

Time for a rebound

Market Review

Malaysia: The FBM KLCI (+0.31%) rebounded after a two-day pullback, lifted by utilities and telco heavyweights such as TENAGA and MAXIS. Meanwhile, the lower liners gained momentum, led by the utilities sector (+1.23%) as YTL and YTLPOWR continues its rally, while the building material added 1.08%.

Global markets: Wall Street was traded mixed with the Dow ended in the negative territory, but both the S&P500 and Nasdaq rising 0.69% and 1.56%, respectively, despite the 10-year Treasury note yield were higher at 4.34%. The Asia stockmarkets ended in red, while the European stock markets were mostly higher.

The Day Ahead

Local stock markets ended slightly higher, after a two-day pullback as bargain hunting activities emerged on the utilities and telco sectors. Meanwhile, the rebound in technology stocks from on Wall Street may spillover towards the technology sector on the local front. Nevertheless, investors will be watching closely on the results from Nvidia as it may provide more clarity on the market directions going forward. Meanwhile, back on the local front, we expect the lower liners to extend its rebound move amid the on-going corporate earnings releases. Commodities wise, the Brent crude oil stabilised above USD84/bbl, while the CPO prices rose above RM3,900/MT.

Sector focus: Given the rebound in Nasdaq overnight, we expect the technology stocks on the local front to gain momentum. Meanwhile, the building material sector is likely to extend its upward move as investors are expecting a follow through of buying interest following the rally in the construction and property sectors over the past few weeks.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI rebounded after a two-day pullback. Technical indicators are still mixed, with the MACD Histogram extended another bar in the negative territory, while the RSI is hovering above 50. The key index may extend the rebound towards 1,460-1,465 resistance zone. Meanwhile, the support is located around 1,430-1,440.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,463.69	-0.11
S&P 500	4,399.77	0.69
NASDAQ	13,497.59	1.56
FBM KLCI	1450.57	0.31
FBM Small Cap	15,676.55	0.8
FBM ACE	5,290.90	0.51
Construction	176.05	-0.10
Consumer	560.54	-0.08
Energy	814.53	-0.09
Financial Services	16,267.46	0.08
Healthcare	1,702.39	0.08
Ind Products	169.07	1.08
Plantation	7,020.02	0.35
Property	811.31	-0.61
REITs	773.22	-0.07
Technology	62.81	-0.65
Telco & Media	586.56	1.01
Transport	921.09	-0.38
Utilities	1,101.53	1.23
Trading Vol (m)	3,313.65	3.96
Trading Val (RM m)	2240.62	5.92
Advance/Decline	95%	
FKLI	1,447.00	(0.14)
FCPO (RM)	3,915.00	(0.53)
Brent oil (USD)	84.80	(0.31)
Gold (USD)	1,894.93	0.30
USD	4.6488	-
GBP	5.9227	(0.12)
EURO	5.0676	(0.30)
SGD	3.426	(0.05)

Trading participation 5-day trend and value (m)		
Institution	Foreign	
101.3	-137.9	36.6

Source: Bloomberg, Bursa Market Place

Company Brief

YTL Power International Bhd has confirmed a report in The Edge Malaysia weekly that the company is partnering with KDEB Waste Management Sdn Bhd to set up a RM4.5bn waste-to-energy (WTE) plant in Rawang, Selangor; to be built on a 245-acre site in Rawang, and will utilise municipal waste from Petaling Jaya, Hulu Selangor, Shah Alam, Subang Jaya, Ampang Jaya and Selayang, and generate 58 megawatts of electricity. Additionally, the plan is for waste materials from the plant, such as fly ash and bottom ash, to be utilised to produce cement, the report said. (The Edge)

Boustead Heavy Industries Corp Bhd (BHIC) is disposing of its 20.77% stake in Boustead Naval Shipyard Sdn Bhd (BNS) to the Ministry of Finance (MOF) for a nominal sum of RM1, in line with the government's decision to take over the troubled littoral combat ship (LCS) contractor. BHIC said the RM1 selling price was determined in consideration of BNS' latest audited net liabilities position of RM848.45m as at end-December 2022, as well as to facilitate the government's decision to take over the LCS contractor. (The Edge)

MyEG Services Bhd's (MyEG) net profit rose 25.85% to RM111.56m for the second quarter ended June 30, 2023 (2QFY2023), from RM88.64m a year ago, driven by the increase in revenue from the group's existing services. MyEG said the quarterly earnings were also contributed by its newly launched Zetrix blockchain platform and from the sale of Zetrix tokens. MyEG announced its first interim single tier dividend of 0.25 sen per share for 2QFY2023, with an ex-date of Oct 17 and to be paid on Nov 17. (The Edge)

Hextar Global Bhd's net profit for 2QFY2023 contracted by 43.33% to RM8.67m against RM15.3m a year ago, dragged by lower revenue, higher operating expenses and finance costs. Revenue for the quarter dropped 14.93% to RM133.48m, from RM156.91m a year earlier, amid lower revenue contribution from the agriculture segment due to subdued selling prices on key herbicide products, coupled with lower revenue from the consumer products segment, which had been divested by the group in the current quarter. (The Edge)

Pertama Digital Bhd's net loss widened to RM4.5m for 2QFY2023 from RM24,000 in the previous year's corresponding quarter, mainly due to higher administrative and operating expenses. This is the group's fifth straight quarterly loss. Revenue came in 37.15% higher at RM1.65m compared with RM1.21m in 2QFY2022, due to higher commission earned from its eJamin bail collection service – a digital bail payment solution used in criminal courts throughout the country. (The Edge)

Lagenda Properties Bhd's net profit fell 34.13% to RM33.19m in 2QFY2023 from RM50.38m a year ago, amid lower contribution from its property development segment due to the lower progress percentage of completion contributed from current projects. Its quarterly net profit was also hit by higher finance costs of RM5.34m, a sharp increase of 72.53% over RM3.11m recorded a year ago. Despite posting weaker quarterly performance, the group declared an interim dividend of three sen per share. (The Edge)

Comfort Gloves Bhd posted a net loss of RM4.18m or 0.72 sen per share for 2QFY2023, versus a net profit of RM3.2m or 0.55 sen per share a year earlier. This was mainly due to a reduction in margin resulting from higher costs and lower average selling prices (ASPs), the group said in a filing to Bursa Malaysia. Earnings were also affected by a provision for taxation on the profit of a subsidiary, amounting to RM2.5m. Revenue tumbled 54.83% to RM90.23m from RM199.77m in 2QFY2022 primarily due to lower sales order from both local and overseas customers. (The Edge)

Electronics manufacturing services (EMS) provider **Cape EMS Bhd** reported a net profit of RM15.16m for its 2QFY2023 on the back of a revenue of RM121.78m. There are no comparative year-on-year figures as the group was only listed on Bursa Malaysia's Main Market on March 10, 2023. The group's board of directors declared a first interim single-tier dividend of 0.55 sen per share, payable on Sept 29, 2023. The group's revenue dropped 11.34% quarter-on-quarter from RM137.35m, on lower sales recorded from new customers in industrial electronic products of thermal energy devices, which was partially moderated by an increase in orders for industrial electronic products – particularly in wireless communication equipment. (The Edge)

Gas Malaysia Bhd's net profit dropped 8.88% to RM97.81m in 2QFY2023 from RM107.34m in the corresponding quarter a year before, as cost of sales and administrative expenses increased, while contributions from the group's joint venture companies dropped. Revenue rose to RM2.02bn from RM1.78bn previously, lifted by higher average natural gas selling price but mitigated by a lower volume of natural gas sold. The group declared a first interim dividend of 5.72 sen per share – lower compared to the 5.9 sen it paid in the same quarter last year. (The Edge)

AMMB Holdings Bhd's (AmBank) net profit for the first quarter ended June 30, 2023 (1QFY2024) dropped 7.8% to RM378.37m, from RM410.39m a year ago, as net impairment charges rose due to higher provisions. Net impairment charges increased to RM190.4m, compared to RM63.9m in the same quarter the previous year. The banking group also noted that profit before provisions increased by 14% year-on-year to RM694.2m. (The Edge)

Panasonic Manufacturing Malaysia Bhd's net profit surged 78.31% to RM20.42m for 1QFY2024 from RM11.45m a year earlier, driven by several factors including lower raw material costs, especially for steel and other major raw materials. Panasonic also attributed the higher quarterly earnings to a higher foreign exchange gain of approximately RM4.8m, from RM3m previously, as a result of a weaker ringgit against the US dollar, and an increase in interest income by RM2.8m following the recent interest rate hike. (The Edge)

Joe Holding Bhd is planning to consolidate every 10 existing shares held by its shareholders into one share on an entitlement date to be determined later. The group, formerly known as GPA Holdings Bhd, said the proposed share consolidation would lead to a reduction in the number of its shares available in the market and may reduce the magnitude of fluctuation of the share price. (The Edge)

Top Glove Corp Bhd founder and executive chairman Tan Sri Lim Wee Chai has emerged as a substantial shareholder of **Ramssol Group Bhd** after raising his stake in the human resources solutions provider to 7.46%. Lim bought 14m shares or a 5.71% stake in Ramssol on Aug 17. Lim is now the third largest shareholder in Ramssol, after Ramssol managing director and chief executive officer Tan Chee Seng (30.32% stake) and non-independent non-executive director Lee Miew Lan (10.51% stake). (The Edge)

Fajarbaru Builder Group Bhd has formed a joint venture with hostel management company Care Dynamic Sdn Bhd (CDSB) for a labour quarters project in Seremban. Fajarbaru said the group's wholly-owned subsidiary Fajarbaru Land (M) Sdn Bhd (FLM) entered into a JV agreement with CDSB to jointly undertake the development. FLM owns a 60% stake in the JV, Fajarbaru Dynamic Development Sdn Bhd (FDD). Fajarbaru said the project has an estimated GDV of RM172.4m and comprises the development and construction of 672 units of centralised labour quarters on a 10.9-acre plot of land in Sungai Gadut, Seremban. (The Edge)

Ewein Bhd has appointed Tay Seng Chew as executive chairman of the Penang-based property development company. He replaces Ewe Lay Khim, who is resigning to pursue other business interests and personal commitments. Goh Kiang Teng, 51, will assume the role of executive director and chief executive officer at Ewein. Goh currently holds a 2.59% direct stake in Ewein. Ewein also announced the resignation of Datuk Choong Khuat Seng and Eric Lim Seng Keat as the group's independent, non-executive directors. Replacing them are Mazlina Mohamad and Rosnani Mahmod. (The Edge)

Aneka Jaringan Holdings Bhd's wholly-owned subsidiary, Aneka Jaringan Sdn Bhd has secured a RM35m contract from Sena Letrik (M) Sdn Bhd. The contract is for piling, earthworks and substructure works for a proposed 31-storey medical centre at Desa Sri Hartamas in Kuala Lumpur. The commencement date of the contract is Sept 1, 2023 and shall be completed on Jan 31, 2025. (The Star)

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	1.350	-1.5%	On-going
2	HARBOUR	9-Aug	1.170	1.240	1.290	1.350	1.120	1.110	1.170	0.0%	On-going
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

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	0.325	-8.5%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.860	17.0%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	1.020	25.2%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.850	25.0%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.220	16.2%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.390	1.7%	On-going
7	SCICOM	4-Jul	1.170	1.360	1.450	1.110	1.070	1.040	1.160	-0.9%	On-going
8	SFPTECH	4-Jul	0.960	1.150	1.260	0.940	0.895	0.870	1.040	8.3%	On-going
9	TEOSENG	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	1.090	18.5%	On-going
10	UCHITEC	4-Jul	3.530	3.700	3.850	3.420	3.320	3.240	3.600	2.0%	On-going
11	WASCO	4-Jul	0.890	0.985	1.100	0.860	0.810	0.785	0.970	9.0%	On-going
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.685	7.9%	On-going
13	YTLPOWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	1.800	37.4%	On-going
Average Return										12.2%	

Technical Focus Tracker Summary	
Total recommendations	347
Total winners	213
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)	5.2%
Accuracy (2023)	59.6%
FBM KLCI (Since 30/12/2022)	-3.0%
FBM Small Cap (Since 30/12/2022)	5.0%
Malaysia GDP Growth (1H23)	4.2%

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