

## Profit taking tone sets in

### Market Review

**Malaysia:** The FBM KLCI (-0.6%) erased majority of the previous session gains, dragged down by profit taking activities in more than two-thirds of the key index components. The lower liners also retreated, while the industrial products & services sector (-0.7%) underperformed the mostly negative sectorial peers.

**Global markets:** Wall Street closed mixed as the Dow (+0.2%) advanced, but the S&P 500 and Nasdaq shed 0.3% and 0.4% respectively on the mixed bag of corporate earnings. The European stockmarkets turned downbeat, while Asia stockmarkets ended mixed.

### The Day Ahead

The FBM KLCI took a breather as selling pressure emerged in selected index heavyweights with foreign fund turned net selling for the first time in 6 trading days. Meanwhile, the S&P Global Manufacturing PMI stood at 47.8 in July 2023; suggesting that sustained slowdown in business conditions has some way to go before demand recovers. Nevertheless, we opined that the pullback is healthy to allow recent gains to be digested. The lower liners are also experiencing a consolidation with traders opting for the wait-and-see approach ahead of the Malaysia state election. Commodities wise, the Brent crude oil slipped below USD85/bbl, while the CPO hovered slightly below RM3,900/MT.

**Sector focus:** With signs of volatility emerging, we reckon that sectors that are defensive in nature such as healthcare, utilities and REIT may be in the spotlight. Following the pullback on Nasdaq overnight, the technology sector may mirror the weakness.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI formed a bearish candle accompanied by softer trading value. Technical indicators, however, stayed positive as the MACD Histogram remained in the positive territory, while the RSI hovered in the overbought zone. Should the key index advanced above the 1,460 level, next resistances are located along 1,480-1,500, while the support is pegged around 1,420-1,440.

**Research Team**  
[research@msec.com.my](mailto:research@msec.com.my)  
(603) 2201 2100

### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	35,630.68	0.20
S&P 500	4,576.73	-0.27
NASDAQ	14,283.91	-0.43
FBM KLCI	1,451.24	-0.56
FBM Small Cap	15,448.44	-0.90
FBM ACE	5,307.41	-0.43
Construction	168.56	-0.41
Consumer	558.58	-0.63
Energy	833.11	0.36
Financial Services	16,192.46	-0.50
Healthcare	1,765.11	0.35
Ind Products	167.57	-0.68
Plantation	7,144.52	-0.50
Property	769.42	-0.42
REITs	778.04	0.16
Technology	63.73	-0.27
Telco & Media	584.30	-0.55
Transport	918.21	-0.07
Utilities	1,025.34	-0.34
Trading Vol (m)	3,833.64	16.35
Trading Val (RM m)	1755.79	(29.62)
Advance/Decline	138%	
FKLI	1,453.50	0.17
FCPO (RM)	3,887.00	0.39
Brent oil (USD)	84.91	(0.61)
Gold (USD)	1,944.29	(106)
USD	4.5188	(0.26)
GBP	5.7919	0.06
EURO	4.9596	0.26
SGD	3.3885	0.02

Trading participation 5- day trend and value (m)		
Institution	Foreign	
-573.6	-167.5	741.1

Source: Bloomberg, Bursa Market Place

## Company Brief

**EP Manufacturing Bhd** (EPMB) has signed a memorandum of understanding (MoU) with BAIC International Development Co Ltd, part of Beijing Automotive Group Co Ltd. Under the MOU, EPMB and BAIC plan to work together on the local production of BAIC's BJ40P and X55II sport utility vehicles (SUVs), along with future right-hand drive (RHD) internal combustion engine (ICE) vehicles and electric vehicles (EVs). Both companies also agreed to jointly develop BAIC-branded RHD EVs to cater to Malaysia and other South-east Asian RHD markets. (The Star)

**Dufu Technology Corp Bhd**'s 2QFY23 net profit sank 88.7% YoY to RM3.3m, on lower revenue given the decrease in revenue in hard disk drive (HDD) components as well as higher operating costs incurred. Revenue for the quarter fell 48.1% YoY to RM47.7m. An interim dividend of 1.5 sen per share, payable on 22nd September 2023 was declared. (The Edge)

**Frontken Corp Bhd**'s 2QFY23 net profit slip marginally by 0.9% YoY to RM31.9m, on lower revenue from its Taiwan and Singapore units which was caused partly by weaker demand from its semiconductor customers. Revenue for the quarter dropped 5.5% YoY to RM121.2m. (The Edge)

**Pharmaniaga Bhd** is appealing against Bursa Malaysia Securities' decision to reject the company's plan to undertake a 2nd private placement on a stand-alone basis. The plan involves the placement of up to 144.1m new shares, representing 10.0% of the company's total issued shares, to the Armed Forces Fund Board (LTAT) to raise gross proceeds of up to RM50.0m. The money was meant to be used as interim measures to bridge the company's working capital requirements while it is formulating a plan to regularise its financial condition to address its Practice Note 17 status. (The Edge)

**LFE Corp Bhd**'s unit has accepted 3 letters of award worth a combined sum of RM97.8m, as the subcontractor for the works related to the completion of a factory in Penang. LFE Corp's wholly owned LFE Engineering Sdn Bhd accepted the awards from Circuitry Electrical Engineering Sdn Bhd, and all 3 contracts will take up to 24 months to be completed. (The Edge)

A unit of **Reservoir Link Energy Bhd** has secured an award from Petronas Carigali Sdn Bhd for the provision of annulus wash and cement assurance equipment and services for the M1 and Anding fields. The company wholly-owned subsidiary Reservoir Link Sdn Bhd commenced the work on the effective date of the award which was 11th July 2023, and expects to complete the work within 18 months. (The Edge)

**Cypark Resources Bhd** is planning to form an incorporated joint venture company with RGFC Ventures Sdn Bhd, the business and investment arm of Selangor FC, to explore opportunities relating to the development of renewable energy (RE) power plants. The JV is envisioned to be a special-purpose vehicle with Cypark having an 80.0% interest, and RGFC 20.0%. Cypark has signed a memorandum of business exploration with RGFC to participate in and explore opportunities relating to the development of RE power plants and initiatives for solar energy homes, particularly the Net-Energy-Metering programmes which includes residential installations. (The Edge)

**FACB Industries Inc Bhd**'s executive director Chen Yiy Fon is now executive chairman of the diversified group, which has businesses in the manufacturing and sales of bedding products, stainless steel fittings and investments in China. Yiy Fon, 42, is the son of tycoon Tan Sri Dr Chen Lip Keong. He joined the FACB board in August 2007. (The Edge)

**AME Elite Consortium Bhd** has appointed Tan Teck Eng as the group chief executive officer. Tan will helm the transformation and growth of the group together with the management team. (The Edge)

**Sunsuria Bhd** has appointed Tan Wee Bee as its new group chief executive officer, effective 1st August 2023. The 52-year-old Tan has over 26 years of international experience in the property development and construction industries, having held leadership positions at other property companies. (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	0.740	-2.6%	On-going
2	SDS	26-Jul	0.665	0.705	0.735	0.795	0.620	0.615	0.625	-6.0%	On-going
3	SCOMNET	2-Aug	1.370	1.480	1.550	1.650	1.290	1.280	1.370	0.0%	Initiate position

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	0.345	-2.8%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.865	17.7%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	0.950	16.6%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.200	3.9%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.090	3.8%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.240	-4.7%	On-going
7	SCICOM	4-Jul	1.170	1.360	1.450	1.110	1.070	1.040	1.150	-1.7%	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	3.420	-3.1%	On-going
11	WASCO	4-Jul	0.890	0.985	1.100	0.860	0.810	0.785	1.010	13.5%	On-going
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.675	6.3%	On-going
13	YTLPOWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	1.380	5.3%	On-going
Average Return										6.6%	

Technical Focus Tracker Summary	
Total recommendations	345
Total winners	212
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)	5.3%
Accuracy (2023)	60.0%
FBM KLCI (Since 30/12/2022)	-3.0%
FBM Small Cap (Since 30/12/2022)	3.5%
Malaysia GDP Growth (1Q23)	5.6%

## Disclaimer

Research analyst(s) of MSSB whom produced this report hereby certifies that the views expressed in this report accurately reflect his/her personal opinions about all of the subject corporation(s) and securities in this report. He/She does not carry out, whether for himself/herself or on behalf of MSSB or any other persons did not receive and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. As of the report date, the analyst whom prepared this report does not have any interest in the following securities covered in this report, unless otherwise stated.