

Gradual rebound

Market Review

Malaysia: The FBM KLCI (+0.1%) delivered marginal gains following China's government move to cut lending rates in bid to rejuvenate the economic activities. The lower liners, however, ended lower, while the utilities sector (-2.5%) underperformed to close at 1-month low.

Global markets: Wall Street turned downbeat as the Dow (-0.7%) fell with the sentiment turning cautious ahead of the US Federal Reserve Chairman Jerome Powell testimony which may provide guidance on the timing of the projected 2 interest rate hikes. Both the European and Asia stockmarkets ended mostly in red.

The Day Ahead

The FBM KLCI staged a marginal rebound on the local bourse after China's interest rate cut to support economic growth. We believe the bargain hunting activities may sustain in the near term despite the pullback on Wall Street ahead of the US Federal Reserve Chair's testimony to Congress as it is fairly oversold on the FBM KLCI. Nevertheless, the upside might be capped over the near term prior to the state elections that will be held in 3Q2023. Commodities wise, the Brent crude oil traded above USD75, while the CPO price remained resilient above RM3,700.

Sector focus: Given the firm crude oil and crude palm oil prices, we opine investors may focus on commodity-related sectors such as O&G and plantation stocks over the near term. We also expect some opportunities may emerge within the defensive characteristic sectors such as the telecommunication and utilities sectors following the significant selldown yesterday. Besides, we remain positive on consumer counters.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI closed marginally higher above its daily EMA9 level after oscillating between the positive and negative territories. Technical indicators remained mixed as the MACD Histogram extended a positive bar, while the RSI is rising towards 50. Resistance is envisaged along 1,400-1,410, while the support is located around 1,370.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,053.87	-0.72
S&P 500	4,388.71	-0.47
NASDAQ	13,667.29	-0.16
FBM KLCI	1,388.33	0.07
FBM Small Cap	14,940.48	-0.58
FBM ACE	5,089.06	-0.77
Construction	160.20	-0.77
Consumer	55102	-0.24
Energy	780.00	-1.14
Financial Services	15,313.51	0.26
Healthcare	17,166.65	-1.33
Ind Products	158.04	-0.81
Plantation	6,740.37	-0.21
Property	686.58	0.19
REITs	778.03	0.37
Technology	6194	-1.31
Telco & Media	590.16	-1.21
Transport	909.07	-0.20
Utilities	956.41	-2.51
Trading Vol (m)	2,847.01	10.43
Trading Val (RM m)	1,753.69	19.23
Advance/Decline		
FKLI	1,383.50	0.04
FCPO (RM)	3,727.00	0.30
Brent oil (USD)	75.90	(0.25)
Gold (USD)	1,936.42	0.01
USD	4.6405	(0.21)
GBP	5.9247	0.08
EURO	5.07	(0.35)
SGD	3.4567	(0.14)
Trading participant		
Institution	146.6	
Foreign	87.8	
	-234.4	

Source: Bloomberg, Bursa Market Place

Company Brief

Independent auditor Messrs PricewaterhouseCoopers (PwC) PLT has reported a material uncertainty that may cast significant doubt on **Pharmaniaga Bhd**'s ability to continue as a going concern. PwC noted the pharmaceutical group had incurred a net loss of RM605.1m, in its audit of FY22. The group's current liabilities exceeded its current assets by RM632.1m. Moreover, the auditor also stated Pharmaniaga recorded a capital deficiency of RM227.4m as at 31st December 2022. (The Star)

Boustead Holdings Bhd has clarified that it has not entered into any agreement to sell its 57.0% stake in **Boustead Plantations Bhd**. This is in response to a report titled "Boustead said to be disposing of plantation arm" which appeared in the 19th-25th July 2023 issue of The Edge Malaysia. (The Edge)

Property developer **SkyWorld Development Bhd** is seeking opportunities to set foot in the Vietnam market in the next 3 years as its ultimate goal is to become a regional player. On the local market, the company also intends to expand beyond Kuala Lumpur, into areas in the Klang Valley such as Subang Jaya, Petaling Jaya, Selayang and Ampang Jaya. SkyWorld's initial public offering (IPO) on the Main Market of Bursa Malaysia is slated to take place on 10th July 2023. (The Edge)

UWC Bhd's 3QFY23 net profit sank 83.6% YoY to RM28.7m, impacted by the semiconductor market cyclical downturn. Revenue for the quarter declined 45.3% YoY to RM47.7m. (The Edge)

Scientex Bhd's 3QFY23 net profit rose 24.3% YoY to RM109.8m, carried by the group's property development business' higher progress billing and robust demand for new launches. Revenue for the quarter improved marginally by 0.3% YoY to RM997.1m. An interim dividend of 5.0 sen per share, payable on 21st July 2023 was declared. (The Edge)

Visdynamics Holdings Bhd's 2QFY23 net profit fell 16.7% YoY to RM2.6m, in line with the drop in sales. Revenue for the quarter decreased 29.7% YoY to RM7.5m. (The Edge)

Uzma Bhd's indirect wholly-owned subsidiary Uzma Kuala Muda Sdn Bhd has secured syndicated Islamic financing facilities of up to RM225.0m to facilitate the construction and maintenance of a 50MWac large-scale solar photovoltaic plant in Sungai Petani, Kedah. (The Edge)

GHL Systems Bhd has enabled Alipay+ for over 2,600 local businesses in Thailand to accept cross-border digital payments from leading Asian mobile wallets. The payments will also include AlipayHK (Hong Kong SAR), Kakao Pay (South Korea), Touch 'n Go eWallet (Malaysia) and Alipay (Chinese mainland), which has been accepted by Thai merchants since 2015. (The Edge)

TCS Group Holdings Bhd has scrapped its plan to develop a condominium project, known as Arcadia, in Kuala Langat, Selangor, due to higher construction material prices. The group, through its wholly owned units TCS Construction Sdn Bhd and Saujana Permai Development Sdn Bhd, had mutually agreed to terminate the letter of award entered between the parties 2 years ago. (The Edge)

Cahaya Mata Sarawak Bhd has rejected Sarawak utilities firm Syarikat Secso Bhd's claim that the agreement for the supply of electricity to the group's phosphate production plant is deemed terminated. The arbitration proceedings surrounding the power purchase agreement have commenced and the group is working towards a resolution. (The Edge)

MISC Bhd's subsidiary AET and Akademi Laut Malaysia (Alam) has signed an agreement with WinGD to develop ammonia engines for ships, marking a step towards zero-emission shipping operations. (The Edge)

Ni Hsin Group Bhd has partnered with **Telekom Malaysia Bhd** affiliate Acasia Communications Sdn Bhd for the promotion, marketing and distribution of its electric motorcycle, the TAILG EBIXON EV. Ni Hsin's wholly owned subsidiary Ni Hsin EV Tech Sdn Bhd (NH EV) inked a 3-year business partnership agreement with Acasia to appoint the corporate telecommunication services company as the marketing agent of NH EV's products. (The Edge)

Malaysian Bulk Carriers Bhd (Maybulk) has proposed to dispose of its bulk carrier Alam Kekal to realise the vessel's increased market value amid elevated commodity demand. Maybulk proposes to obtain a shareholders' mandate for the vessel's disposal to a non-related third party for a cash consideration of not lower than 90.0% of the market value as ascribed by an independent valuer. (The Edge)

Tower A of **UEM Sunrise Bhd**'s first transit-oriented development named The Connaught One in Cheras, Kuala Lumpur, has achieved a take-up rate of 85.0%, prior to its official launch on 24th June 2023. With a gross development value of RM747.0m, the project will offer two 53-storey towers, namely Tower A and B, comprising 1,334 serviced apartments and 15 retail lots. (The Edge)

AGX Group Bhd, which is principally involved in the provision of logistics services including sea freight forwarding, airfreight forwarding, aerospace logistics, warehousing, other third-party logistics services, and road freight transportation, is aiming for a listing on the ACE Market of Bursa Malaysia. (The Edge)

XOX Bhd has proposed a private placement of not more than 10.0% of its issued share capital to raise up to RM7.2m to enhance its Nimbus application. The shares will be issued to third party investors who will be identified later, and the issue price will also be determined at a later date. (The Edge)

GIIB Holdings Bhd has appointed Datuk Seri Wan Adnan Wan Mamat as its new non-executive chairman, while executive chairman Tai Boon Wee has been redesignated as chief executive officer. Tai, who is facing a probe by the Malaysian Anti-Corruption Commission, relinquished his chairman post a week after he transferred 45.8m of his shares to his son, Qisheng, who is also an executive director in the company, via an off-market transaction. (The Edge)

Datuk Noorazman Abd Aziz is resigning from his post as chairman of **UEM Sunrise Bhd** from 1st July 2023, after he was redesignated as chairman of **CTOS Digital Bhd** on 26th May 2023. Replacing Noorazman as UEM Sunrise's new chairman is Datuk Mohamad Hisham Hamdan, who is the current executive director of investments at Khazanah Nasional Bhd. (The Edge)

Kumpulan Jetson Bhd has redesignated its managing director Datuk Teh Kian An as executive chairman. Teh, 75, is Jetson's co-founder, holding a 6.0% stake in the group. The group also announced the redesignation of its non-executive chairman Datuk Dr Ong Ah Soon as non-independent and non-executive director. Ong holds a 0.2% stake in Jetson. (The Edge)

Datuk Seri Amrin Awaluddin has resigned as independent director at **Taliworks Corp Bhd** effective 20th June 2023, after he resigned as managing director (MD) and chief executive officer of Lembaga Tabung Haji last month. He decided to step down having served the company for a cumulative term of nine years. (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	KRONO	12-Jun	0.565	0.595	0.630	0.655	0.520	0.515	0.535	-5.3%	On-going
2	KGB	19-Jun	1.530	1.570	1.630	1.700	1.430	1.420	1.470	-3.9%	On-going
3	YTLREIT	21-Jun	0.945	0.975	0.990	1.050	0.905	0.900	0.945	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	0.405	-12.0%	On-going
2	EFRAME	4-Apr	0.935	1.100	1.150	0.925	0.880	0.860	0.870	-7.0%	On-going
3	HEXTAR	4-Apr	1.210	1.350	1.450	1.100	1.040	1.020	1.120	-7.4%	On-going
4	INFOM	4-Apr	1.530	1.620	1.720	1.420	1.320	1.300	1.600	4.6%	On-going
5	KPJ	4-Apr	1.120	1.210	1.260	1.070	1.030	1.000	1.110	-0.9%	On-going
6	LAYHONG	4-Apr	0.310	0.335	0.365	0.280	0.265	0.250	0.285	-8.1%	On-going
7	PANTECH	4-Apr	0.810	0.865	0.900	0.750	0.720	0.695	0.740	-8.6%	On-going
8	PENTA	4-Apr	4.930	5.250	5.500	4.580	4.380	4.300	4.850	-1.6%	On-going
9	RANHILL	4-Apr	0.490	0.550	0.580	0.450	0.425	0.405	0.535	9.2%	On-going
10	T7GLOBAL	4-Apr	0.415	0.460	0.475	0.385	0.365	0.345	0.470	13.3%	On-going
11	TIMECOM	4-Apr	4.970	5.800	6.000	5.250	5.060	5.000	5.250	5.6%	On-going
12	UNISEM	4-Apr	3.200	3.180	3.300	2.970	2.760	2.700	3.030	-5.3%	On-going
Average Return										-1.5%	

Technical Focus Tracker Summary	
Total recommendations	336
Total winners	205
Total losers	130
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)	3.8%
Accuracy (2023)	56.5%
FBM KLCI (Since 30/12/2022)	-7.2%
FBM Small Cap (Since 30/12/2022)	-2.9%
Malaysia GDP Growth (1Q23)	5.6%

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