

Boosted by subsiding inflationary pressure

Market Review

Malaysia: The FBM KLCI (+0.8%) advanced for the third straight session, driven by gains in half of the key index constituents yesterday. The lower liners, however, extended their pullback, while the healthcare sector (+1.2%) took the top spot amongst the mostly positive sectorial peers.

Global markets: Wall Street marched higher as the Dow (+0.5%) rose after the softening of the US preliminary purchasing managers index data highlights that the interest rate upcycle may come to near a tipping point. Both the Asia and European stockmarkets, however, ended mixed.

The Day Ahead

Strong buying interest amongst the key index components continues to nudge the FBM KLCI higher. The moderating inflationary pressure that recorded at +2.4% YoY in June also provided near term impetus to the local bourse. The lower liners, however, endured another session of weakness on the back of extended profit taking activities, which we deemed to be healthy at this point of time, premised on the overbought conditions. Still, we expect the lower liners could play catch-up with the recovery move after the consolidation phase. Elsewhere, investors will continue to keep a close watch on the US corporate earnings releases. Commodities wise, the Brent crude oil advanced beyond USD82/bbl, while the CPO advanced above RM4,100/MT.

Sector focus: The weakening of ringgit Malaysia against the US Dollar may present some trading opportunities within export-related stocks such as furniture and plantation. The latter will also be boosted by the strong CPO prices that rallied above RM4,100/MT. With Brent oil prices clawing its way above USD80/bbl, we reckon that the energy sector may march higher.

FBMKLCI Technical Outlook



Bloomberg

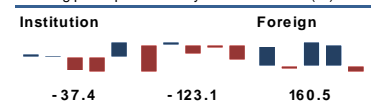
The FBM KLCI formed another bullish candle to confirm the short-term flag-formation breakout formation. Technical indicators remained positive as the MACD Histogram added another positive bar, while the RSI maintained above 50. Next resistances are located along 1,430-1,450, while the support is pegged around 1,400.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	35,411.24	0.52
S&P 500	4,554.64	0.40
NASDAQ	14,058.87	0.19
FBM KLCI	1,424.69	0.79
FBM Small Cap	1,464.76	-0.73
FBM ACE	5,319.86	-0.18
Construction	169.65	-0.06
Consumer	554.10	0.13
Energy	823.61	0.72
Financial Services	1,822.29	0.60
Healthcare	1,709.73	1.23
Ind Products	162.88	0.01
Plantation	7,135.31	0.67
Property	750.14	-0.74
REITs	775.44	0.20
Technology	64.75	-0.45
Telco & Media	581.86	0.59
Transport	912.24	-0.09
Utilities	1,004.73	0.14
Trading Vol (m)	3,298.58	0.12
Trading Val (RM m)	1784.38	(11.1)
Advance/Decline	66%	
FKLI	1,428.00	0.21
FCPO (RM)	4,140.00	(0.58)
Brent oil (USD)	82.74	2.06
Gold (USD)	1,954.73	0.02
USD	4.5665	(0.08)
GBP	5.86	0.19
EURO	5.0608	0.32
SGD	3.4309	0.06

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



Source: Bloomberg, Bursa Market Place

Company Brief

IJM Corporation Bhd has entered into a conditional subscription agreement for the proposed subscription of 44.8% stake in **Pestech International Bhd** for RM124.0m. As per regulatory requirements, IJM would be obligated to make a mandatory take-over offer for the remaining Pestech shares and warrants but the company does not intend to proceed with the obligation and would seek an exemption from the Securities Commission after Pestech obtained its shareholders' approval. The proposed subscription is a synergistic opportunity for the company to acquire a strategic stake in a listed company with core businesses in high-voltage electrical transmission as well as rail electrification and signalling. Barring any unforeseen circumstances, the proposal is expected to be completed in 4Q23. (The Star)

Betamek Bhd has bagged a RM436.5m contract to supply various electronic parts for Perusahaan Otomobil Kedua Sdn Bhd's (Perodua) new car model. Betamek's wholly-owned subsidiary Betamek Electronics (M) Sdn Bhd had received a letter of intent (LOI) from Perodua. Pursuant to the LOI, the supply of the electronics parts is expected to commence in 1Q25 for a duration of 6 years. (The Edge)

A wholly-owned subsidiary of **JAG Bhd** has signed an agreement to provide total waste management services for a period of 3 years valued at RM150.0m. The company's unit, Jaring Metal Industries Sdn Bhd (JMI) has signed the agreement with Infineon Technologies (Malaysia) Sdn Bhd. (The Edge)

Minda Global Bhd shares will be traded under the new name of **Cyberjaya Education Group Bhd**, from 25th July 2023. The counter's new short name will be CEG, replacing the old stock short name MINDA. (The Edge)

Catcha Digital Bhd has reported that its Guidance Note 2 (GN2) status is expected to be lifted after the group raised RM29.7m via a rights issue for growth and expansion. The rights issue also marked the completion of the digital media and advertising group's regularisation plan. At the close of acceptance on 14th July 2023, Catcha received valid acceptances and excess applications for 126.4m rights shares, which accounted for 72.4% of the 174.6m rights shares available for subscription. (The Edge)

SMTrack Bhd announced that Datuk Wira Justin Lim Hwa Tat has been redesignated from executive director to non-executive director effective 24th July 2023. Justin Lim, 47, was appointed as the executive director of SMTrack on 7th January 2022. He also sits on the board of several public listed companies, including chemical manufacturer **Sersol Bhd** as chief executive officer. (The Edge)

British American Tobacco Malaysia Bhd's (BAT) 2QFY23 net profit fell 35.1% YoY to RM47.5m, as the group increased its investments towards launching vapour products, which hiked up its operating expenses to RM100.8m. Revenue for the quarter, however, rose 6.4% YoY to RM678.1m. A second interim dividend of 16.0 sen per share, payable on 22nd August 2023 was declared. (The Edge)

United Plantations Bhd's 2QFY23 net profit fell 13.9% YoY to RM159.0m, on lower crude palm oil and palm kernel production and lower average prices. Revenue for the quarter declined 33.0% YoY to RM470.1m. (The Edge)

KIP Real Estate Investment Trust's (REIT) 4QFY23 net property income grew 14.3% YoY to RM16.2m, on the back of higher revenue that was driven by higher gross revenue from its retail and industrial segments. Revenue for the quarter rose 16.5% YoY to RM22.4m. A final income distribution of 1.75 sen per unit was proposed. (The Edge)

UOA Real Estate Investment Trust's (UOA REIT) 2QFY23 net profit fell 7.2% YoY to RM14.0m, on higher borrowing costs, increased electricity costs and repair and maintenance expenses. Revenue for the quarter, however, was flat at RM28.7m. An interim income distribution of 3.96 sen per share, payable on 30th August 2023 was declared. (The Edge)

EA Technique (M) Bhd (EATech) has withdrawn the regularisation plan it had submitted to the stock exchange in April 2023. This came after the oil tankers and port marine services provider agreed to mutually terminate the share subscription agreement it entered in March 2023 with Eco Offshore Services Sdn Bhd (EOSSB) and two individuals, namely Tan Sri Abdul Halim Ali and Khiruddin Ibrahim Said. EATech will engage in discussions with potential investors and submit a new regularisation plan application to Bursa Securities in due course. (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	PWF	20-Jul	0.760	0.765	0.800	0.850	0.700	0.695	0.735	-3.3%	On-going

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	0.350	-1.4%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.855	16.3%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	0.880	8.0%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.080	0.0%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.100	4.8%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.230	-5.1%	On-going
7	SCICOM	4-Jul	1.170	1.360	1.450	1.110	1.070	1.040	1.140	-2.6%	On-going
8	SFPTECH	4-Jul	0.960	1.150	1.260	0.940	0.895	0.870	1.130	17.7%	On-going
9	TEOSENG	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	1.040	13.0%	On-going
10	UCHITEC	4-Jul	3.530	3.700	3.850	3.420	3.320	3.240	3.500	-0.8%	On-going
11	WASCO	4-Jul	0.890	0.985	1.100	0.860	0.810	0.785	0.980	10.1%	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	1.300	-0.8%	On-going
Average Return										5.2%	

Technical Focus Tracker Summary	
Total recommendations	343
Total winners	212
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)	5.8%
Accuracy (2023)	62.3%
FBM KLCI (Since 30/12/2022)	-4.7%
FBM Small Cap (Since 30/12/2022)	3.6%
Malaysia GDP Growth (1Q23)	5.6%

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