

## Weakness prevails

### Market Review

**Malaysia:** The FBM KLCI (-0.5%) registered its third day of losing streak in line with weakness across the regional peers as uncertainty surrounding the US debt negotiations. The lower liners also extended their pullback, while all the 13 major sectors were painted in red with the healthcare sector (-1.5%) taking the worst hit.

**Global markets:** Wall Street marched lower as the Dow fell -0.8% following the split views on future rate hikes by Federal Reserve officials in the latest FOMC minutes, coupled with brewing concern over recessionary risk. The European stockmarkets also ended in red, while Asia stockmarkets closed mostly lower.

### The Day Ahead

The FBM KLCI sank for the third straight session amidst broad-based selloff, dragged by persisted selling momentum in selected banking, plantation, and health care heavyweights. The longer-than-expected negotiation on the deal to raise the US debt ceiling may continue to stoke worries on both the local and regional markets. Nevertheless, bargain hunting activities may emerge on counters with brighter outlook amid local earnings season. Commodities wise, Brent crude oil traded above USD78, while CPO price hovered above RM3,400. Meanwhile, gold traded above USD1,950.

**Sector focus:** The telecommunications, utilities, and REIT might be in focus amid global uncertainties. On the other hand, the technology sector may remain in a downtrend move, taking cue from the decline on Nasdaq overnight. Meanwhile, we think companies with high net cash or low borrowings may shine in the ongoing reporting season.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI violated its immediate support level at 1,410. Technical indicators remained negative as the MACD Histogram extended a negative bar, while the RSI hovered below 50. Next support is pegged along 1,390, followed by 1,370, while the resistance is located at 1,440-1,460.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	32,799.92	-0.77
S&P 500	4,115.24	-0.73
NASDAQ	12,484.16	-0.61
FBM KLCI	1409.62	-0.14
FBM Small Cap	14,988.76	-0.69
FBM ACE	4,947.80	0.61
Construction	159.02	-0.76
Consumer	565.23	-0.55
Energy	830.14	-0.80
Financial Services	15,349.33	-0.40
Healthcare	1904.59	-1.48
Ind Products	164.00	-0.08
Plantation	6,936.67	-0.55
Property	685.93	-0.57
REITs	784.02	-0.38
Technology	56.97	-0.04
Telco & Media	596.14	-0.45
Transport	906.41	-0.35
Utilities	965.10	-0.14
Trading Vol (m)	2,548.68	3.65
Trading Val (RM m)	1697.77	2.52
Advance/Decline		
FKLI	1406.00	(0.07)
FCPO (RM)	3,407.00	(0.03)
Brent oil (USD)	78.36	1.98
Gold (USD)	1,957.16	0.06
USD	4.5935	(0.46)
GBP	5.6893	(0.46)
EURO	4.9489	(0.39)
SGD	3.4103	(0.45)
Trading participant		
Institution	100.1	
Retail	-22.2	
Foreign	-78.0	

Source: Bloomberg, Bursa Market Place

## Company Brief

**Malayan Banking Bhd's** 1QFY23 net profit increased 10.7% YoY to RM2.27bn, owing to gains on derivatives and foreign exchange as well as investment and trading gains. Revenue for the quarter rose 29.5% YoY to RM14.78bn. (The Star)

**MISC Bhd's** 1QFY23 net profit rose 62.8% YoY to RM612.9m, due to higher freight rates. Revenue for the quarter improved 7.3% YoY to RM3.08bn. (The Star)

**Sime Darby Bhd's** 3QFY23 net profit declined marginally by 1.6% YoY to RM240.0m, owing to the lower profit from its motors business in China and higher finance costs during the quarter under review. Revenue for the quarter, however, gained 9.5% YoY to RM11.53bn. (The Star)

**Sime Darby Plantation Bhd's** 1QFY23 net profit sank 90.4% YoY to RM69.0m, impacted by lower average realised crude palm oil and palm kernel prices, lower fresh fruit bunches production as well as higher finance costs with increased benchmark interest rates. Revenue for the quarter decreased 7.1% YoY to RM4.07bn. (The Edge)

**CelcomDigi Bhd's** 1QFY23 net profit grew 34.6% YoY to RM317.9m, owing to improved revenue contributions and foreign exchange gains, offset by the effects of accelerated depreciation of non-cash items. Revenue for the quarter jumped 109.2% YoY to RM3.18bn. A first interim dividend of 3.2 sen, payable on 28th June 2023 was declared. (The Edge)

**Kuala Lumpur Kepong Bhd's** (KLK) 2QFY23 net profit declined 65.1% YoY to RM190.8m, mainly due to losses from an associate and lower contribution from the plantation and manufacturing segments. Revenue for the quarter dropped 5.3% YoY to RM6.05bn. An interim dividend of 20.0 sen per share, payable on 1st August 2023 was declared. (The Edge)

**Batu Kawan Bhd's** 2QFY23 net profit decreased 62.1% YoY to RM120.1m, owing to lower contribution from its plantation and manufacturing segments. Revenue for the quarter shrank 5.11% YoY to RM6.31bn. An interim dividend of 20.0 sen per share, payable on 3rd August 2023 was declared. (The Edge)

**Sunway Bhd's** 1QFY23 net profit rose 3.8% YoY to RM141.6m, lifted by higher contributions from property investment and healthcare segments. Revenue for the quarter gained 13.6% YoY to RM1.26bn. (The Edge)

**Genting Plantations Bhd's** 1QFY23 net profit contracted 66.7% YoY to RM38.8m, as cost of sales spiked. Revenue for the quarter, however, increased 10.1% YoY to RM584.3m. (The Edge)

**Hap Seng Plantations Holdings Bhd's** 1QFY23 net profit declined 77.0% YoY to RM23.4m, affected by lower revenue and other operating income as well as the absence of a gain on disposal of assets. Revenue for the quarter decreased 34.0% YoY to RM159.9m. (The Edge)

**Matrix Concepts Holdings Bhd's** 4QFY23 net profit slipped 7.4% YoY to RM56.6m, due to the recognition of lower margin contributions from its Klang Valley development, as well as reduced revenue contribution from its industrial properties. Revenue for the quarter, however, rose 20.5% YoY to RM302.2m. (The Edge)

**Hibiscus Petroleum Bhd**'s 3QFY23 net profit slipped 76.7% YoY to RM71.5m, due to higher expenses, including deferred taxation, and absence of negative goodwill amounted to RM317.3m that was recorded in the previous corresponding quarter. Revenue for the quarter, however, added 76.2% YoY to RM523.3m. The group declared an interim dividend of 0.75 sen per share, payable on 21st July 2023 was declared. (The Edge)

**Mega First Corp Bhd**'s 1QFY23 net profit fell 13.3% YoY to RM70.6m, due to lower contribution from its packaging segment. Revenue for the quarter, however, increased 27.5% YoY to RM347.4m. (The Edge)

**Serba Dinamik Holdings Bhd** has defaulted on its payment for term equity and financing facilities totalling RM14.6m provided by **Public Bank Bhd** and Public Islamic Bank Bhd. The default by the group's major subsidiary, Serba Dinamik Sdn Bhd (SDSB), was due to cash flows constraint in settling the outstanding payments to the two banks, said Serba Dinamik. The group is undertaking several restructuring and cost-cutting measures together with the liquidator in an effort to reduce the cash outflows and improve cash inflows. (The Edge)

**Bintai Kinden Corp Bhd** will be initiating an internal investigation into the conduct of certain directors as well as the trading activities of the company. However, it did not identify the directors who will be investigated. The Practice Note 17 company added that it has engaged an independent party to conduct the investigation. (The Edge)

Danny Leong Kah Chern has relinquished his role as **Revenue Group Bhd**'s group chief executive officer, after assuming the position for about 5 months. He will continue to serve the group as its advisor effective 24th May 2023. Kah Chern had submitted his resignation letter in March 2023, but the group announced at that time that its board had asked him to reconsider his decision. (The Edge)

**Iris Corp Bhd**'s contract to provide the National Integrated Immigration System (NIISe) to the government has been extended by 12 months, from 1st September 2025 till 31st August 2026. The NIISe contract worth RM1.16bn was awarded to IITS in Jan 2021, for a period of 54 months. (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	GCB	10-May	2.620	2.760	2.850	3.000	2.510	2.500	2.620	0.0%	On-going
2	MYEG	15-May	0.800	0.855	0.915	0.965	0.740	0.735	0.765	-4.4%	On-going
3	OPTIMAX	17-May	0.735	0.770	0.795	0.845	0.710	0.705	0.730	-0.7%	On-going
4	PAVREIT	22-May	1.310	1.370	1.440	1.500	1.250	1.240	1.300	-0.8%	On-going
5	SLVEST	24-May	0.985	1.040	1.090	1.170	0.940	0.935	1.010	2.5%	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	4-Apr	0.460	0.500	0.525	0.425	0.405	0.395	0.405	-12.0%	On-going
2	EFRAME	4-Apr	0.935	1.100	1.150	0.925	0.880	0.860	0.905	-3.2%	On-going
3	HEXTAR	4-Apr	1.210	1.350	1.450	1.100	1.040	1.020	1.250	3.3%	On-going
4	INFOM	4-Apr	1.530	1.620	1.720	1.420	1.320	1.300	1.420	-7.2%	On-going
5	KPJ	4-Apr	1.120	1.210	1.260	1.070	1.030	1.000	1.130	0.9%	On-going
6	LAYHONG	4-Apr	0.310	0.335	0.365	0.280	0.265	0.250	0.295	-4.8%	On-going
7	PANTECH	4-Apr	0.810	0.865	0.900	0.750	0.720	0.695	0.745	-8.0%	On-going
8	PENTA	4-Apr	4.930	5.250	5.500	4.580	4.380	4.300	4.680	-5.1%	On-going
9	RANHILL	4-Apr	0.490	0.550	0.580	0.450	0.425	0.405	0.565	15.3%	On-going
10	T7GLOBAL	4-Apr	0.415	0.460	0.475	0.385	0.365	0.345	0.415	0.0%	On-going
11	TIMECOM	4-Apr	4.970	5.800	6.000	5.250	5.060	5.000	5.360	7.8%	On-going
12	UNISEM	4-Apr	3.200	3.180	3.300	2.970	2.760	2.700	2.800	-12.5%	On-going
Average Return										-2.1%	

Technical Focus Tracker Summary	
Total recommendations	329
Total winners	200
Total losers	128
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)	1.6%
Accuracy (2023)	53.8%
FBM KLCI (Since 30/12/2022)	-5.7%
FBM Small Cap (Since 30/12/2022)	0.4%
Malaysia GDP Growth (1Q23)	5.6%