

Downside well cushioned

Market Review

Malaysia: The FBM KLCI (-0.2%) edged mildly lower on minor profit taking activities in selected Petronas-related and banking heavyweights yesterday. Despite the positive market breadth, the lower liners finished mixed. Meanwhile the property sector (+0.9%) led the mixed sectorial peers.

Global markets: Wall Street was closed in conjunction with the Independence Day public holiday, while futures market is pointing towards slightly weaker opening. The European stockmarkets ended mostly in red after the Eurozone's inflation increased 5.5% YoY in June 2023; still well above European Central Bank's 2.0% target, while Asia stockmarkets finished mixed.

The Day Ahead

The FBM KLCI shrugged off most of its intraday losses as profit taking activities emerged after a brief rebound last week. We reckon that further recovery is in store with the key index looking to take another jab towards 1,400. The lower liners may continue to capitalise onto the calmer market condition on the back of rotational play. Meanwhile, investors' attention may shift towards the upcoming FOMC minutes meeting mid-week to provide further clues over the pace of future interest rate hikes. Commodities wise, the Brent crude oil tipped above USD76 on expectations of further production cuts in anticipation of slower demand from China, while the CPO price maintained above RM3,900.

Sector focus: The energy sector may take cue from the stability in crude oil prices. We continue to favour the technology sector that is riding onto the recovery wave, tracking the positive developments on Nasdaq recently. Meanwhile, the telecommunications & media sector may be boosted by CelcomDigi's launch of MY5G Series to accelerate 5G adoption.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI formed a doji candle to pare some of the previous session sharp gains. Still, the key index maintained its position above EMA20. Technical indicators turned mixed as the MACD Histogram extended another positive bar, but the RSI slipped below 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	1392.49	-0.24
FBM Small Cap	15,078.84	0.73
FBM ACE	5,094.87	-0.40
Construction	164.22	0.82
Consumer	549.18	-0.47
Energy	792.41	0.54
Financial Services	15,483.17	-0.22
Healthcare	1679.48	-0.31
Ind Products	158.80	-0.06
Plantation	6,829.74	0.03
Property	697.02	0.88
REITs	776.40	-0.33
Technology	6178	0.52
Telco & Media	584.93	0.08
Transport	907.11	0.00
Utilities	990.00	-0.16
Trading Vol (m)	2,601.10	(0.48)
Trading Val (RM m)	1560.34	3.75
Advance/Decline	102%	
FKLI	1398.50	0.11
FCPO (RM)	3,936.00	1.36
Brent oil (USD)	76.25	2.14
Gold (USD)	1925.48	0.20
USD	4.6502	0.35
GBP	5.9047	0.13
EURO	5.0681	0.28
SGD	3.4473	0.09

Trading participant	Institution	Foreign
	225.5	57.3
		-282.9

Source: Bloomberg, Bursa Market Place

Company Brief

Jaya Tiasa Holdings Bhd (JTH) is acquiring a 55.0% stake in Wealth Houses Development Sdn Bhd (WHD), which owns a 5,967-ha piece of leasehold land in Sarawak, for RM52.3m. WHD entered into a joint venture agreement (JVA) in July 2004 and a supplementary in January 2023 with Erajaya, a wholly-owned subsidiary of JTH, to jointly develop the said land into oil palm plantation. The proposed acquisition will result in JTH a controlling interest in WHD which owns the said land. (The Star)

SkyWorld Development Bhd, en-route to its Main Market listing on 10th July 2023 posted a net profit of RM58.2m for 4QFY23. Revenue for the quarter stood at RM226.0m. A first interim dividend of 3.0 sen per share, payable on 22nd September 2023 was declared. (The Edge)

Farm Fresh Bhd, in response to unusual market activity (UMA) query from Bursa Malaysia after its shares hit a record low for the third consecutive trading day, clarified that its exposure to falling milk production is lesser in Australia, as compared to Australia's Bega Group, which sources 100.0% of its milk requirement from Australian farmers. The heavy selling pressure comes after Bega Group warned that it could be facing a non-cash impairment of between AUD180.0m-AUD280.0m (RM559.5m-RM870.3m) due to a decline in milk production volumes and rising dairy ingredient prices. (The Edge)

TWL Holdings Bhd has decided to scrap its plans to jointly develop a residential and/or commercial development in Klang, Selangor, with LJ Development (KL) Sdn Bhd. TWL wholly owned subsidiary Kejuruteraan TWL Sdn Bhd and LJ Development had mutually agreed to terminate the memorandum of understanding that both parties had entered into in June 2017. (The Edge)

Hextar Technologies Solutions Bhd (HexTech) is set to leave its warehousing segment upon completion of the proposed land sales that will enable the company to raise RM78.3m in cash to expand its technology businesses. The group will continue mainly with its logistics, trading and technology and other businesses, such as its insurance agency and investment holding. The lands will be disposed of to two entities, namely **SWS Capital Bhd** and Hextar Holdings Sdn Bhd, which are partly owned by its controlling shareholder Datuk Eddie Ong. (The Edge)

Central Global Bhd's unit had signed a collaboration agreement with the Kedah state government to develop a mixed project with a gross development value of RM42.3m at Pendang, Kedah. Its wholly owned sub-sub-subsidiary Central Global Development Sdn Bhd signed the agreement with Menteri Besar Kedah Inc's wholly owned subsidiary Permodalan Kedah Bhd. The project, which spans 11.7-ac of leasehold land, is expected to be completed within 5 years. (The Edge)

CK Capital Group Bhd's executive chairman Clement Hii purchased a 5.2% stake in the property developer for RM50.0m, raising his total stake in the group to 57.0%. The Sarawakian tycoon's vehicle Hiichiikok Equities Sdn Bhd purchased 25.8m shares on 30th June 2023 at RM1.935 apiece, which amounts to RM50.0m based on back-of-the-envelope calculations. (The Edge)

Bioalpha Holdings Bhd's founder, managing director and chief executive officer William Hon Tian Kok has emerged as a substantial shareholder of loss-making **BTM Resources Bhd**. Hon acquired 60.5m shares via off-market trade on 30th June 2023 for approximately RM5.4m. The purchase brings Hon's total shareholding to 95.6m shares, which represents a 7.6% direct stake in the company. (The Edge)

Datasonic Group Bhd's former deputy managing director Chew Ben Ben has ceased to be a substantial shareholder of the integrated information and communications technology solutions provider, after he transferred 14.6m shares or a 0.5% stake to his family, including his wife, in the past week. On 30th June 2023, Ben Ben transferred a block of 3.6m shares to his wife Zhao Tong. He transferred another block of 9.0m shares on 3rd July 2023, as well as 2.0m shares on 4th July 2023, to an unnamed family member. Following the transfer, Ben Ben has trimmed his stake in Datasonic to 0.3% from 5.3%. (The Edge)

Computer Forms (M) Bhd has appointed Datuk Rahim Suboh as an independent and non-executive director effective 4th July 2023. Rahim currently serves as a director of ACE Money Exchange Sdn Bhd and an independent director of ACE Investment Bank Ltd. He also serves as a director of Timbunan Pelangi (M) Sdn Bhd and Nik Hussain Holdings Sdn Bhd, as well as an adviser to Auto Mastercop Sdn Bhd's board. (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	1.480	-3.3%	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	2.000	-2.4%	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	0.795	-0.6%	On-going
6	ECA	5-Jul	0.920	0.955	1.000	1.130	0.825	0.820	0.920	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	0.355	0.0%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.740	0.7%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	0.815	0.0%	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	1.070	1.9%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.400	2.1%	On-going
7	SCICOM	4-Jul	1.170	1.360	1.450	1.110	1.070	1.040	1.170	0.0%	On-going
8	SFPTECH	4-Jul	0.960	1.150	1.260	0.940	0.895	0.870	1.000	4.2%	On-going
9	TEOSENG	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	0.920	0.0%	On-going
10	UCHITEC	4-Jul	3.530	3.700	3.850	3.420	3.320	3.240	3.500	-0.8%	On-going
11	WASCO	4-Jul	0.890	0.985	1.100	0.860	0.810	0.785	0.885	-0.6%	On-going
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.680	7.1%	On-going
13	YTLPOWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	1.270	-3.1%	On-going
Average Return										1.0%	

Technical Focus Tracker Summary	
Total recommendations	340
Total winners	207
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)	3.9%
Accuracy (2023)	56.0%
FBM KLCI (Since 30/12/2022)	-6.9%
FBM Small Cap (Since 30/12/2022)	1.0%
Malaysia GDP Growth (1Q23)	5.6%

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