

Negative sentiment to prevail

Market Review

Malaysia: The FBM KLCI (-0.23%) ended lower in line with regional markets as investors are wary of the Fed's possible rate hike before the end of 2023. The Energy sector (-1.35%) fell due to declining Brent oil prices, while the Technology sector (+0.09%) rose marginally led by VITROX (+8.0 sen) and JFTECH (+7.0 sen).

Global markets: Wall Street ended significantly lower as investors were concerned over the potential rate hike in the following few FOMC meetings, coupled with the struggle of the House to agree on funding bills, which may cause the US government to shut down. Meanwhile, both the European and Asian markets dropped.

The Day Ahead

The FBM KLCI traded in the negative region at the end of the session in tandem with the regional benchmark performances. Also, Wall Street has dropped significantly with the Fed's tone turning more hawkish in the recent FOMC meeting. Besides, investors were concerned that a government shutdown may provide downside risk to the 4Q US GDP. Hence, with the sentiment turning negative, it is likely to spillover towards stocks on the local front. However, we opine that the domestic catalysts such as the NETR and NIMP, coupled with the upcoming Budget 2024 will provide buying support within a certain sector at least for the near term. Commodities wise, the Brent crude oil has continued retraced from the recent high and traded around the USD93/bbl level, while the CPO prices extended its pullback formation below the RM3,700/MT level.

Sector focus: Given the negative sentiment on Wall Street, we expect the broad market to be impacted. Meanwhile, we still favour the Property and Construction sector amid the potential revival of the KL-SG HSR. Moreover, we believe investors may position within the industrial products, renewable energy as well as building materials that may be related to NETR and NIMP blueprints.

FBMKLCI Technical Outlook



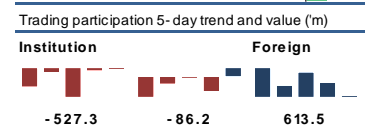
Bloomberg

The FBM KLCI ended lower and dropped below the 1,450 psychological level. Also, the technical readings on the key index were negative with the MACD Histogram forming a rounding top formation and 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	34,070.42	-1.08
S&P 500	4,330.00	-1.64
NASDAQ	13,223.99	-1.82
FBM KLCI	1,448.21	-0.23
FBM Small Cap	16,213.96	-0.10
FBM ACE	5,214.14	0.19
Construction	184.68	-0.16
Consumer	557.05	-0.20
Energy	891.89	-1.35
Financial Services	16,227.97	0.06
Healthcare	1,705.15	-0.81
Ind Products	174.41	0.00
Plantation	6,925.10	-0.77
Property	875.82	-0.13
REITs	775.79	0.04
Technology	63.35	0.09
Telco & Media	584.38	-0.08
Transport & Logist	916.97	-0.11
Utilities	1,131.80	-0.63
Trading Vol (m)	3,248.76	(8.64)
Trading Val (RM m)	213,144	(5.21)
Gainers/ Losers rat	67%	
FKLI	1,440.50	(0.07)
FCPO (RM)	3,686.00	0.22
Brent oil (USD)	93.30	(0.25)
Gold (USD)	1,920.02	0.01
USD	4.6915	(0.12)
GBP	5.7683	0.52
EURO	4.9979	0.31
SGD	3.4303	0.19



Source: Bloomberg, Bursa Market Place

Company Brief

7-Eleven Malaysia Holdings Bhd will dispose of its 75% stake in Caring Pharmacy Group Bhd to BIG Pharmacy Holdings Bhd at a higher price tag of RM675m, from RM637.5m announced previously. The new price tag represents an implied price-to-earnings (PE) multiple of 20.7 times, vis-a-vis the PE multiple of pharmacy retailers listed in Asia, as opposed to the 19.6 times PE multiple incorporated in Caring's 100% equity value of RM850m. (The Edge)

Maxis Bhd's wholly-owned subsidiary, Maxis Broadband Sdn Bhd, has been granted leave for judicial review by the High Court in respect of a RM104m penalty for its 2022 tax assessment. The High Court also granted a stay of all further proceedings, including the enforcement of the 2022 tax notice until the full and final determination of the judicial review. (The Edge)

Toyo Ventures Holdings Bhd is looking to have a US\$10.36m (RM48.62m) lawsuit it faces from KS Lee Energy Lp, in relation to a terminated agreement linked to a coal-fired power plant project in Vietnam, to be disposed of prior to going to full trial. The printing ink and precision mould maker said its wholly-owned subsidiary Toyo Ink Group Bhd (TIGB) – the defendant in the suit – has filed an application for summary disposal of the suit. (The Edge)

Maju Offshore Sdn Bhd has offloaded its entire 5.04% stake in loss-making **Bina Puri Holdings Bhd** to Maju Offshore Capital Sdn Bhd. Maju Offshore disposed of the stake to Maju Offshore Capital on Wednesday "to streamline the business in between holding company and its wholly-owned subsidiary". Maju Offshore had emerged as the fourth largest and substantial shareholder of Bina Puri after subscribing to the group's rights issue on April 18. (The Edge)

The High Court here has granted cash-strapped **KNM Group Bhd** an extension on its temporary restraining order (RO) pending the conclusion of the group's application for a formal extension. The financially-troubled oil and gas process equipment maker said the court extended the ad interim (temporary) RO until the disposal of the RO extension application. (The Edge)

Eco World Development Group Bhd's net profit for the third quarter ended July 31, 2023 (3QFY2023) climbed 43% to RM66.34m or 2.25 sen per share, from RM46.39m or 1.58 sen per share a year ago, driven by improved site progress activities and product pricing as well as cost savings upon the finalisation of certain completed projects in phases. Quarterly revenue grew marginally by 7.41% to RM476.85m from RM443.97m a year earlier, mainly driven by the improved site progress activities. The property developer has declared a second interim dividend of two sen per share, to be paid on Oct 19. (The Edge)

Comintel Corp Bhd saw a more than five-fold rise in net profit to RM8.42m for its second quarter ended July 31, 2023, from RM1.57m a year earlier, on the back of better performance from its construction segment. Revenue jumped 308.41% to RM92.3m from RM22.6m. The higher revenue and profitability were attributed to the group's wholly-owned construction subsidiary, Binastra Builders Sdn Bhd (formerly known as Total Package Work Sdn Bhd), with the commencement of newer projects and improving progress of construction work activities. (The Edge)

Visdynamics Holdings Bhd posted a net profit of RM1.59m for the third quarter ended July 31, 2023, an 18.18% increase from RM1.34m in the previous year's corresponding quarter, thanks to lower expenses. This mitigated the 3.58% decline in quarterly revenue to RM8.23m from RM8.54m, as machine sales contracted. (The Edge)

KESM Industries Bhd registered an annual net loss of RM3.13m for the financial year ended July 31, 2023 compared to a net profit of RM1.67m in the previous year, dragged by rising costs and a downturn in the semiconductor industry this year. The independent burn-in and test service company said revenue declined by 7% to RM228.28m from RM246.74m, largely due to the absence of revenue from electronic manufacturing services (EMS) which was scaled down, and reduced volumes for burn-in and testing services. (The Edge)

Ahmad Zaki Resources Bhd (AZRB) plans to undertake a private placement of 10% of its share base to raise RM12.7m to fund the engineering and construction group's working capital requirements. Nearly all of the proceeds, RM12.6m, has been earmarked for working capital for the group's engineering and construction division, while RM100,000 will defray the exercise's estimated expenses. (The Edge)

Dayang Enterprise Holdings Bhd's Pan Malaysia contract from SapuraOMV Upstream (Sarawak) Inc to provide maintenance, construction and modification services for 2018 to 2023 – Package C (East Malaysia) – has been extended until Dec 31, 2024. The integrated oil and gas service provider said the company's wholly-owned subsidiary Dayang Enterprise Sdn Bhd was awarded an extension of one year, five months and 21 days, effective from July 2023. Dayang Enterprise did not place a value on the extension, as it noted that it will be based on work orders issued by SapuraOMV during the extended period. (The Edge)

Kronologi Asia Bhd registered a slight decline in net profit by 1.93% to RM3.04m for the second quarter ended July 31, 2023 from RM3.1m for the same period last year, despite higher revenue, dragged by higher expenses across the board. The data management solutions firm said its quarterly revenue grew 26.1% to RM79.61m compared with RM63.13m previously, underpinned by higher contributions from China and the Philippines. (The Edge)

Tanco Holdings Bhd has entered into a joint venture (JV) agreement with Accession Development Sdn Bhd to develop a residential project in Pekan Puchong Perdana, Petaling, Selangor. An indirect wholly-owned unit of Tanco, Palm Springs Development Sdn Bhd, will undertake the design features and components of the project, followed by tabulating an estimated gross development value (GDV) no less than RM500m. The estimated time frame for completion of the project is March 2028, or 54 months from the date of the JV agreement. The project will be primarily funded through internally-generated funds and/or borrowings, Tanco said. Tanco shares closed unchanged at 55.5 sen on Thursday, giving it a market capitalisation of RM1.1bn. The counter has rallied by 65% this year. (The Edge)

Maxis Bhd's wholly-owned subsidiary, Maxis Broadband Sdn Bhd (MBSB) has been granted leave for judicial review by the High Court on Thursday in respect of a RM104m penalty for its 2022 tax assessment, its Bursa Malaysia filing showed. The High Court also granted a stay of all further proceedings, including the enforcement of the 2022 tax notice until the full and final determination of the judicial review. Maxis' shares finished one sen or 0.25% lower at RM4.04, giving it a market capitalisation of RM31.64bn. (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	0.905	23.1%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	1.100	35.0%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.730	21.1%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.260	20.0%	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	1.010	5.2%	On-going
9	TEOSENG	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	1.080	17.4%	On-going
10	UCHITEC	4-Jul	3.530	3.700	3.850	3.420	3.320	3.240	3.400	-3.7%	On-going
11	WASCO	4-Jul	0.890	0.985	1.100	0.860	0.810	0.785	1.060	19.1%	On-going
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.790	24.4%	On-going
13	YTLPOWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	2.110	61.1%	On-going
Average Return										16.0%	

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)	-3.2%
FBM Small Cap (Since 30/12/2022)	8.6%
Malaysia GDP Growth (1H23)	4.2%

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