

Approaching 1,400

Market Review

Malaysia: The FBM KLCI (+0.4%) extended its rebound mode, driven by gains in selected banking heavyweights yesterday. The lower liners, however, closed mixed, while the financial services sector (+1.0%) anchored the mostly positive sectorial peers.

Global markets: Wall Street remained downbeat as the Dow (-0.3%) slipped after US Federal Reserve Jerome Powell reiterated that higher interest rates would be required to combat inflation. The European stockmarkets closed mostly in red, while Asia stockmarkets finished mixed.

The Day Ahead

The FBM KLCI advanced, bucking the mixed regional markets, mainly underpinned by gains in the banking heavyweights amid the emergence of bargain hunting activities. Moving forward, we reckon that the US Fed Chair's hawkish testimony, coupled with the uncertainties over the upcoming six state elections on the local front may continue to weigh on the local bourse, limiting the upside potential for the FBMKLCI. More clarity may be seen after the conclusion of the state elections. Commodities wise, the Brent crude oil traded above USD76, while the CPO price hovered just below RM3,550.

Sector focus: The gradual improvement in crude oil commodity prices may create buying momentum in the energy sector. Investors may also favour the aviation sector in expectations over higher achievement in aircraft capacity. On the flip side, the technology sector may face downward pressure amid mild profit taking activities on Wall Street.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI climbed for the second session as the key index crossed above its daily EMA20 level. Technical indicators turned positive as the MACD Histogram extended a positive bar, while the RSI is climbing towards 50. Resistance is pegged along 1,400-1,440, while the support is set around 1,370.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,951.52	-0.30
S&P 500	4,365.69	-0.52
NASDAQ	13,502.20	-1.21
FBM KLCI	1,393.45	0.37
FBM Small Cap	14,971.93	0.21
FBM ACE	5,088.02	-0.02
Construction	158.78	-0.89
Consumer	552.40	0.25
Energy	783.89	0.50
Financial Services	15,472.29	1.04
Healthcare	1,717.44	0.05
Ind Products	159.29	0.79
Plantation	6,724.37	-0.24
Property	688.18	0.23
REITs	780.95	0.38
Technology	62.06	0.19
Telco & Media	586.96	-0.54
Transport	904.61	-0.49
Utilities	958.74	0.24
Trading Vol (m)	3,057.57	7.40
Trading Val (RM m)	180,170	2.74
Advance/Decline		UE!
FKLI	1,393.00	(0.18)
FCPO (RM)	3,614.00	(1.80)
Brent oil (USD)	77.12	1.61
Gold (USD)	1,932.55	0.08
USD	4.6450	(0.10)
GBP	5.8994	0.43
EURO	5.0707	(0.01)
SGD	3.4562	0.01

Trading participant	
Institution	Foreign
141.7	66.0
	-207.7

Source: Bloomberg, Bursa Market Place

Company Brief

Tenaga Nasional Bhd (TNB) and **Malakoff Corp Bhd** stated its joint venture Kapar Energy Ventures Sdn Bhd (KEV) has withdrawn the judicial review application pursuant to an out-of-court settlement with the Inland Revenue Board of Malaysia (IRB). In November 2021, KEV received notices of assessment from the IRB amounting to nearly RM600.0m. (The Star)

Aeon Credit Service (M) Bhd is leveraging artificial intelligence (AI) technology to minimise its high-risk customers segment to approximately 20.0% from 30.0% currently. Aeon Credit has collaborated with Japan-based Global AI Innovations Laboratory Co Ltd (Gailabo), which offers AI-based credit scoring service for Aeon Credit, to optimise and enhance the application process for eligible applicants. (The Edge)

A unit of **Uzma Bhd** has clinched 2 contracts estimated to worth RM450.0m for the provision of hydraulic workover and plug and abandonment operation from Petronas Carigali Sdn Bhd. The duration of the contracts will be for 3 years with an extension option of 1 year. (The Edge)

Techna-X Bhd has entered into a tripartite agreement to develop an 85-ac microalgae farm and produce algae biofuel. Its wholly-owned subsidiary Techna-X Aerobeidou Sdn Bhd (TASB) has entered into the agreement with technology provider and operator of the farm MYKO Global Sdn Bhd and engineering, procurement, construction and commissioning contractor RTA E&C Sdn Bhd. TASB has committed to investing USD120.0m (RM577.4m), but MYKO will commit to arranging 98.0% of the USD120.0m facility while TASB is obligated to finance the remaining 2.0%, which works out to be USD2.4m, via a banker guarantee. (The Edge)

Daythree Digital Bhd has set its initial public offering (IPO) price at 30 sen per share as it looks to raise RM36.7m under the listing exercise. Based on the enlarged share capital of 480.0m shares, Daythree Digital is expected to have a market capitalisation of RM144.0m after listing. The company plans to use 44.4% of its proceeds raised from the IPO for working capital requirements to recruit an additional 380 CX executives to enhance its capacity to service a growing number of contracts. (The Edge)

Bintai Kinden Corp Bhd unit has terminated 8 contracts with TNB due to its inability to continue to perform its contractual obligations. The financial impact of the terminations by Kejuruteraan Bintai Kinden Sdn Bhd has yet to be determined, as it is subject to TNB inspections on progress and assessment of the final account. (The Edge)

Jade Marvel Group Bhd plans to raise up to RM80.0m through the issuance of redeemable convertible preference shares (RCPS) to fund its money-lending business and working capital. The exercise would involve the issuance of up to 80.0m new RCPS, at the issue price of RM1.00 per share, to Sycamore Capital SPC, a company incorporated in the Cayman Islands and acting on behalf of Sycamore Equity Fund SP. (The Edge)

Bonia Corp Bhd is disposing of its 30.0% stake in wholly-owned SBG Holdings Bhd for RM17.6m cash, to a company owned by its executive director and shareholder Datuk Seri Chiang Fong Tat, to fund its working capital. The disposal consideration was determined on the basis of "willing buyer, willing seller" after arm's length negotiations, by referencing SBG's unaudited net assets of RM58.7m as at 30th April 2023. (The Edge)

Glomac Bhd's 4QFY23 net profit fell 15.6% YoY to RM13.9m, mainly due to higher expenses and finance costs. Revenue for the quarter, however, rose 78.1% YoY to RM131.1m. A final dividend of 1.25 sen per share was proposed. (The Edge)

Eco World International Bhd's 2QFY23 net loss narrowed to -RM4.6m vs. a net loss of RM67.4m recorded in the previous corresponding quarter, due to higher foreign exchange gain as the British pound strengthened against Ringgit Malaysia, higher interest income following capital contribution repayments from the UK joint ventures and lower finance costs due to the group's progressive repayment of loans. Revenue for the quarter, however, fell 31.4% YoY to RM22.7m. (The Edge)

Ann Joo Resources Bhd 55%-owned indirect subsidiary Konsortia Etiqa Sdn Bhd has acquired a 99.9% stake in loss-making wire maker Kinsteel Bhd's Perfect Channel Sdn Bhd (PCSB) for RM10.1m in cash and shares, to expand its upstream steel division. Leveraging on PCSB's plant and machinery capabilities, the group endeavours to revive and turn around PCSB's manufacturing business. (The Edge)

Production from **Bumi Armada Bhd's** Armada Kraken floating production storage and offloading (FSPO) is currently at about 60.0% of pre-shutdown levels. There is further work on testing and investigations ongoing to stabilise and bring the vessel operational performance back to pre-shutdown level. On 2nd June 2023, Bumi Armada announced the shutdown of Armada Kraken FPSO due to the failure of critical hydraulic submersible pump transformers. Separately, Bumi Armada has also inked a non-binding Memorandum of Understanding (MOU) with Navigator Holdings Ltd to establish a joint venture company to provide CO2 shipping and injection solutions in the United Kingdom. (The Edge)

SEG International Bhd (SEGi) announced a slew of boardroom changes, including the appointment of Chong Poh Yee and Stella Lau Kah Wai as its new executive directors, the appointment of four new independent and non-executive directors: Datuk Hew Lee Lam Sang, Chong Ying Choy, Chang Tuck Chee @ Philip Chang and Tong Lai Ling and the retirement of Datuk Siew Boon Yeong and Datuk Goh Leng Chua as non-independent and non-executive directors. (The Edge)

Jiankun International Bhd has entered into an MOU to explore buying the owner and operator of a private college, known as Unifield International College, for RM13.0m to venture into the education sector. The purchase consideration is expected to be satisfied by a combination of 70.0% to be paid by cash and the balance of 30.0% to be paid by ordinary shares in Jiankun. (The Edge)

Capital A Bhd's AirAsia has been voted the World's Best Low-Cost Airline at the Skytrax World Airline Awards 2023 for the 14th time in a row. The airline also emerged as the Best Low-Cost Airline in Asia 2023, as voted by travellers who participated in the largest airline passenger satisfaction survey from September 2022 to May 2023. Over 100 customer nationalities participated in the survey, with 20.2m eligible entries counted in the results. AirAsia is also ready to spread its wings with the addition of 19 new Airbus 320 planes set to take flight this year, with the first aircraft expected to come in by the end of next month. (The Edge)

UEM Sunrise Bhd is planning to develop the first 'Build-to-Rent' (BTR) project in Melbourne with an estimated total transaction value of about AUD277.0m (RM881.0m), in partnership with Greystar Real Estate Partners. This is the first BTR project by a Malaysian developer in Australia. The proposed development is expected to include approximately 400 apartment units in two buildings, with a mix of studios and one, two and three bedroom apartments suitable for multi-generational living. (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	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	1.480	-3.3%	On-going
3	YTLREIT	21-Jun	0.940	0.975	0.990	1.050	0.905	0.900	0.935	-0.5%	On-going

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	04-Apr	0.460	0.500	0.525	0.425	0.405	0.395	0.405	-12.0%	On-going
2	EFRAME	04-Apr	0.935	1.100	1.150	0.925	0.880	0.860	0.870	-7.0%	On-going
3	HEXTAR	04-Apr	1.210	1.350	1.450	1.100	1.040	1.020	1.140	-5.8%	On-going
4	INFOM	04-Apr	1.530	1.620	1.720	1.420	1.320	1.300	1.580	3.3%	On-going
5	KPJ	04-Apr	1.120	1.210	1.260	1.070	1.030	1.000	1.120	0.0%	On-going
6	LAYHONG	04-Apr	0.310	0.335	0.365	0.280	0.265	0.250	0.290	-6.5%	On-going
7	PANTECH	04-Apr	0.810	0.865	0.900	0.750	0.720	0.695	0.740	-8.6%	On-going
8	PENTA	04-Apr	4.930	5.250	5.500	4.580	4.380	4.300	4.800	-2.6%	On-going
9	RANHILL	04-Apr	0.490	0.550	0.580	0.450	0.425	0.405	0.525	7.1%	On-going
10	T7GLOBAL	04-Apr	0.415	0.460	0.475	0.385	0.365	0.345	0.465	12.0%	On-going
11	TIMECOM	04-Apr	4.970	5.800	6.000	5.250	5.060	5.000	5.250	5.6%	On-going
12	UNISEM	04-Apr	3.200	3.180	3.300	2.970	2.760	2.700	3.030	-5.3%	On-going
Average Return										-1.6%	

Technical Focus Tracker Summary	
Total recommendations	336
Total winners	205
Total losers	131
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)	-6.8%
FBM Small Cap (Since 30/12/2022)	0.3%
Malaysia GDP Growth (1Q23)	5.6%

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