

Negative momentum persisted

Market Review

Malaysia: The FBM KLCI (-0.3%) registered its third day losing streak, dragged down by the negative performance in more than half of the key index components yesterday. The lower liners, however, closed mixed, while the telecommunications & media sector (+0.7%) outperformed the mostly negative sectorial peers.

Global markets: Wall Street rebounded as the Dow gained 0.5%, fuelled by gains in technology giants, while expectations over softer jobs data could potentially allow the US Federal Reserve to pause their monetary tightening stance in June 2023. The European stockmarkets also advanced, but Asia stockmarkets ended mixed.

The Day Ahead

The FBM KLCI remained under pressure amid persistent cautious sentiment without significant fresh catalyst. Nevertheless, following the passing of US debt ceiling bill and the subsequent rebound on Wall Street, bargain hunting activities may emerge on the local bourse. Still, cautiousness may prevail with the spotlight turning towards the release of US jobs data that may dictate the interest rate direction, Investors may prefer stocks with defensive characteristics towards the end of earnings season. Commodities wise, the Brent crude oil traded above USD74 per barrel, while the CPO price hovered just below RM3,300.

Sector focus: The technology sector may gain momentum taking cue from the AI-driven technology stock rally on Wall Street overnight. Besides, the utilities and telecommunications sector could be under the limelight given their defensive characteristics.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI dipped further in subdued trading, marking its third consecutive session of decline. Technical indicators remained negative as the MACD Histogram extended a negative bar, while the RSI hovered below 50. Next support is located at 1,370, while resistance is pegged along 1,400-1,440.

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Market Scorecard

| Key indices | Last price | Change (%) |
|--------------------|------------|------------|
| Dow Jones | 33,061.57 | 0.47 |
| S&P 500 | 4,221.02 | 0.99 |
| NASDAQ | 13,100.98 | 1.28 |
| FBM KLCI | 1,383.01 | -0.30 |
| FBM Small Cap | 4,796.92 | -0.27 |
| FBM ACE | 4,949.75 | 0.05 |
| Construction | 161.96 | -1.99 |
| Consumer | 551.37 | -0.61 |
| Energy | 806.68 | -0.34 |
| Financial Services | 15,193.29 | -0.09 |
| Healthcare | 1,839.52 | -0.84 |
| Ind Products | 158.78 | -0.21 |
| Plantation | 6,606.79 | 0.09 |
| Property | 687.37 | -0.31 |
| REITs | 777.37 | -0.46 |
| Technology | 60.01 | 0.03 |
| Telco & Media | 602.17 | 0.70 |
| Transport | 901.96 | -0.07 |
| Utilities | 978.10 | -1.84 |
| Trading Vol (m) | 2,942.42 | (16.91) |
| Trading Val (RM m) | 1,828.07 | (65.21) |
| Advance/Decline | 1 | |
| FKLI | 1,385.00 | 0.58 |
| FCPO (RM) | 3,279.00 | 2.31 |
| Brent oil (USD) | 74.28 | (0.05) |
| Gold (USD) | 1,977.61 | 0.24 |
| USD | 4.6137 | (0.39) |
| GBP | 5.7436 | (0.24) |
| EURO | 4.9409 | (0.13) |
| SGD | 3.4123 | (0.13) |

Trading participant

| Institution | Retail | Foreign |
|-------------|--------|---------|
| 251.8 | 138.7 | -390.5 |

Source: Bloomberg, Bursa Market Place

Company Brief

Westports Holdings Bhd has been included in the FTSE Bursa Malaysia (FBM) KLCI following the semi-annual review of the FBM index series. The port operator replaces **Inari Amertron Bhd**, which has now been included in the FBM Mid 70 Index. The FBM KLCI reserve list, comprising the five highest-ranking non-constituents of the index by market capitalisation, will be **Fraser & Neave Holdings Bhd**, **Gamuda Bhd**, **Malaysia Airports Holdings Bhd**, **TIME Dotcom Bhd**, and **Top Glove Corp Bhd**.

Meanwhile, there will be seven new constituents in the FBM Mid 70 index, namely **Inari Amertron**, **Berjaya Corp Bhd**, **Gas Malaysia Bhd**, **ITMAX System Bhd**, **Mah Sing Group Bhd**, **TSH Resources Bhd** and **Velesto Energy Bhd**.

Those excluded from the index are **FGV Holdings Bhd**, **Hong Seng Consolidated Bhd**, **IJM Corp Bhd**, **Mega First Bhd**, **Sunway Real Estate Investment Trust**, **ViTrox Bhd** and **Westports Holdings Bhd**.

As for the FBM Hijrah Shariah Index, new inclusions are **Hartalega Holdings Bhd**, **KPJ Healthcare Bhd**, **Scientex Bhd** and **United Plantations Bhd**. These companies replace **FGV Holdings Bhd**, **IJM Corp Bhd**, **Malaysia Airports Holdings Bhd** and **ViTrox Bhd**.

All constituent changes will take effect at the start of business on 19th June 2023. The next review will take place in December 2023. (The Star)

Panasonic Manufacturing Malaysia Bhd has clarified a report that it will shut down several of its operations in Malaysia this year, which will leave hundreds of its workers unemployed. The company stressed that it has only closed two product manufacturing departments at its Shah Alam plant, while it has no plans to close other operations in Malaysia. The company has appointed Takashi Sugihara as its new managing director, replacing Kenji Kamada. Sugihara has more than 35 years of working experience with Panasonic. (The Edge)

The former executive director and head of global corporate bank at JP Morgan Chase Bank Bhd, Nurjesmi Mohd Nashir, has been appointed as the new chief executive officer of **Affin Bank Bhd**'s investment banking arm Affin Hwang Investment Bank Bhd. His appointment takes effect from 1st June 2023. (The Edge)

Velesto Energy Bhd has secured a contract worth an estimated USD10.9m (RM50.3m) from Vestigo Petroleum Sdn Bhd for its Naga 2 jack-up rig to drill five wells. The contract, awarded to Velesto's wholly-owned unit Velesto Malaysian Ventures Sdn Bhd, is expected to commence in 4QFY23. (The Edge)

Trading suspension of **Top Builders Capital Bhd** will continue until further notice, as the group failed to file its quarterly report for the financial period ended 31st March 2023, with Bursa Securities by the 31st May 2023 deadline. The piling and engineering firm also faces delisting if it fails to issue its outstanding financial statements within 6 months. Its external auditor Kreston John & Gan flagged significant doubts over the group's future in an audit of its financial statements for the financial year ended 30th June 2022, saying that it was unable to obtain sufficient appropriate audit evidence regarding the feasibility of the group's plan to regularise its financial condition by 29th June 2023. (The Edge)

Former **Green Packet Bhd** group managing director Puan Chan Cheong has been declared bankrupt by the Kuala Lumpur High Court after failing to meet the requirements of bankruptcy notices filed in May 2022. The bankruptcy order was issued on 27th March 2023, following a petition by Everregion Sdn Bhd and an ex-parte (one-sided) application by Medinis Sdn Bhd. Puan, the founder of Green Packet, was issued the bankruptcy notices last year after failing to settle a combined RM30.7m owed to Everregion and Medinis. (The Edge)

A day after the **Star Media Group Bhd** chairman insisted that MCA Wanita chief Wong You Fong can be an independent director of the MCA-controlled company, Star Media announced that Wong has been redesignated as non-independent non-executive director with immediate effect. The redesignation was made at Wong's own request to avoid unnecessary confusion, ambiguity and misperception. (The Edge)

Citaglobal Bhd has secured a RM13.3m contract to dismantle the balance of the power plant owned by **Malakoff Corp Bhd**'s unit Port Dickson Power Bhd. The job involves the decommissioning, dismantling, demolition and disposal of the balance of the 440.0-MW Port Dickson Power Plant (PDPP). (The Edge)

Kang Kok Wei has been appointed as executive director of **AME Elite Consortium Bhd** with effect from 1st June 2023, replacing his father Kang Ah Chee. This is among several changes reported to Bursa Malaysia in line with the company's succession plan. (The Edge)

Sarawak Consolidated Industries Bhd will be holding an extraordinary general meeting on 28th June 2023 to vote on the removal of 3 directors from its board, including Noor Azri Noor Azerai – the 24-year-old former executive director of **Bintai Kinden Corp Bhd** and to replace them with four others. This follows a notice sent to the company on 30th May 2023 by 8 shareholders holding no less than 10.0% of the company's issued share capital, to move the resolutions to reshuffle the board. (The Edge)

United Plantations Bhd announced the appointment of Tunku Alizakri Raja Mohd Alias as the group's new non-independent, non-executive director, effective 1st June 2023. Alizakri replaces Puan Rohaya Mohd Yusof who has resigned. Currently, Alizakri is a board member of **Bumi Armada Bhd** and **Petronas Dagangan Bhd**, as well as the chairman of Malaysian Venture Capital Management Bhd (Mavcap). He also sits on the board of Malaysia Aviation Group Bhd, Malaysia Airlines Bhd, Prudential BSN Takaful Bhd and Yayasan Hasanah. (The Edge)

Towards widening its earnings base, **Meta Bright Group Bhd** plans to expand the group's leasing and financing business segment to include the provision of industrial machinery and equipment leasing. Its current leasing and financing segment comprises provision of short-to-medium-term personal and business loans. (The Edge)

Kimlun Corp Bhd has bagged a contract worth RM237.6m from **Melati Ehsan Holdings Bhd** to undertake main building works for 2 blocks of serviced apartments in Selangor. Its wholly-owned subsidiary Kimlun Sdn Bhd accepted the award from Melati Ehsan's unit Bayu Melati Sdn Bhd. The construction work is expected to be completed by the end of January 2027. (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 | MYEG | 15-May | 0.800 | 0.855 | 0.915 | 0.965 | 0.740 | 0.735 | 0.855 | 6.9% | Take profit at R1 on 31-May |
| 2 | OPTIMAX | 17-May | 0.735 | 0.770 | 0.795 | 0.845 | 0.710 | 0.705 | 0.715 | -2.7% | On-going |
| 3 | PAVREIT | 22-May | 1.270 | 1.370 | 1.440 | 1.500 | 1.250 | 1.240 | 1.280 | 0.8% | On-going |
| 4 | INFOM | 29-May | 1.490 | 1.540 | 1.580 | 1.730 | 1.350 | 1.340 | 1.510 | 1.3% | On-going |
| 5 | CARIMIN | 31-May | 0.660 | 0.740 | 0.765 | 0.820 | 0.635 | 0.630 | 0.660 | 0.0% | 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 | 0.400 | -13.0% | 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 | 1.170 | -3.3% | On-going |
| 4 | INFOM | 4-Apr | 1.530 | 1.620 | 1.720 | 1.420 | 1.320 | 1.300 | 1.510 | -1.3% | On-going |
| 5 | KPJ | 4-Apr | 1.120 | 1.210 | 1.260 | 1.070 | 1.030 | 1.000 | 1.180 | 5.4% | On-going |
| 6 | LAYHONG | 4-Apr | 0.310 | 0.335 | 0.365 | 0.280 | 0.265 | 0.250 | 0.285 | -8.1% | On-going |
| 7 | PANTECH | 4-Apr | 0.810 | 0.865 | 0.900 | 0.750 | 0.720 | 0.695 | 0.740 | -8.6% | On-going |
| 8 | PENTA | 4-Apr | 4.930 | 5.250 | 5.500 | 4.580 | 4.380 | 4.300 | 5.000 | 1.4% | On-going |
| 9 | RANHILL | 4-Apr | 0.490 | 0.550 | 0.580 | 0.450 | 0.425 | 0.405 | 0.545 | 11.2% | On-going |
| 10 | T7GLOBAL | 4-Apr | 0.415 | 0.460 | 0.475 | 0.385 | 0.365 | 0.345 | 0.410 | -1.2% | On-going |
| 11 | TIMECOM | 4-Apr | 4.970 | 5.800 | 6.000 | 5.250 | 5.060 | 5.000 | 5.370 | 8.0% | On-going |
| 12 | UNISEM | 4-Apr | 3.200 | 3.180 | 3.300 | 2.970 | 2.760 | 2.700 | 3.120 | -2.5% | On-going |
| Average Return | | | | | | | | | | -1.3% | |

| Technical Focus Tracker Summary | |
|----------------------------------|-------|
| Total recommendations | 331 |
| Total winners | 203 |
| Total losers | 127 |
| 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) | 2.7% |
| Accuracy (2023) | 58.5% |
| FBM KLCI (Since 30/12/2022) | -7.2% |
| FBM Small Cap (Since 30/12/2022) | -0.6% |
| Malaysia GDP Growth (1Q23) | 5.6% |