

Renewed volatility

Market Review

Malaysia: The FBM KLCI (-0.5%) extended its decline after hovering in the negative territory throughout the entire trading session yesterday. The lower liners also remained downbeat, while the utilities sector (+1.0%) that is touted to be defensive in nature outperformed the mostly negative sectorial peers.

Global markets: Wall Street ended lower as the Dow (-1.0%) slipped following the downgrade of the US credit rating by Fitch, whilst 10-year treasury yields rose to the highest level since November 2022. The European stockmarkets extended their decline, while Asia stockmarkets finished mostly in red.

The Day Ahead

The FBM KLCI remained downbeat alongside the weakness across the regional markets, dragged down by the concern of the US credit rating cut by Fitch Ratings and the renewed tension between the US and China. The lower liners are also not faring any better as traders continue to pare holdings ahead of the Malaysia state election. Looking ahead, we reckon further pullback is in store that may mirror the weakness on Wall Street overnight. Meanwhile, investors may also keep a close watch on several key economic data such as the UK's Bank of England's interest rate decision as well as US Non-Manufacturing PMI and Factory Orders to be released later today. Commodities wise, the Brent crude oil slipped below USD84/bbl, while the CPO hovered around RM3,900/MT.

Sector focus: We continue to advocate trading to skew towards sectors that are defensive in nature such as REIT and utilities. Meanwhile, the technology sector may continue to endure further downside over the near term. The energy sector may also experience some minor pullback in tandem with the lower crude oil prices.

FBMKLCI Technical Outlook



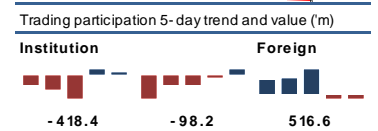
Bloomberg

The FBM KLCI formed another bearish candle, but stay afloat above daily SMA200. Technical indicators, however, stayed positive as the MACD Histogram remained in the positive territory, while the RSI has hooked below 70. The immediate resistances are located along 1,460-1,480, while the support is pegged around 1,400-1,420.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	35,282.52	-0.98
S&P 500	4,513.39	-1.38
NASDAQ	13,973.45	-2.17
FBM KLCI	1444.56	-0.46
FBM Small Cap	15,410.34	-0.25
FBM ACE	5,288.89	-0.35
Construction	168.89	0.20
Consumer	555.13	-0.62
Energy	832.47	-0.08
Financial Services	16,123.39	-0.43
Healthcare	1,742.04	-1.31
Ind Products	165.77	-1.07
Plantation	7,100.89	-0.61
Property	770.16	0.10
REITs	778.70	0.08
Technology	63.33	-0.63
Telco & Media	581.94	-0.40
Transport	911.89	-0.69
Utilities	1,035.50	0.99
Trading Vol (m)	2,797.91	(27.02)
Trading Val (RM m)	184.58	7.34
Advance/Decline	64%	
FKLI	1443.50	(0.17)
FCPO (RM)	3,900.00	(0.38)
Brent oil (USD)	83.20	(2.01)
Gold (USD)	1934.45	(0.51)
USD	4.5425	(0.52)
GBP	5.8042	(0.21)
EURO	4.9879	(0.57)
SGD	3.3967	(0.24)



Source: Bloomberg, Bursa Market Place

Company Brief

Mudajaya Group Bhd has secured a contract worth RM195.1m for the construction and completion of stations, ancillary buildings and other associated works (Package 3) for the East Coast Rail Link project located in Terengganu. The project is targeted to be completed by 2026 with a construction period of 32 months from the date of site possession. (The Star)

Malaysian Resources Corp Bhd (MRCB) is set to be involved in the redevelopment of the transportation hub Kuala Lumpur Sentral (KL Sentral). The Malaysia Cabinet has approved, in principle, the redevelopment of KL Sentral. The project will be done via privatisation at a cost estimated to be more than RM1.00bn, which will be borne by MRCB. In return, MRCB would be given the rights to develop the area above the station with commercial and residential buildings. (The Edge)

Bursa Securities has rejected **GIIB Holdings Bhd**'s proposed private placement, citing pending charges against several of its directors under the Malaysian Anti-Corruption Commission (MACC) Act 2009. Bursa Securities took note that there are certain charges made against certain directors of GIIB pursuant to the MACC Act of which the matters are still pending the decision by the court, and as such, Bursa Securities is unable to consider the group's additional listing application. (The Edge)

Vinvest Capital Holdings Bhd has initiated a civil action in the High Court over the alleged loss of its shares in **EA Holdings Bhd**. The injunction application against EA Holdings Bhd was called up for hearing on 2nd August 2023, and an interim injunction was granted by the court. (The Edge)

Kawan Food Bhd has reported that Ng Hooi Kai has vacated his office as chief executive officer (CEO) with effect from 2nd August 2023. This follows the expiration of his contract. Ng, 61, was appointed as the group CEO in January 2021. He has a direct interest of 0.02% or 72,000 shares in the group. (The Edge)

Florence Wong Wei Wei, a substantial shareholder of **PDZ Holdings Bhd**, has secured substantial shareholder status in **Fitters Diversified Bhd** as well. She raised her stake in Fitters Diversified to 8.0% or 186.9m shares, after acquiring 105.0m shares in the one-stop fire protection specialist on the open market on 28th June 2023. (The Edge)

Hiap Teck Venture Bhd's 27.3%-owned joint venture (JV) company, Eastern Steel Sdn Bhd (ESSB) has ignited its newly completed 1,380m³ blast furnace plant on 1st August 2023. The successful ignition of the new blast furnace, ESSB's production capacity will increase from the current 700,000 tonnes of steel slabs and billets to 2.7m tonnes annually. (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	0.735	-3.3%	On-going
2	SDS	26-Jul	0.665	0.705	0.735	0.795	0.620	0.615	0.615	-7.5%	Cut loss on 2-Aug
3	SCOMNET	2-Aug	1.370	1.480	1.550	1.650	1.290	1.280	1.340	-2.2%	On-going

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	0.355	0.0%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.870	18.4%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	0.945	16.0%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.110	1.0%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.100	4.8%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.200	-6.4%	On-going
7	SCICOM	4-Jul	1.170	1.360	1.450	1.110	1.070	1.040	1.160	-0.9%	On-going
8	SFPTECH	4-Jul	0.960	1.150	1.260	0.940	0.895	0.870	1.120	16.7%	On-going
9	TEOSENG	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	1.020	10.9%	On-going
10	UCHITEC	4-Jul	3.530	3.700	3.850	3.420	3.320	3.240	3.480	-1.4%	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	0.690	8.7%	On-going
13	YTLPOWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	1.450	10.7%	On-going
Average Return										7.1%	

Technical Focus Tracker Summary	
Total recommendations	345
Total winners	212
Total losers	133
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)	5.0%
Accuracy (2023)	60.0%
FBM KLCI (Since 30/12/2022)	-3.4%
FBM Small Cap (Since 30/12/2022)	3.3%
Malaysia GDP Growth (1Q23)	5.6%

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