

## Further pullback in store

### Market Review

**Malaysia:** The FBM KLCI (-0.3%) recorded its third losing streak as profit taking activities escalated within more than two-thirds of the key index components. The lower liners also staged a pullback, while the telecommunications & media sector (-1.1%) underperformed the mostly negative sectorial peers.

**Global markets:** Wall Street extended its decline as the Dow (-1.1%) faltered after the strong private payrolls data quashed expectations of a potential interest rate cut in 2023. The European stockmarkets remained downbeat, while Asia stockmarkets finished mostly negative.

### The Day Ahead

The FBM KLCI failed to gain momentum despite Bank Negara Malaysia keeping the OPR unchanged at 3.0%. We reckon that the downward bias trading tone may linger over the foreseeable future as investors may keep their hands off until further clarity after the 6 states election on 12<sup>th</sup> of August. Also, the resumption of selling activities from foreign funds and the weakness in ringgit against major currencies continues to dampen the trading interest. On the global front, we reckon that the emergence of profit taking activities with sentiment turning weaker may see negative performances permeating towards the local markets. Commodities wise, the Brent crude oil steadied above USD76, while the CPO price ticked slightly below RM3,900.

**Sector focus:** The defensive-related sectors such as REIT, utilities and healthcare may take the spotlight on the back of the renewed volatility. The property sector may breathe a sigh of relief following Bank Negara's move to stay pat on OPR decision. Meanwhile, the technology sector may stage further pullback, taking cue from the weakness on Nasdaq overnight.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI drifted further below EMA20 after hovering in the negative territory throughout the session yesterday. Technical indicators were mixed as the MACD Histogram formed another positive bar, while the RSI hovered 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	33,922.26	-1.07
S&P 500	4,411.59	-0.79
NASDAQ	13,679.04	-0.82
FBM KLCI	1,385.95	-0.28
FBM Small Cap	15,090.91	-0.40
FBM ACE	5,136.55	-0.56
Construction	164.14	-0.43
Consumer	546.29	-0.05
Energy	792.16	-0.75
Financial Services	15,474.20	0.06
Healthcare	1,687.70	0.36
Ind Products	157.86	-0.70
Plantation	6,861.37	-0.79
Property	704.77	0.53
REITs	778.19	0.37
Technology	614.4	-0.41
Telco & Media	573.23	-1.07
Transport	898.90	-0.78
Utilities	988.48	-0.33
Trading Vol (m)	2,454.74	(3.43)
Trading Val (RM m)	1648.83	8.19
Advance/Decline	102%	
FKLI	1,378.00	(0.36)
FCPO (RM)	3,881.00	(0.77)
Brent oil (USD)	76.65	(0.12)
Gold (USD)	1,910.90	(0.01)
USD	4.6605	(0.18)
GBP	5.9329	(0.31)
EURO	5.0621	0.12
SGD	3.4475	(0.20)

Trading participant	Institution	Foreign
	199.1	65.3
		-264.4

Source: Bloomberg, Bursa Market Place

## Company Brief

**Catcha Digital Bhd** has announced the formation of a new business unit called i-Gov that specifically focused on working to develop technology solutions and software for the Malaysian government and the public sector. i-Gov would look to acquire existing software providers to the Malaysian Government and enhance their capabilities and services as well as engage directly with the government on new initiatives and projects designed to advance the government's technology agenda. (The Star)

**Mah Sing Group Bhd** will be developing a mixed residential development named M Zenya in Kepong, with a total estimated gross development value (GDV) of about RM500.0m. M Zenya will be developed under an unincorporated joint venture (JV) agreement with landowner Liberty Triangle Sdn Bhd, in which Mah Sing's wholly owned unit Star Residence Sdn Bhd will be paying a total JV consideration of RM85.3m, comprising a landowner's entitlement of RM70.0m and a fixed guaranteed return of RM15.3m. Mah Sing will be granted sole development right, and have full control of the management and operation of the project. (The Edge)

**Heitech Padu Bhd** has secured 2 contract extensions from the Road Transport Department (JPJ) amounting to an additional contract value of RM54.3m. Both contracts have been extended for 12 months, commencing 1st May 2023 until 30th April 2024. The first contract is for the maintenance and technical support services for the Mainframe system software, with an additional value of RM27.0m, while the second contract is for the information and communications technology (ICT) infrastructure and mySIKAP system maintenance and technical support, worth RM27.3m. (The Edge)

**Aneka Jaringan Holdings Bhd's** wholly owned subsidiary Aneka Jaringan Sdn Bhd bagged a RM22.2m contract from Coneff Corporation Sdn Bhd to build over 1,000 units of Rumah Wilayah Keluarga Malaysia in Sungei Besi, Kuala Lumpur. The project involves construction works including earthworks, piling, pile caps works, and retaining walls for two blocks of the affordable homes. (The Edge)

**MN Holdings Bhd's** unit Mutu Nusantara Sdn Bhd had accepted a letter of award from Rentak Segar Sdn Bhd to act as a sub-contractor for works on an AirTrunk data centre in Johor, worth RM11.2m. The project is set to commence immediately and is targeted for completion by November 2023. (The Edge)

**Revenue Group Bhd** is seeking an extension till up to March 2024 to hold its 2023 annual general meeting (AGM), and has sought approval from the Companies Commission of Malaysia (CCM) to do so under Section 340 of the Companies Act 2016. However, the cashless payment solution provider, which last held its AGM on 6th December 2022, did not specify any reason for the extension. (The Edge)

**Sarawak Consolidated Industries Bhd** (SCIB) has announced that its FY23 will be negatively impacted, should a full impairment pertaining to final claims, worth RM18.7m, from a contract termination involving civil servant housing development works in Perak, be made. The final claims from the termination, amounting to some RM18.72 m stated in the settlement agreement signed between the two parties, has not been impaired. (The Edge)

**Landmarks Bhd** wholly owned unit Andaman Resort Sdn Bhd has received a notice of appointment of receiver and manager by OCBC Bank (Malaysia) Bhd, after it failed to repay on its financing facilities totalling RM133.4m within the stipulated time. OCBC has appointed Khoo Siew Kiat and Lim Keng Peo of Deloitte Restructuring Services PLT as the joint and several receivers and managers over the assets and undertakings of Andaman Resorts. (The Edge)

**Sersol Bhd** has been served with a court order that restrains its executive chairman cum managing director, chief executive officer, an executive director and 5 independent directors, from exercising their powers. The ad-interim order issued by the High Court is valid until 17th July 2023, when an injunction application is fixed for hearing and an originating summons is fixed for case management.

Separately, Sersol has received a notice of termination of a joint venture (JV) agreement from Thailand's private jet charter services provider MJets Ltd. Both parties entered into a heads of agreement (HOA) to form a 50:50 JV company that offers aircraft charter services, ground handling services, aircraft management and bring in a new fleet of private jets into Malaysia and Indonesia. The termination was due to the failure on the part of the parties to perform the business scope, as stated in the JV agreement. (The Edge)

**Muar Ban Lee Group Bhd** has announced the demise of founder and executive chairman Datuk Chua Ah Ba @ Chua Eng Ka at age 77. The late Ah Ba owned a direct stake of 0.8% and an indirect stake of 37.7% through his private vehicle MBL Realty Sdn Bhd. His son Datuk Chua Heok Wee, who is the managing director of the group and holds a 0.1% direct stake in the company. (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	1.450	-5.2%	Closed at cut-off on 6-Jul
2	YTLREIT	21-Jun	0.940	0.975	0.990	1.050	0.905	0.900	0.975	3.7%	Take profit at R1 on 6-Jul
3	MSC	26-Jun	2.050	2.170	2.330	2.500	1.900	1.890	2.130	3.9%	On-going
4	CAPITALA	3-Jul	0.800	0.855	0.880	1.000	0.750	0.745	0.835	4.4%	On-going
5	ECA	5-Jul	0.935	0.955	1.000	1.130	0.825	0.820	0.910	-2.7%	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	0.740	0.7%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	0.860	5.5%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.220	4.5%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.080	2.9%	On-going
6	RCECAP	4-Jul	2.350	2.500	2.600	2.220	2.120	2.070	2.350	0.0%	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	1.040	8.3%	On-going
9	TEOSENG	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	0.960	4.3%	On-going
10	UCHITEC	4-Jul	3.530	3.700	3.850	3.420	3.320	3.240	3.470	-1.7%	On-going
11	WASCO	4-Jul	0.890	0.985	1.100	0.860	0.810	0.785	0.890	0.0%	On-going
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.640	0.8%	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										1.6%	

Technical Focus Tracker Summary	
Total recommendations	340
Total winners	209
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)	4.8%
Accuracy (2023)	60.0%
FBM KLCI (Since 30/12/2022)	-7.3%
FBM Small Cap (Since 30/12/2022)	1.1%
Malaysia GDP Growth (1Q23)	5.6%

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