

Profit taking tone setting in

Market Review

Malaysia: The FBM KLCI (-0.4%) snapped a four-day winning streak, on the back of profit taking activities with two-thirds of the key index components closed lower. The lower liners, however, ended mixed, while the broader market closed mostly negative with the construction sector (-0.7%) taking the worst hit.

Global markets: Wall Street retreated as the Dow (-0.7%) fell on sluggish economic data after new home sales in June 2022 shrank -8.1% MoM, while consumer confidence in July 2022 slipped to 95.7; the weakest since February 2021. The European stock markets turned downbeat, but Asia stock markets ended mixed.

The Day Ahead

The FBM KLCI slipped after four straight session gains as investors braced for a possible US interest rate hike. Also, as the 2Q22 US GDP data will be released on the 28th of July, investors should prepare for more volatility over the near term, as recession fears may return as the US economy contracted in 1Q. Hence, stocks with defensive characteristics may be in focus. Commodities wise, the Brent crude oil and CPO prices stabilised around USD104 and RM3,700 respectively, but we expect the CPO price may see further weakness amid returning export from Indonesia.

Sector focus: The REITs and consumer sectors may see resilient movement as defensive stocks amid the market volatility. On the contrary, selected technology stocks may take a beating ahead of the possible interest rate hike in the US, tracking the pullback in Nasdaq overnight.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI dipped accompanied by softer trading volumes, snapping the four-session winning streak; daily EMA9, however, crossed above EMA20. Technical indicators remained positive as the MACD Histogram has extended a positive bar, while the RSI remained above the 50 level. Investors may watch for resistance at 1,480-1,500, and the support is located around the 1,400-1,410 zones.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	31761.54	-0.71
S&P 500	3,921.05	-1.15
NASDAQ	11,562.57	-1.87
FBM KLCI	1,463.69	-0.38
FBM Small Cap	13,968.70	0.16
FBM ACE	4,729.70	-0.43
Construction	55.00	-0.67
Consumer	568.42	-0.07
Energy	641.08	1.32
Financial Services	16,486.02	-0.14
Healthcare	1,704.66	-0.08
Ind Products	177.40	0.08
Plantation	6,849.76	-0.36
Property	625.38	0.01
REITs	803.62	0.17
Technology	6191	0.52
Telco & Media	561.32	-0.56
Transport	801.09	-0.01
Utilities	832.76	-0.02
Trading Vol (m)	2,410.91	19.67
Trading Val (RM m)	1,222.16	9.20
Advance/ Decline	96%	
FKLI	1,461.00	-0.07
FCPO (RM)	3,736.00	-1.35
Brent oil (USD)	104.40	-0.71
Gold (USD)	1,717.32	-0.14
USD	4.4577	-0.12
GBP	5.3636	-0.10
EURO	4.536	0.53
SGD	3.2154	0.00
Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
- 3.9	- 101.7	105.5

Source: Bloomberg, Bursa Market Place

Company Brief

Kossan Rubber Industries Bhd's 2QFY22 net profit tumbled 95.6% YoY to RM46.0m, due to the decrease in average selling price (ASP) of gloves, TRP and clean-room divisions. Revenue for the quarter sank 73.6% YoY to RM589.9m. (The Star)

CTOS Digital Bhd's 2QFY22 net profit jumped 89.8% YoY to RM22.5m, bolstered by a strong performance from its core business across all three customer segments. Revenue for the quarter rose 22.9% YoY to RM46.5m. A second interim dividend of 0.59 sen per share, payable on 13th September 2022 was declared. (The Star)

Tasco Bhd's 1QFY23 net profit gained 54.9% YoY to RM24.4m, thanks to higher revenue and better profit margin from its international business solutions. Revenue for the quarter grew 56.4% YoY to RM453.6m. (The Edge)

MHC Plantations Bhd's 2QFY22 net profit increased 79.8% YoY to RM16.3m, due to higher average selling prices of crude palm oil (CPO), palm kernel, fresh fruit bunches and empty fruit bunches oil. Revenue for the quarter increased 75.7% YoY to RM168.0m. (The Edge)

Globetronics Technology Bhd's 2QFY22 net profit rose 79.0% YoY to RM11.2m, thanks to higher foreign exchange gains, while a better product mix led to slightly higher sales. Revenue for the quarter improved 2.7% YoY to RM47.6m. (The Edge)

NWP Holdings Bhd is venturing into the sand dredging business in a bid to expand its revenue stream after its unit, NWP Marine Sdn Bhd, had inked a joint venture (JV) agreement with OneOne Auro Marine Sdn Bhd (OOA Marine) of OneOne Auro Sdn Bhd. NWP Marine will own a 51.0% stake in the JV and OOA Marine owning the remaining 49.0%. (The Edge)

Toyo Ventures Holdings Bhd has submitted a letter justifying a force majeure event in an ongoing thermal power plant project in Vietnam to the Vietnamese authorities, after the authorities did not recognise the financial closing date of the project recently. (The Edge)

Techna-X Bhd has proposed a private placement to raise up to RM24.1m to fund new information technology (IT) contracts and orders, including a RM50.0m project it is in the midst of bidding to supply IT equipment and management system for a local enforcement agency. Separately, it is also planning a bonus issue of free warrants on the basis of 1 warrant for every 2 Techna-X shares held on an entitlement date to be fixed, that will involve the issuance of 2.2m warrants. (The Edge)

XOX Bhd plans to undertake a private placement exercise to raise RM10.0m to develop a digital media management application. It has earmarked RM9.7m of the proceeds to be invested into a digital media management application. (The Edge)

PPB Group Bhd has issued a scam alert to warn people not to fall victim to the scam, as it discovered electronic messages and applications impersonating those by PPB Group. (The Edge)

Eastland Equity Bhd will change its name to Meta Bright Group Bhd, effective 28th July 2022. (The Edge)

Tycoon Tan Sri Shamsuddin Abdul Kadir, 91, has transferred his entire 28.0% stake or 20.4m shares in **Sapura Industrial Bhd** which he holds through investment vehicle SAK Asset Ventures Sdn Bhd to his wife Puan Sri Mariam Parineh on 20th July 2022. (The Edge)

Pasukhas Group Bhd has clinched an RM11.3m sub-contract from **Salcon Engineering Bhd** for the execution and completion of electrical works including cabling, earthing, external lighting and equipment installation for Water Treatment Plant Telibong II, Tamparuli in Sabah, which shall be completed within 5 months. (The Edge)

Caely Holdings Bhd saw substantial shareholder Datuk Seri Tee Yam @ Koo Tee Yam increase his stake in the company from 7.5% to 11.4%, after acquiring 10.1m shares through off market. Koo owns a total of 29.4m shares in the company now. (The Edge)

Astral Asia Bhd's Deputy Managing Director Md Adanan Abdul Manap, 79, has resigned, citing personal reasons. (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	CHINHIN	20-Jul	3.380	3.600	3.830	4.000	3.110	3.100	4.480	32.5%	On-going
2	HARBOUR	25-Jul	1.070	1.150	1.240	1.430	1.010	1.000	1.040	-2.8%	On-going
3	CTOS	27-Jul	1.310	1.380	1.460	1.600	1.240	1.230	1.310	0.0%	Initiate position

3Q22 Stock Picks											
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	UWC	1-Jul	3.260	3.890	4.180	-	3.230	2.850	3.660	12.3%	On-going
2	DUFU	1-Jul	2.840	3.100	3.280	-	2.750	2.600	2.940	3.5%	On-going
3	DAYANG	1-Jul	0.965	1.100	1.140	-	0.940	0.880	0.965	0.0%	On-going
4	GASMSIA	1-Jul	3.010	3.220	3.300	-	2.970	2.850	3.300	9.6%	On-going
5	PTRANS	1-Jul	0.770	0.860	0.905	-	0.725	0.680	0.850	10.4%	On-going
6	SYSCORP	1-Jul	0.410	0.445	0.470	-	0.375	0.340	0.415	1.2%	On-going
7	PWROOT	1-Jul	1.700	1.830	1.920	-	1.630	1.550	1.760	3.5%	On-going
8	GCB	1-Jul	2.510	2.710	2.800	-	2.460	2.380	2.220	-11.6%	On-going
9	QL	1-Jul	5.210	5.710	5.920	-	5.230	5.050	5.230	0.4%	On-going
10	AMBANK	1-Jul	3.720	3.980	4.110	-	3.620	3.450	3.910	5.1%	On-going
Average Return										3.5%	

Technical Focus Tracker Summary	
Total recommendations	245
Total winners	146
Total losers	98
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	33.1%
Accuracy (2022)	55.0%
FBM KLCI (Since 31/12/2021)	-6.6%
FBM Small Cap (Since 31/12/2021)	-11.4%
Malaysia GDP Growth (1Q22)	5.0%