

Sentiment to stay negative after FOMC

Market Review

Malaysia: The FBM KLCI (-0.42%) ended lower for the 3rd consecutive day in line with the regional performances, as investors were trading cautiously prior to the FOMC's outcome. The Healthcare sector (+1.62%), however rose due to buying pressure in selected glove heavyweights following Supermax's news, while the Utilities sector (-0.69%) fell.

Global markets: Wall Street ended lower as the Fed kept the interest rate unchanged but signalled another rate hike before the end of the year. The European markets gained after the UK's inflation data came in below forecasts, while the Asian markets ended lower after China decided to maintain current benchmark loan rates.

The Day Ahead

The FBM KLCI has ended lower for the third trading day prior to the FOMC meeting. Given the tone from the Fed has turned mildly hawkish, signalling that the Fed may potentially hike the interest rates in the next few meetings, the market is likely to take it negatively and selling pressure may persist within the stock market. Nevertheless, we believe thematic buying support should pick up on the back of domestic driven catalysts such as the NETR and NIMP blueprints. Commodities wise, the Brent crude oil has continued retraced from the recent high and currently below the USD94/bbl level, while the CPO prices are still rangebound along RM3,700-RM3,800/MT level.

Sector focus: As the Fed has given a slightly hawkish outlook in the FOMC meeting, we expect the sentiment on the technology sector could be negatively affected at least for the near term. However, we still favour stocks that are related to the NETR and NIMP blueprints. Traders may still focus on industrial products and renewable energy industries. Besides, we believe investors may take the opportunity within the construction, property and building materials segment heading into the tabling of Budget 2024 next month.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI ended lower while maintaining above the 1,450 psychological level. Also, the technical readings on the key index were mixed. The MACD Histogram has extended another positive bar, while the RSI dropped below 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	34,440.88	-0.22
S&P 500	4,402.20	-0.94
NASDAQ	13,469.13	-1.53
FBM KLCI	1451.56	-0.42
FBM Small Cap	16,230.94	0.77
FBM ACE	5,204.13	-0.03
Construction	184.97	1.57
Consumer	558.15	-0.03
Energy	904.13	-0.40
Financial Services	16,218.39	-0.62
Healthcare	1718.99	1.62
Ind Products	174.41	0.41
Plantation	6,978.71	0.32
Property	876.95	1.57
REITs	775.46	0.44
Technology	63.29	0.54
Telco & Media	584.83	-0.29
Transport & Logist	917.95	0.07
Utilities	1139.00	-0.69
Trading Vol (m)	3,555.92	(9.91)
Trading Val (RM m)	2518.81	17.56
Gainers/ Losers rat	129%	
FKLI	1452.50	0.07
FCPO (RM)	3,713.00	(0.8)
Brent oil (USD)	93.53	(0.86)
Gold (USD)	1930.30	0.05
USD	4.6860	0.21
GBP	5.7983	0.34
EURO	5.0133	0.12
SGD	3.4367	0.26

Trading participation 5-day trend and value ('m)



Source: Bloomberg, Bursa Market Place

Company Brief

Opcom Holdings Bhd is buying a 18.03% stake or 70m shares in ACE Market-listed Binasat Communications Bhd from the latter's managing director Na Boon Aik for RM39.2m as part of its venture into the satellite telecommunications business. The acquisition came less than two months after Opcom announced a plan to buy a 49% stake in Transgrid Ventures Sdn Bhd for RM98m, via a cash-plus-share deal, to diversify into the power transmission and distribution business. (The Edge)

Global packaging manufacturer and property developer **Scientex Bhd** posted a net profit of RM438.14m in FY2023, a 6.9% increase from RM409.87m in the previous year. Revenue was up 2.3% to RM4.08bn from RM3.99bn in FY2022. Scientex said operating profit also came in higher at RM589.6m compared with FY2022's RM561m. Scientex recommended a final dividend of five sen per share, payable on Jan 26, 2024. (The Edge)

The US has allowed imports from **Supermax Corp Bhd**, after customs authorities lifted a ban imposed on the company since October 2021 for alleged forced labour. In a statement on Tuesday, the US Customs and Border Protection (CBP) said effective immediately, the agency will allow imports of disposable gloves manufactured by Supermax and its wholly-owned subsidiaries to enter the US, provided they are otherwise in compliance with US laws. (The Edge)

OneTech Solutions Holdings Bhd's major shareholder and former managing director Lau King Yew has made a fresh request for an EGM of the company after his earlier requisition was rejected by the board. Lau is again seeking the EGM to vote on four resolutions that, among others, call for salary and benefit limits for current managing director Tan Yuh Pei and executive director Koh Kean Mum, and a re-audit of the software solutions provider's financials. Lau owns a 45% stake in OneTech, which is listed on the LEAP Market of Bursa Malaysia. (The Edge)

Central Global Bhd's (CGB) wholly owned unit Proventus Bina Sdn Bhd has commenced a legal suit against Tang Kae Shih for outstanding payments related to a residential apartment contract in Penang worth RM42.24m. The suit was filed by Proventus Bina – a wholly owned subsidiary of CIC Construction Sdn Bhd, which in turn is a wholly owned subsidiary of CGB – against Tang Kae Shih, who acts as a surety on behalf of the project's main contractor Simbol Era Sdn Bhd. (The Edge)

Eco World International Bhd (EWI) posted a lower net loss of RM12.3m in 3QFY2023, against RM56.68m a year earlier, amid foreign exchange gains from repayment of shareholder's advances from EcoWorld-Ballymore and bank balances conversion from the British pound (GBP) to ringgit. Its lower net loss was also due to lower finance costs from the full settlement of all borrowings, lower share of losses in Eco World London, and higher interest income from unit trust and fixed deposits following the shareholder's advance repayment from EcoWorld-Ballymore and Eco World London. Quarterly revenue, however, fell 9.65% to RM31.17m from RM34.5m a year earlier, due to discounts given to accelerate sale of remaining units sold in the current quarter, in line with its monetisation strategy. (The Edge)

CB Industrial Product Holding Bhd (CBIP) said Yacktman Asset Management LP has ceased to be its substantial shareholder after disposing of 1.08m shares in the palm oil equipment and parts manufacturer. CBIP said the transaction was carried out on Tuesday. Based on the closing price of RM1.14 on that day, the transaction would be worth RM1.23m. Yacktman, a US-based boutique investment firm, held 24.2m shares or a 5.11% stake in CBIP as of March 31, 2022, based on CBIP's 2022 annual report. (The Edge)

Capital A Bhd's wholly owned subsidiary **Asia Digital Engineering Bhd** (ADE), has entered into a joint venture (JV) agreement with Sivilai Asia Co Ltd to establish a maintenance, repair and overhaul (MRO) business in Cambodia. ADE will invest 60% in the Cambodian JV company ADE Cambodia Co Ltd, while Sivilai Asia will come up with the remaining 40% to undertake the MRO business. (The Edge)

Human Resources solutions provider **Ramssol Group Bhd** is buying a 10% stake in Elmu Education Group Sdn Bhd for RM1.5m, by subscribing for 16,000 new ordinary shares and 1.48m redeemable convertible preference shares. Elmu is currently 70%-owned by AB Management & Consultancy Services Sdn Bhd and 30% by Datin Noraini Aripin. (The Edge)

Cypark Resources Bhd co-founder and group chief executive officer Datuk Daud Ahmad has ceased to be the substantial shareholder of the group, after he disposed of sixm shares worth RM5.40m on Tuesday. Following the disposal, Daud now has a 4.88% stake or 38.34m shares in the renewable energy and solid waste management company. The share disposal came less than a week after the group announced the emergence of a new substantial shareholder, Chung Dao, after he acquired 40m Cypark shares on Sept 14. (The Edge)

Harvest Miracle Capital Bhd, formerly known as Vortex Consolidated Bhd, has proposed to dispose of a 40% stake in its wholly owned subsidiary Viewnet Computer System Sdn Bhd (VCS) in a related party transaction. The group said it is selling the stake for RM14m to Basetex Sdn Bhd, whose sole director and shareholder Pang Kim Moon is also a director of VCS. Harvest Miracle expects to gain RM10.93m from the stake disposal, which it plans to use to fund its working capital, and partially to repay its latest acquisition of 187 serviced apartment units in Genting Highlands. (The Edge)

Underground utilities and substation engineering specialist **MN Holdings Bhd** has bagged a substation engineering contract worth RM18.5m for GDS data centre (Plot 2) at Nusajaya Technology Park, Johor. MN Holdings executive director Datuk Dang Siong Diang said this is the second contract awarded by GDS IDC Services (Malaysia) Sdn Bhd for its data centre in Johor. The first contract worth RM22.5m was secured in October last year. MN Holdings said its wholly owned subsidiary MN Power Transmission Sdn Bhd has accepted a letter of award from GDS, a unit of Shanghai-based GDS Holdings Ltd, for its appointment as the contractor. (The Edge)

Integrated construction and property firm **PTT Synergy Group Bhd** (PTTS) has diversified into the warehouse leasing business as it seeks alternative sources of revenue from recurring income properties. In a press briefing, the group has allocated RM160m for the construction of the warehouse. Under the leasing agreement with long term Distribution, the company is to benefit from recurring income with an estimated annual rental income of RM11m. The fixed lease term is 10 years with an option to renew the lease at the expiration. (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	0.310	-12.7%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.920	25.2%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	1.090	33.7%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.710	20.5%	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	2.460	4.7%	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	1.030	7.3%	On-going
9	TEOSENS	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	3.410	-3.4%	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	0.725	14.2%	On-going
13	YTLPOWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	2.160	64.9%	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)	-2.9%
FBM Small Cap (Since 30/12/2022)	8.8%
Malaysia GDP Growth (1H23)	4.2%

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