

Weakness prevails

Market Review

Malaysia: The FBM KLCI (-0.2%) extended its decline, weighed down by weakness in more than half of the key index constituents yesterday. The lower liners, however, rebounded, while the construction sector (+1.2%) led the mostly positive sectorial peers.

Global markets: Wall Street rebounded as the Dow (-0.6%) rose after the stronger-than-expected consumer confidence index rose to 109.7 in June 2023; the highest level in nearly 18 months kept concerns over recession at bay. The European stockmarkets extended their lead, but Asia stockmarkets ended mixed.

The Day Ahead

Final-hour profit taking activities pulled the FBM KLCI into its third-session losses despite an overall positive performance across the regional markets after Beijing commented on policies to support the economic growth going forward. We believe a turnaround on Wall Street overnight after the consumer confidence for June hit a 17-month high will support bargain hunting activities on the local bourse. Commodities wise, the Brent crude oil is trading below USD73, while the CPO price hovered above RM3,650.

Sector focus: We believe the rebound on Wall Street may provide buying momentum for the local technology stocks. Besides, we remained positive stance within the travel related sectors. On the other hand, the energy sector may anticipate selling pressure following the lower price movements in crude oil prices.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI declined for the third straight session and slid below its daily EMA9 level. Technical indicators were remained mixed as the MACD Histogram extended a positive bar, while the RSI is hovered below 50. Support is monitored along 1,370, while the resistance is pegged along 1,400-1,440.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,926.74	0.63
S&P 500	4,378.41	1.15
NASDAQ	13,555.67	1.65
FBM KLCI	1,386.74	-0.23
FBM Small Cap	4,862.15	0.06
FBM ACE	5,045.03	0.29
Construction	163.15	1.20
Consumer	547.65	-0.21
Energy	781.32	0.03
Financial Services	15,386.32	-0.23
Healthcare	1,666.23	0.18
Ind Products	158.27	-0.18
Plantation	6,748.42	0.44
Property	691.14	0.20
REITs	774.32	0.12
Technology	60.76	-0.13
Telco & Media	579.86	-0.52
Transport	899.98	-0.11
Utilities	962.63	0.09
Trading Vol (m)	2,594.63	123
Trading Val (RM m)	1513.20	7.43
Advance/Decline		
FKLI	1,385.00	0.22
FCPO (RM)	3,675.00	0.14
Brent oil (USD)	72.26	(2.59)
Gold (USD)	1,913.69	0.09
USD	4.6663	0.20
GBP	5.9348	0.29
EURO	5.1056	(0.21)
SGD	3.4568	(0.05)
Trading participant		
Institution	277.1	
Foreign	-21.2	
	-256.0	

Source: Bloomberg, Bursa Market Place

Company Brief

Power Root Bhd is acquiring 116 undeveloped parcels of land in Johor Baru from GreatEarth Development (Molek) Sdn Bhd for RM25.0m. The acquisition will provide a better generation of potential returns on the group's asset class. The acquisition will also provide an option to expand the group's revenue base through the potential, eventual disposal or development of the land. (The Star)

Malaysia Building Society Bhd (MBSB) is aiming to deliver a high return on equity (ROE) of 6.0%-6.5% in 2023, up from 5.2% in 2022, even as the Islamic commercial bank faces margin pressure arising from increasing cost of funds. Apart from rolling out in-house initiatives to cushion the margin pressure, MBSB will also try to focus on increasing its current account saving account (Casa), which typically carries minimal-to-zero cost of funds. (The Edge)

Pestech International Bhd has been terminated as the sub-contractor for the Gemas-Johor Baru electrified double-track project, by Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd (SPYTL). Pestech's unit Pestech Technology Sdn Bhd (PTech) received the notice of termination for default on 10th May 2023 from SPYTL, who took it off the project for purported and baseless allegations of insolvency event, repudiation by sub-contractor and breach of representations, warranties or undertakings. The project, with a fixed sub-contract price of RM339.0m, was awarded in October 2018 to an unincorporated consortium formed between PTech and Ansaldo STS Malaysia Sdn Bhd. Under the consortium, the total sub-contract price for PTech's portion of works is RM75.0m. (The Edge)

MyNews Holdings Bhd has proposed a placement to raise RM29.3m that would involve an issuance of up to 68.2m new shares which representing not more than 10.0% of the total number of issued shares to third-party investors to be identified and at an issue price to be determined later. Out of the RM29.3m, RM22.9m will be allocated for working capital, as the group plans to open up 48 convenience stores in Malaysia within the next 12 months. (The Edge)

Ajinomoto (Malaysia) Bhd has announced its first and final dividend of 9.1 sen per share for FY23, payable on 25th September 2023. It also announced the appointment of Riichiro Osawa as managing director/chief executive officer, effective 1st July 2023. This comes after its previous managing director Tomoharu Abe was reassigned to another post by Ajinomoto Co Inc, Japan. (The Edge)

EA Technique (M) Bhd is initiating arbitration proceedings against Petronas Carigali Sdn Bhd's wholly owned unit Vestigo Petroleum Sdn Bhd (VPSB), with claims including special and general damages, costs and interest. The arbitration is related to a dispute arising out of a contract for the lease of the FSU Nautica Muar vessel dated 11th April 2017.

Besides that, EA Technique announced the disposal of Nautica Muar for USD6.0m (RM27.9m) to Portland Vessels Ltd, a British Virgin Islands (BVI) incorporated company wholly owned by another BVI entity called Columbia Seas Ltd, which in turn is owned by Ferdous Rahman. EA Technique also proposed to dispose of another floating storage offloading vessel called Nautica Tembikai for at least US\$6.0m, or (RM27.9m), hoping to find a suitor to enter a memorandum of agreement within 6 months, once it gets shareholders' approval. (The Edge)

Handal Energy Bhd has proposed to diversify its principal activities into 2 new business segments to further expand its revenue stream and earnings base. The proposed new segments are telecommunications network infrastructure solutions and marine sand businesses. The new business segments is expected to contribute 25.0% or more to the group's net profit. (The Edge)

Tenaga Nasional Bhd (TNB) and Electricite du Lao (EDL) have signed a memorandum of understanding (MOU) to explore the potential of hydropower in Laos, which is expected to generate returns of RM460.0m to RM2.30bn a year for TNB, beginning 2025. It also has the potential to increase cross-border electricity trade in Asean and assist Laos to become the Battery of Asia. (The Edge)

Cahaya Mata Sarawak Bhd (CMS)'s unit Cahya Mata Phosphates Industries Sdn Bhd (Phosphates) has filed an appeal at the Court of Appeal to stop state utilities firm Syarikat Sesco Bhd (Secso) from cutting off the supply of electricity to its phosphate production plant. This follows the dismissal by the Kuching High Court of Phosphates' application for an interim injunction on 16th June 2023. (The Edge)

Bahvest Resources Bhd claims that the recent damage to its plant site was believed to be an act of sabotage. It filed a police report on 26th June 2023, after several men entered the site on the morning of 22nd June 2023 and broke the bund wall of its water reservoir using an excavator machine, causing water to gush into the site and disrupted operations. The company is currently exploring all available options to resolve the issue and resume its gold mining operations. (The Edge)

Computer Forms (Malaysia) Bhd has announced that its executive director Datuk Justin Lim Hwa Tat has quit the company due to differences of opinion with the management. Lim, 47, was appointed executive director in August 2022. He is currently an executive director of **SMTrack Bhd**. (The Edge)

Pos Malaysia Bhd continues to be cautiously optimistic that it will deliver improved results for FY23, after halving its losses in FY22 and reporting an improved performance in 1QFY23. The group has made solid progress in its transformational initiatives and return to profitability despite significant headwinds, with almost all business segments registering profitability except for the parcel and retail segments. (The Edge)

Fajarbaru Builder Group Bhd has signed a memorandum of understanding (MOU) with the Penang Development Corp (PDC) to develop a medical city and mixed development hub in Bandar Cassia, Batu Kawan. The proposed development is on approximately 93.0-ha of land, and the project has been tentatively named Medi-City Bandar Cassia. (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	0.540	-4.4%	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
4	MSC	26-Jun	2.050	2.170	2.330	2.500	1.900	1.890	2.020	-1.5%	On-going
5	JTIASA	28-Jun	0.685	0.710	0.740	0.800	0.645	0.640	0.685	0.0%	Initiate position

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	0.400	-13.0%	On-going
2	EFRAME	04-Apr	0.935	1.100	1.150	0.925	0.880	0.860	0.860	-8.0%	On-going
3	HEXTAR	04-Apr	1.210	1.350	1.450	1.100	1.040	1.020	1.150	-5.0%	On-going
4	INFOM	04-Apr	1.530	1.620	1.720	1.420	1.320	1.300	1.900	24.2%	On-going
5	KPJ	04-Apr	1.120	1.210	1.260	1.070	1.030	1.000	1.140	1.8%	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	0.735	-9.3%	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	0.440	6.0%	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	3.080	-3.8%	On-going
Average Return										-0.3%	

Technical Focus Tracker Summary	
Total recommendations	338
Total winners	205
Total losers	132
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)	3.7%
Accuracy (2023)	54.2%
FBM KLCI (Since 30/12/2022)	-7.3%
FBM Small Cap (Since 30/12/2022)	-0.4%
Malaysia GDP Growth (1Q23)	5.6%

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