

Marred by quick profit taking

Market Review

Malaysia: The FBM KLCI (-0.1%) recorded its fourth day losing streak, dragged by quick profit taking activities in selected index heavyweights in the eleventh trading hour. The lower liners, however, rebounded, while the broader market closed mostly positive, led by the energy sector (+3.0%) after crude oil prices rallied.

Global markets: Wall Street remained downbeat as the Dow (-0.6%) fell after the ISM Non-Manufacturing PMI rose to 4 months high at 56.9 in August 2022; reinforcing the hawkish stance from the US Federal Reserve. The European stock markets, however, edged mildly higher, while Asia stock markets ended mixed.

The Day Ahead

The FBM KLCI extended its' losing streak for the fourth straight session as final hour profit-taking activities dragged the key index lower. Global markets outlook remained uncertain amid growing investors' fear on aggressive interest rate hike following a stronger economic data in the US, as well as a resurgence in China's Covid-19 stringent measures. Commodities wise, the crude oil price staged a pullback, trading around USD92, while the crude palm oil traded around RM3,800.

Sector focus: Although bargain hunting activities were noticed on the technology counters yesterday, downside risk remain in place amid the extended downtrend on Wall Street Nasdaq. Besides, the decline in crude oil price could weigh on the energy sector. Nevertheless, we believe solid consumer stocks, as well as banking sector should remain stable.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI marked a fourth straight session decline as the key index turned negative in the final hour of trading. Technical indicators remained negative as the MACD Histogram extended a negative bar, while the RSI hovered below 50. Resistance is pegged along 1,510-1,530, while the support is located at 1,465-1,480.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	31,145.30	-0.55
S&P 500	3,908.19	-0.41
NASDAQ	11,544.91	-0.74
FBM KLCI	1,488.27	-0.10
FBM Small Cap	14,320.27	0.83
FBM ACE	4,800.39	0.85
Construction	157.87	1.08
Consumer	571.88	-0.70
Energy	721.44	2.96
Financial Services	16,734.89	-0.21
Healthcare	1,550.90	0.89
Ind Products	183.63	1.30
Plantation	7,029.31	0.40
Property	650.47	-0.08
REITs	788.88	-0.52
Technology	62.90	1.40
Telco & Media	592.31	1.00
Transport	812.67	0.78
Utilities	874.08	0.15
Trading Vol (m)	2,190.74	5.04
Trading Val (RM m)	1,654.75	32.19
Advance/Decline	138%	
FKLI	1,474.00	-0.10
FCPO (RM)	3,800.00	0.08
Brent oil (USD)	92.83	-3.04
Gold (USD)	1,702.14	-0.48
USD	4.4985	-0.14
GBP	5.207	-0.84
EURO	4.4765	-0.44
SGD	3.2025	-0.22
Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
-105.3	21.5	83.8

Source: Bloomberg, Bursa Market Place

Company Brief

UWC Bhd's 4QFY22 net profit grew 53.8% YoY to RM30.1m, mainly driven by the developments in the semiconductor industry. Revenue for the quarter added 61.3% YoY to RM103.1m. A dividend of 2.91 sen per share, payable on 5th October 2022 was declared. (The Star)

Mestron Holdings Bhd (MHB) has secured another RM13.0m worth of orders under the Digital Nasional Bhd (DNB) and Universal Service Provision (USP) projects. These orders are in addition to the RM17.5 m worth of orders secured from the national digital infrastructure plan, Jalinan Digital Negara (JENDELA) back in June 2022. The new orders secured are expected to be fulfilled within the next 6 months. (The Star)

HSS Engineers Bhd's associate SMHB Sdn Bhd has accepted a letter of appointment (LOA) from Pengurusan Aset Air Bhd (PAAB) to be the engineering consultant providing engineering services for the proposed study and construction of a new water treatment plant and upgrading of water systems in Batu Pahat, Johor. SMHB would commence the 72-month contract in September 2022 for a total contract sum of RM11.6m. The LOA with PAAB brings HSS's current orderbook to RM1.50bn to be recognised in the next 5-8 years. (The Star)

Boustead Heavy Industries Corp Bhd (BHIC) has announced that the group will not be penalised for mismanagement and irregularities related to the troubled littoral combat ship (LCS) project. BHIC controls a 27.8% stake in Boustead Naval Shipyard Sdn Bhd (BNS), the Defence Ministry's contractor for the construction of 6 frigates under the LCS programme. (The Edge)

Cycle & Carriage Bintang Bhd (CCB) has submitted an application to Bursa Malaysia Securities Bhd for the proposed withdrawal of its listing on the local bourse. The submission was made following the closing of the unconditional voluntary takeover offer by Jardine Cycle & Carriage Ltd, which owned an 90.0% stake (90.7m shares) in CCB as of 25th August 2022. (The Edge)

Destini Bhd's indirect subsidiary, Destini Shipbuilding and Engineering Sdn Bhd (DSBE), has been served with a winding-up petition from the government, after it failed to pay RM6.2m of a settlement payment proposal to the Inland Revenue Board (IRB). Destini is in negotiation with the IRB and will submit a payment settlement proposal. (The Edge)

Lagenda Properties Bhd's wholly-owned unit, Blossom Eastland Sdn Bhd, has entered into a joint venture with Kumpulan Hartanah Selangor Bhd, a wholly-owned subsidiary of the Selangor government, to develop a 191-ac. plot of development land into the first large-scale landed affordable township within the state known as Bernam Jaya. The development marks the group's first foray into Selangor and marks its presence in another state after Perak, Kedah, Johor and Pahang. (The Edge)

Solarvest Holdings Bhd has established a subsidiary, Vestech Energy Sdn Bhd to focus on providing solar solutions to the residential segment, in an effort to enhance the solar adoption rate among homeowners. Through the unit, it has launched 6 EcoHome solar plans with solar system sizes ranging from 4.5-12.6kWp that are tailored for landed houses and homeowners with average monthly electricity bills starting from RM300 and above. (The Edge)

KKB Engineering Bhd has secured a letter of subcontract work to build a proposed glove factory in the Petchem Industrial Park, Tanjung Kidurong, Bintulu, Sarawak (Sarawak Medical Innovation and Technology Hub), as well as a purchase order for the C14 RQ cylinders and C14 compact valve from MyGaz Sdn Bhd. The combined total contract sum for the above-mentioned contracts is worth RM17.0m. (The Edge)

Brite-Tech Bhd's wholly-owned subsidiary Brite-Tech Corp Sdn Bhd is acquiring a piece of agriculture land in Kapar, Klang from a unit of **Sime Darby Property Bhd**, Sime Darby Property (Bukit Raja) Sdn Bhd, for RM16.5m. The acquisition represents an opportunity for the group to accumulate strategic industrial land for property investment and development purposes. (The Edge)

SMRT Holdings Bhd's wholly-owned subsidiary Strategic Ambience Sdn Bhd has entered into a sale and purchase agreement with Koperasi NLFCS Bhd to acquire 8 adjoining units of four-storey terrace shops and office properties located in Kota Kinabalu, Sabah for RM14.7m, partly for future rental income and potential capital appreciation. (The Edge)

PPB Group Bhd has announced that 80.0%-owned subsidiary FFM Bhd has secured a one-month extension to submit its written representation to the Malaysia Competition Commission (MyCC) to 21st October 2022 in response to the proposed decision on the poultry feed price-fixing allegations it faces. (The Edge)

T7 Global Bhd has appointed Tan Kay Zhuin as its group CEO effective 5th September 2022, who has been mandated by T7 Global to further enhance the energy solutions provider's synergies, business efficiencies and corporate governance, to boost its position as a highly respected and professionally managed organisation. (The Edge)

Maxis Bhd has appointed Jennifer Wong as its new chief financial officer, effective 3rd October 2022. She succeeds Wayne Treeby, whose service contract expires at the end of September 2022. Wong, who has more than 20 years of experience in accounting, controlling, financial and operations management, as well as business planning and analysis, was previously the CFO of **Celcom Axiata Bhd**. (The Edge)

Majuperak Holdings Bhd clarified that the garden leave accorded to its outgoing group CEO cum executive director Nizran Noordin is based on a mutual agreement between the board and Nizran. Nizran has been on garden leave since 2nd September 2022, to clear his leave balance before his contract ends on 31st October 2022, and to facilitate the transition to a new leadership team. (The Edge)

Genting Plantations Bhd has invested in a joint control stake in Green World Genetics Sdn Bhd to support its joint collaboration with the latter to establish Malaysia as an important regional seed hub and beyond that, to address the issue of national food security through the development of new crop varieties. (The Edge)

Iskandar Waterfront City Bhd has reported that its external auditors, Messrs Ernst & Young PLT (EY), have resigned. The group has adhered to good corporate governance by revisiting the appointment of its auditor from time to time. The property developer received the notice in writing from EY to resign on a voluntary basis on 6th September 2022, and the auditor's term of office will end 21 days from 27th September 2022. (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	WELLCAL	24-Aug	1.230	1.290	1.380	1.500	1.180	1.170	1.250	1.6%	On-going
2	TGUAN	29-Aug	2.580	2.840	2.900	2.980	2.520	2.510	2.550	-1.2%	On-going
3	SLVEST	1-Sep	0.735	0.815	0.855	0.970	0.675	0.670	0.750	2.0%	On-going
4	ABMB	5-Sep	3.630	3.750	3.820	4.000	3.480	3.470	3.630	0.0%	On-going
5	VIS	7-Sep	0.740	0.780	0.810	0.870	0.695	0.690	0.740	0.0%	Initiate position

3Q22 Stock Picks											
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	UWC	1-Jul	3.260	3.890	4.180	-	3.230	2.850	4.000	22.7%	On-going
2	DUFU	1-Jul	2.840	3.100	3.280	-	2.750	2.600	2.760	-2.8%	On-going
3	DAYANG	1-Jul	0.965	1.100	1.140	-	0.940	0.880	1.140	18.1%	On-going
4	GASMSIA	1-Jul	3.010	3.220	3.300	-	2.970	2.850	3.550	17.9%	On-going
5	PTRANS	1-Jul	0.770	0.860	0.905	-	0.725	0.680	0.870	13.0%	On-going
6	SYSCORP	1-Jul	0.410	0.445	0.470	-	0.375	0.340	0.750	82.9%	On-going
7	PWROOT	1-Jul	1.700	1.830	1.920	-	1.630	1.550	2.000	17.6%	On-going
8	GCB	1-Jul	2.510	2.710	2.800	-	2.460	2.380	2.290	-8.8%	On-going
9	QL	1-Jul	5.210	5.710	5.920	-	5.230	5.050	5.010	-3.8%	On-going
10	AMBANK	1-Jul	3.720	3.980	4.110	-	3.620	3.450	4.040	8.6%	On-going
Average Return										16.6%	

Technical Focus Tracker Summary	
Total recommendations	257
Total winners	155
Total losers	100
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	75.8%
Accuracy (2022)	58.3%
FBM KLCI (Since 31/12/2021)	-4.6%
FBM Small Cap (Since 31/12/2021)	-9.2%
Malaysia GDP Growth (1H22)	6.9%