

## Lively start to 2H23

### Market Review

**Malaysia:** The FBM KLCI (+1.4%) started off the month on a strong footing as the key index recouped all its previous session losses. The lower liners extended their gains, while the plantation sector (+1.9%) led the mostly positive sectorial peers after CPO prices rallied to the highest level since March 2023.

**Global markets:** Wall Street recovered all their intraday losses as the Dow (+0.03%) edged mildly higher ahead of the mid-week break after the ISM Manufacturing PMI in the United States contracted to 46 in June 2023; implies that monetary tightening may come to near a tipping point. The European stockmarkets, however, retreated, while Asia stockmarkets ended mostly upbeat.

### The Day Ahead

The FBM KLCI was powered sharply higher, approaching the 1,400 psychological level after foreign funds turned net buyer for the first time in 14 trading days. While yesterday's gains may provide room for further near-term upsides on the back of the healthier near-term outlook, we think the buying could still be selective after many of the heavyweights have made large strides. We believe that near term focus will be centred towards the state elections which will provide further impetus for the key index's as well as the lower liners recovery. Commodities wise, the Brent crude oil staged a mild pullback towards USD75, while the CPO price surged above RM3,900 following the smaller-than-expected soybean plantings in US.

**Sector focus:** The plantation sector is expected to head higher in tandem with the sharp rebound in CPO prices. We reckon that the technology sector may continue to leverage on the strong performance on Nasdaq overnight. Elsewhere, utilities sector will be supported by the moderating coal prices as we as recovery in business activities.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI formed a bullish candle to claw its ways back above daily EMA20 as the key index is now approaching 1,400. Technical indicators turned better as the MACD Histogram turned positive, while the RSI recovered above 50. The immediate resistances are envisaged along 1,413-1,430, while the support is pegged around 1,370.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,418.47	0.03
S&P 500	4,455.59	0.12
NASDAQ	13,816.77	0.21
FBM KLCI	1,395.89	1.40
FBM Small Cap	14,969.55	0.80
FBM ACE	5,115.58	0.94
Construction	162.88	0.44
Consumer	551.77	0.73
Energy	788.14	1.82
Financial Services	1,519.08	1.21
Healthcare	1,684.71	1.88
Ind Products	158.90	1.26
Plantation	6,827.48	1.92
Property	690.92	0.17
REITs	778.98	0.29
Technology	614.6	0.94
Telco & Media	584.47	1.11
Transport	907.11	-0.04
Utilities	991.57	1.21
Trading Vol (m)	2,613.62	(140)
Trading Val (RM m)	1504.00	(26.07)
Advance/Decline	102%	
FKLI	1,400.00	-
FCPO (RM)	3,948.00	(0.93)
Brent oil (USD)	75.41	(0.60)
Gold (USD)	1,921.64	0.00
USD	4.6665	-
GBP	5.9125	(0.28)
EURO	5.0821	(0.41)
SGD	3.4503	(0.30)

Trading participant	
Institution	Foreign
232.5	44.3
-276.9	

Source: Bloomberg, Bursa Market Place

## Company Brief

**Sunway Construction Group Bhd** (SunCon) has secured a RM253.0m contract from Sunway REIT Management Sdn Bhd for the refurbishment of the 4-storey shopping complex and one-storey cultural/commercial centre known as Sunway Carnival Mall in Seberang Jaya, Penang. The project is over 24 months from the date of commencement on 1st July 2023, and is expected to be completed by 30th June 2025. (The Star)

**UEM Group Bhd** is establishing a RM7.00bn sustainable and responsible investment sukuk programme to finance UEM Group's foray into green industries. The proceeds will be used to finance investments to be undertaken by its newly formed and wholly owned subsidiary UEM Lestra Bhd. Over the next 5 years, the company aims to grow its current assets in four sectors: renewable energy and storage, integrated energy solutions, green or electric mobility, and waste management and recycling. (The Edge)

**G Capital Bhd's** unit Northern Star Hydropower Sdn Bhd has inked a renewable energy power purchase agreement (REPPA) with **Tenaga Nasional Bhd** (TNB) for the 26.0-MW high-head small hydropower plants in Pahang. The REPPA with TNB will be for a period of 21 years from the commercial operation date, which is scheduled to start from 6th December 2027. (The Edge)

**Uzma Bhd** is looking to partner with **Malaysia Marine and Heavy Engineering Holdings Bhd** (MHB) to jointly provide services in the oil and gas (O&G) industry for select identified projects. Its unit Uzma Engineering Sdn Bhd has inked a memorandum of understanding (MOU) with MHB's unit Malaysia Marine and Heavy Engineering Sdn Bhd to explore potential collaborations, develop innovative solutions, and provide comprehensive services in the O&G industry. (The Edge)

**Tropicana Corp Bhd** has redeemed its Sukuk Wakalah Programme's RM465.5m tranche due on 30th June 2023. This Sukuk Wakalah Programme was part of the RM1.50bn Islamic Medium Term Notes Programme issued by the group. The group will continue to deliver sustainable earnings, backed by its solid RM2.10bn unbilled sales, ongoing property sales campaign, as well as improved performance from the group's property development, property investment, recreation and resort operations. (The Edge)

**Apex Equity Holdings Bhd** has appointed Norzilah Mohammed as an executive director effective 3rd July 2023. Norzilah, 58, had previously served as Export-Import Bank of Malaysia Bhd (EXIM Bank)'s president and chief executive officer (CEO) between March 2016 and March 2019. (The Edge)

**OCK Group Bhd** has appointed the son of its group managing director (MD) Ooi Chin Khoo as its executive director (ED), effective 1st July 2023. His 27-year-old son Inn Huei was appointed after OCK's former ED Chong Wai Yew, 53, resigned on 31st May 2023, due to a personal commitment. (The Edge)

**LFE Corp Bhd** is taking over the main building works of phase 2 of a mixed development in Damansara that comprises a serviced apartment and a SOHO block, with an office cum medical/health centre here for RM105.0m from its 51.0%-owned unit Cosmo Property Management Sdn Bhd. The job will now be undertaken by LFE's wholly owned LFE Engineering Sdn Bhd, which accepted the letter of acceptance from PD Ara Sdn Bhd for the project on 30th June 2023. The entire contract was originally valued at RM90.0m and awarded to Cosmo in November 2021. Meanwhile, the terms of the contract to Cosmo have now been revised to only the sub-structure works that include the piling, pile cap, secant piled wall, basement and associated works for RM34.6m. (The Edge)

**LYC Healthcare Bhd** has moved a step closer to realising the healthcare group's plan to list its unit LYC Medicare Singapore Ltd (LYC SG) on the Singapore Exchange (SGX). LYC SG has lodged its preliminary offer document with the Singapore Exchange Securities Trading Ltd, in connection with its proposed initial public offering (IPO) and listing on the Catalist Board of the SGX. (The Edge)

**Hextar Global Bhd's** unit is acquiring PHG Ever Fresh Group Sdn Bhd for a cash consideration of RM84.0m to venture into the durian wholesale business. Hextar Global 51.0%-owned subsidiary Hextar Fruits Sdn Bhd has entered into a share sale agreement with PHG Ever Fresh Group on 3rd July 2023 for the acquisition of 100.0% equity interest in 3 of its subsidiary companies, as well as a 55.0% equity interest in PHG Ever Fresh Plantation Sdn Bhd (PHG Plantation). (The Edge)

**Haily Group Bhd** has secured a RM53.8m contract to build residential units in Johor Bahru, bringing its year-to-date contact value of ongoing projects to RM713.6m. The group's wholly owned subsidiary Haily Construction Sdn Bhd secured the contract from Tasek Maju Realty Sdn Bhd to build 170 units of double-storey cluster houses in the Taman Mutiara Maju township. (The Edge)

**ITMAX System Bhd** has bagged a contract worth RM40.0m from Segamat Specialist Hospital Sdn Bhd (SSHSB) for the design and provision of smart healthcare systems services for a hospital in Johor. This project marks ITMAX's entry into the private sector, where it will also provide mechanical and electrical engineering works and smart systems for the hospital located in Segamat. (The Edge)

**Radium Development Bhd** unit has been granted an extension of time to submit its statement of defence in regards to the lawsuit filed by purchasers of its property development project in Bukit OUG, Kuala Lumpur. The suit's first case management was conducted on 3rd July 2023 and the High Court allowed the application by Radium's 80.0%-owned subsidiary, Vistarena Development Sdn Bhd, for an extension of time until 3rd August 2023 to file the statement of defence. (The Edge)

**WCT Holdings Bhd** is to acquire the remaining 49.0% stake in its joint venture with **TSR Capital Bhd's** wholly owned unit TSR Bina Sdn Bhd (TSRB) for RM1.5m. WCT, via its wholly-owned subsidiary WCT Bhd (WCTB) will assume full responsibility for the completion of the Merdeka 118 development project valued at RM676.8m. (The Edge)

**GUH Holdings Bhd** has announced that its subsidiary has reached an out-of-court settlement with a unit of **JAKS Resources Bhd** and a construction firm, over its payment claim for work undertaken as a sub-contractor. GUH's subsidiary Teknoserv Engineering Sdn Bhd had sued JAKS Sdn Bhd and KACC Construction Sdn Bhd (JAKS-KACC JV) following the termination of the sub-contract to construct a new network pumping station and demolition of existing sewerage treatment plants at Jinjang-Kepong, Kuala Lumpur. Teknoserv and JAKS-KACC JV have now agreed to settle amicably, all claims and disputes. Under the settlement, JAKS-KACC JV is to pay Teknoserv RM9.1m via 7 instalments. (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	KGB	19-Jun	1.530	1.570	1.630	1.700	1.430	1.420	1.500	-2.0%	On-going
2	YTLREIT	21-Jun	0.940	0.975	0.990	1.050	0.905	0.900	0.955	1.6%	On-going
3	MSC	26-Jun	2.050	2.170	2.330	2.500	1.900	1.890	2.020	-1.5%	On-going
4	JTIASA	28-Jun	0.685	0.710	0.740	0.800	0.645	0.640	0.710	3.6%	Take profit at R1 on 3-Jul
5	CAPITALA	3-Jul	0.800	0.855	0.880	1.000	0.750	0.745	0.810	1.3%	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%	Initiate position
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.735	0.0%	Initiate position
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	0.815	0.0%	Initiate position
4	MCEMENT	4-Jul	3.090	3.320	3.500	2.880	2.700	2.640	3.090	0.0%	Initiate position
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.050	0.0%	Initiate position
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.350	0.0%	Initiate position
7	SCICOM	4-Jul	1.170	1.360	1.450	1.110	1.070	1.040	1.170	0.0%	Initiate position
8	SFPTECH	4-Jul	0.965	1.150	1.260	0.940	0.895	0.870	0.965	0.0%	Initiate position
9	TEOSENG	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	0.920	0.0%	Initiate position
10	UCHITEC	4-Jul	3.520	3.700	3.850	3.420	3.320	3.240	3.520	0.0%	Initiate position
11	WASCO	4-Jul	0.895	0.985	1.100	0.860	0.810	0.785	0.895	0.0%	Initiate position
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.635	0.0%	Initiate position
13	YTLPOWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	1.310	0.0%	Initiate position
Average Return										0.0%	

Technical Focus Tracker Summary	
Total recommendations	339
Total winners	208
Total losers	131
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)	4.3%
Accuracy (2023)	59.2%
FBM KLCI (Since 30/12/2022)	-6.7%
FBM Small Cap (Since 30/12/2022)	0.3%
Malaysia GDP Growth (1Q23)	5.6%

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