed to maintain the interest rate direction this round and the rest of 2023 given the broad trend of the inflation data has declined. Although the negative performance on Wall Street could spillover towards the local front, the buying support could emerge within selected sectors as the market may focus on the blueprints such as the NETR and NIMP for trading opportunities. Also, we believe traders will start positioning themselves ahead of the Budget 2024. Commodities wise, the Brent crude oil has continued its uptrend move above USD94/bbl level, but formed an inverted hammer candle, while the CPO prices are still hovering below the RM3,800/MT level.

Sector focus: Given the cautious trading ahead of the FOMC meeting, we believe focus will be shifted on certain sectors that are related to the NETR and NIMP blueprints, namely the industrial products and renewable energy industries. Meanwhile, we believe traders will take opportunity within the construction, property and building materials segment heading into Budget 2024 next month.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI traded flat while maintaining above the 1,450 psychological level. Also, the technical readings on the key index were positive. The MACD Histogram has formed the first positive bar after the rounding bottom formation, while the RSI is hovering above 50. The resistance is located around 1,465-1,470 and the support is envisaged around 1,430-1,440.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,577.73	-0.31
S&P 500	4,443.95	-0.22
NASDAQ	13,678.19	-0.23
FBM KLCI	1,457.66	-0.02
FBM Small Cap	1,106.40	0.26
FBM ACE	5,205.93	0.32
Construction	182.11	-0.25
Consumer	558.34	0.06
Energy	907.77	1.71
Financial Services	1,319.96	-0.13
Healthcare	169,158	-0.13
Ind Products	173.69	0.43
Plantation	6,956.67	-0.30
Property	863.36	1.58
REITs	772.08	-0.06
Technology	62.95	0.03
Telco & Media	586.51	0.45
Transport & Logist	97.33	-0.14
Utilities	1,146.97	0.90
Trading Vol (m)	3,947.27	16.69
Trading Val (RM m)	2,138.39	0.76
Gainers/ Losers rat	134%	
FKLI	1453.00	(0.14)
FCPO (RM)	3,746.00	(0.08)
Brent oil (USD)	94.34	(0.10)
Gold (USD)	1,931.36	0.04
USD	4.6960	(0.14)
GBP	5.8183	(0.03)
EURO	5.0195	(0.29)
SGD	3.4456	(0.24)

Trading participation 5-day trend and value (m)



Source: Bloomberg, Bursa Market Place

Company Brief

Cypark Resources Bhd has reported the emergence of a new substantial shareholder, Chung Dao, with a 5.5% stake or 42.97m shares after acquiring 40m shares on Sept 14. The acquisition happened on the same day Chung Chee Yang ceased to be a substantial shareholder following the disposal of 40m shares, leaving him with 37.43m shares or a 4.77% stake in the renewable energy and solid waste management company. (The Edge)

Mercury Securities Group Bhd closed at 30 sen a share on its maiden day of trading on Tuesday, for a 20% premium over its initial public offering price (IPO) of 25 sen. The ACE Market-listed stock recorded a trading volume of 219.99m shares, and was the third most active counter on Bursa Malaysia. Mercury Securities is the first local stockbroker to float its shares in two decades. (The Edge)

Kuala Lumpur Kepong Bhd (KLK) acquired an additional 1.34m Boustead Plantations Bhd (BPlant) shares from the open market on Monday. The additional 1.34m shares, transacted at RM1.45, amounted to RM1.94m and, whether coincidentally or not, were acquired after Defence Minister Datuk Seri Mohamad Hasan during the 12th Malaysia Plan's Mid-Term Review debate session last week defended the Armed Forces Fund Board's (LTAT) proposed move to offload a 33% stake in BPlant to KLK for RM1.15bn. (The Edge)

Bursa Malaysia Securities has publicly reprimanded **Dataprep Holdings Bhd** and five of its directors for breaches of listing requirements over the IT company's reply to an unusual market activity (UMA) query on its Covid-19 screening contracts in March 2021. The five directors, who were also fined RM100,000 each, are non-independent and non-executive chairman Datuk Mohd Rizal Mohd Jaafar, managing director Mohamad Sabir Mohamad Sabri, and independent and non-executive directors Datuk Abdul Aziz Ishak, Nor Adha Yahya and Ong Kuan Wah. (The Edge)

MyEG Services Bhd said it is still finalising terms of an immigration-related services concession with Putrajaya, as it confirmed it had stopped accepting applications from customers on its portal. The group said it has stopped accepting applications "temporarily" since Sept 15. The halt will be effective "until further notice", MyEG said. (The Edge)

YTL Hospitality REIT (YTL REIT) has entered into three supplemental lease agreements for rental revisions and proposed refurbishment of its three hotels (AC Hotels) in Kuala Lumpur, Penang and Kuantan. YTL REIT said the lessees of its AC hotel chain are agreeable to the increase in annual rental for all three hotels amounting to a collective RM2.7m. On its part, the group has agreed to pay for the costs of the proposed refurbishment for all three hotels, at an estimated refurbishment cost of RM38.5m, which would be funded by borrowings. (The Edge)

Land & General Bhd (L&G) allayed concerns that liquidity issues faced by joint venture partner Country Garden would have a negative spillover effect on their 167-acre township development in Semenyih that started in 2014. L&G owns a 45% stake in Diamond City, Semenyih while the remaining 55% is held by Hong Kong-listed Country Garden. (The Edge)

Telekom Malaysia Bhd's (TM) former chief executive officer (CEO) Datuk Dr Md Khir Abdul Rahman has been appointed as an independent and non-executive director of sustainable energy and utilities provider **Reneuco Bhd** (formerly KPower Bhd). Md Khir, 76, was previously CEO of TM from 2000 until 2004. Prior to this, he served as managing director of Mejati Technologies Group in 1996 and was general manager cum director of Malaysian Electronic Payment System (MEPS). (The Edge)

Epicon Bhd's (formerly known as Konsortium Transnasional Bhd) wholly-owned subsidiary Transnasional Builder Sdn Bhd (TBSB) has secured a structural works contract for a sum of RM34.5m. The group said TBSB received the letter of award from Wonson Construction Sdn Bhd for the execution and completion of structural works for a residential apartment in Pantai Dalam, Kuala Lumpur. The contract is expected to commence in September and be completed by August 2024. (The Edge)

Scientex Packaging (Ayer Keroh) Bhd, formerly known as Daibochi Bhd, saw its net profit slump 98.7% to RM149,000 in the fourth quarter ended July 31, 2023, from RM11.4m a year earlier, due to higher goodwill impairment of RM22.71m for its operations in Myanmar. Quarterly revenue fell 3.4% to RM185.32m from RM191.84m, amid lower demand from its export market. (The Edge)

ACE Market-bound pawnbroking service provider **Evergreen Max Cash Capital Bhd** posted a net profit of RM3.45m for the second quarter ended June 30, 2023 (2QFY2023), a 32% increase compared with RM2.6m a year earlier. For the first half of FY2023, Evergreen's net profit rose to RM7.21m, from RM5.87m in the same period of FY2022. The pawnbroking service provider is slated to be listed on the ACE Market of Bursa Securities on Sept 26. Based on the initial public offering price of 24 sen per share, Evergreen will have a market capitalisation of RM267.6m upon listing. (The Edge)

I-Bhd has announced a partnership with Wyndham Hotels & Resorts to manage a 50-storey property known as Wyndham Suites KLCC in Kuala Lumpur city centre. According to the developer via a press release on Tuesday, the existing property is a luxury condominium with a gross development value (GDV) of RM820m. (The Edge)

Bursa Malaysia Bhd signed a memorandum of understanding (MOU) with the Indonesia Stock Exchange (IDX) and the Stock Exchange of Thailand (SET) to collectively explore establishing an inter-regional environmental, social, and governance (ESG)-linked ecosystem to drive business value creation while fostering sustainable development across Asean. The three exchanges will explore a range of initiatives, including but not limited to identifying critical components of the ESG infrastructure to support companies in pursuing decarbonisation and sustainability across their supply chains, and establishing a "sandbox" environment designed to facilitate trade and create new business opportunities for corporations and their supply chains, including small and medium enterprises. (The Edge)

Yinson Holdings Bhd has partnered with **CelcomDigi Bhd** to leverage its network as Yinson looks to promote adoption of clean energy solutions throughout the country through EV charging stations, e-bikes and solar infrastructure integration. According to a joint statement, the collaboration will enable Yinson to utilise CelcomDigi's 4G LTE and 5G network to improve connectivity for chargeEV, the country's largest charging station operator, to provide a better experience for EV users. At Tuesday's noon break, CelcomDigi's share price decreased two sen to RM4.46, giving it a market capitalisation of RM52.3bn. Yinson's shares rose 0.8% to RM2.52, valuing it at RM7.72bn. (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	0.320	-9.9%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.915	24.5%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	1.050	28.8%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.780	22.7%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.250	19.0%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.440	3.8%	On-going
7	SCICOM	4-Jul	1.170	1.360	1.450	1.110	1.070	1.040	1.100	-6.0%	On-going
8	SFPTECH	4-Jul	0.960	1.150	1.260	0.940	0.895	0.870	1.020	6.3%	On-going
9	TEOSEN	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	1.060	15.2%	On-going
10	UCHITEC	4-Jul	3.530	3.700	3.850	3.420	3.320	3.240	3.430	-2.8%	On-going
11	WASCO	4-Jul	0.890	0.985	1.100	0.860	0.810	0.785	1.040	16.9%	On-going
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.705	11.0%	On-going
13	YTLPWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	2.210	68.7%	On-going
Average Return										15.3%	

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)	-2.5%
FBM Small Cap (Since 30/12/2022)	7.9%
Malaysia GDP Growth (1H23)	4.2%

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