

Weakness well cushioned

Market Review

Malaysia: The FBM KLCI (-0.2%) recovered mostly of its intraday losses to close mildly lower, on the back of the eleventh-hour buying support in selected Petronas-related heavyweights yesterday. The lower liners ended mixed, while the technology sector (+0.5%) outperformed the mostly negative sectorial peers.

Global markets: Wall Street remained volatile as the Dow (-0.2%) slipped amid the rout in bond markets steepened, whilst the US added 200,000 jobs last week; the slowest since end-2020. The European stockmarkets remained downbeat, while Asia stockmarkets ended mostly negative.

The Day Ahead

The FBM KLCI recorded its third day of losing streak accompanied by lower trading value, spooked by the renewed volatility on Wall Street overnight. We believe the local bourse performance may mirror the weaker sentiment from Wall Street and the regional markets. Nevertheless, investors may position themselves ahead of the Malaysia state elections and the August quarterly reporting season. Elsewhere, the focus may shift towards the release of unemployment data in the US tonight to provide further clues on the US Federal Reserve's next action. Commodities wise, the Brent crude oil rallied above USD85/bbl after OPEC and Russia committed to extend production cuts into September 2023, while the CPO hovered around RM3,900/MT.

Sector focus: Following the jump in crude oil prices, we reckon that the energy sector may outperform. We also continue to favour sectors that are defensive in nature such as REIT and utilities amid the renewed market volatility. The strong delivery of Proton sales may buoy the automotive sector.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI recovered most of its intraday losses to form a hammer candle as the key index defended the SMA200 level yesterday. Technical indicators were mixed as the MACD Histogram has turned negative, while the RSI remain above 50. 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	35,215.89	-0.19
S&P 500	4,501.89	-0.25
NASDAQ	13,959.71	-0.10
FBM KLCI	1,441.85	-0.19
FBM Small Cap	15,377.96	-0.21
FBM ACE	5,301.85	0.25
Construction	168.56	-0.20
Consumer	555.65	0.09
Energy	824.86	-0.91
Financial Services	16,062.97	-0.37
Healthcare	1,733.40	-0.50
Ind Products	165.83	0.04
Plantation	7,104.70	0.05
Property	766.30	-0.50
REITs	780.05	0.17
Technology	63.65	0.51
Telco & Media	581.19	-0.13
Transport	907.76	-0.45
Utilities	1,035.08	-0.04
Trading Vol (m)	2,939.54	5.06
Trading Val (RM m)	1658.05	(12.02)
Advance/Decline	72%	
FKLI	1,440.50	0.03
FCPO (RM)	3,848.00	0.63
Brent oil (USD)	85.14	2.33
Gold (USD)	1,934.06	(0.02)
USD	4.5553	(0.28)
GBP	5.7698	0.60
EURO	4.979	0.18
SGD	3.3935	0.09

Trading participation 5- day trend and value (m)	
Institution	Foreign
-247.5	269.5

Source: Bloomberg, Bursa Market Place

Company Brief

Kumpulan Kitacon Bhd has accepted a letter of award (LoA) worth RM62.3m from KL-Kepong Country Homes Sdn Bhd for construction work in Ijok, Selangor. The LoA, which was secured by its wholly-owned subsidiary, Kitacon Sdn Bhd, will entail the development of 128 units of two storey cluster houses, a guardhouse and TNB substation. The contract shall commence on 4th August 2023 and is to be completed within 18 months. (The Star)

Fraser & Neave Holdings Bhd's (F&N) 3QFY23 net profit increased 1.9% YoY to RM99.4m, driven by overall higher prices, margin and cost management, as well as contribution from Cocoland Holdings Bhd, which the group acquired in November 2022. Revenue for the quarter added 19.0% YoY to RM1.33bn. (The Edge)

Sunway Bhd's property arm, Sunway Property, announced that its wholly-owned subsidiary, Sunway Rawang City Sdn Bhd has acquired a 245.0-ac land in Kuang, Rawang for RM115.0m from Kauthar Equities Sdn Bhd. The acquisition and proposed development of the said land will be carried out via a joint venture with Amal Resources Sdn Bhd for a proposed industrial tech park comprising factories, warehouses and commercial components, carrying a gross development value of at least RM2.00bn. (The Edge)

Ge-Shen Corp Bhd is buying a controlling 60.0% equity interest in Kedah-based Kibaru Manufacturing Sdn Bhd (KMSB) for RM16.8m cash. This is in line with the group's objective of acquiring strategic stakes in companies involved in high value-added industries with potential for future growth. KMSB is involved in the manufacturing of and dealing in all kinds of rubber products and medical devices. (The Edge)

Sunview Group Bhd has aborted plans to venture into the biogas renewable energy industry after it terminated the proposed acquisition of Provectus Bioenergy Sdn Bhd. Sunview said the termination was due to the parties' inability to reach a consensus on the terms of the share sale agreement for the entire shareholding in Provectus Bioenergy. (The Edge)

Vinvest Capital Holdings Bhd, which has initiated a lawsuit over the alleged loss of its 17.8% stake (comprising 1.1.0bn shares worth RM23.2m) in **EA Holdings Bhd** (EAH), has included a 30-year-old stock market analyst from Ipoh as the second defendant in the suit. Vinvest claimed that EAH and the stock market analyst have fraudulently disposed of the 1.10bn shares without consent, and the company is seeking legal remedies to reclaim its ownership and seek compensation for the losses incurred. (The Edge)

QL Resources Bhd wholly-owned subsidiary, QL Oil Sdn Bhd (QLO), has commenced arbitration proceedings against 2 Indonesian firms to resolve disputes relating to a master joint venture agreement (MJVA) signed by the three parties in 2006. QLO filed the notice of arbitration against Hang Ting Pte Ltd (HT) and PT Pipit Citra Perkasa (PCP) at the Singapore International Arbitration Centre on 3rd August 2023. (The Edge)

Lingkar Trans Kota Holdings Bhd (Litrak) shares on the Main Market will be suspended with effect from 9th August 2023 to facilitate the implementation of the company's capital reduction and repayment exercise. The capital repayment involves a cash distribution of 50.63 sen for each share held, or a total sum of RM275.78m. Litrak's shares will continue to be suspended until the completion of the capital repayment followed by the delisting of its shares, after which Litrak intends to voluntarily wind-up the company. (The Edge)

Serba Dinamik Holdings Bhd's liquidator has called for a meeting with the group's creditors in October 2023 to provide a status update on the liquidation as well as to consider the appointment of a committee of inspection. Four separate meetings had been scheduled with the creditors of the group as well as the creditors of its subsidiaries Serba Dinamik Group Bhd, Serba Dinamik Sdn Bhd and Serba Dinamik International Ltd. (The Edge)

Former Sarawak state secretary Tan Sri Mohamad Morshidi Abdul Ghani has resigned from the board of **Bintulu Port Holdings Bhd** after serving as a non-independent and non-executive director for nearly 9 years. Datuk Amar Mohamad Abu Bakar Marzuki, the current Sarawak state secretary, is succeeding Mohamad Morshidi as non-independent and non-executive director with effect from 3rd August 2023. Bintulu Port also announced the resignation of Datuk Seri Mohamed Khalid Yusuf@Yusup as an independent and non-executive director in the group, effective from 21st July 2023. (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	0.730	-3.9%	On-going
2	SCOMNET	2-Aug	1.370	1.480	1.550	1.650	1.290	1.280	1.350	-1.5%	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	0.365	2.8%	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	0.930	14.1%	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	1.110	5.7%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.250	-4.3%	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	1.070	11.5%	On-going
9	TEOSENG	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	1.010	9.8%	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	0.950	6.7%	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	1.460	11.5%	On-going
Average Return										6.6%	

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)	-3.6%
FBM Small Cap (Since 30/12/2022)	3.0%
Malaysia GDP Growth (1Q23)	5.6%

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