

## Rebounded above the significant 1,450

### Market Review

**Malaysia:** The FBM KLCI (+0.40%) ended higher, driven by buying support in selected financial and energy heavyweights, despite the softer regional and global markets' performance. The leading sector was the Energy sector (+1.38%) mainly due to firmer crude oil prices.

**Global markets:** Wall Street closed lower with the renewed concern over the Federal Reserve's interest rate policy direction, and whether policymakers will enact another hike this year. European stock markets ended lower after German manufacturing data fell more-than-expected, while the Asian markets ended mixed.

### The Day Ahead

After a sharp sell down, buying support re-emerged and we noticed the FBM KLCI rebounded, thanks to the banking and energy index members. Also, we believe the surge in the oil price has lifted the sentiment in Malaysia. However, with the negative tone on Wall Street following the concerns over a potential hike this year, coupled with the slowdown in manufacturing activities in Germany, profit taking activities may spillover and limits the upside potential on the local front. Commodities wise, the Brent crude oil stayed firmly above the USD90/bbl level, while the CPO prices continued to consolidate below the RM4,000/MT level.

**Sector focus:** Despite the weaker performance on Wall Street, the news on the "breakthrough" of 5G processor used in Huawei's latest smartphone could provide some catalysts towards the technology sector on the local front, especially those that are linked with China. Meanwhile, we still favour the O&G sector due to the strong Brent oil prices. Also, we believe traders may lookout for value and defensive counters under this uncertain environment.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI had bullish candlestick after a significant selldown two trading days ago. The technical readings on the key index remained positive with the MACD Histogram extended a positive bar, while the RSI has rebounded, maintaining above 50. The resistance is located around 1,465-1,470, while the support is set around 1,430-1,440.

**Research Team**  
[research@msec.com.my](mailto:research@msec.com.my)  
(603) 2201 2100

### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,443.19	-0.57
S&P 500	4,465.48	-0.70
NASDAQ	13,872.47	-1.06
FBM KLCI	1460.62	0.40
FBM Small Cap	1,185.97	0.42
FBM ACE	5,229.92	0.40
Construction	180.84	0.79
Consumer	559.45	0.44
Energy	865.03	1.38
Financial Services	1,492.53	0.36
Healthcare	1677.82	1.21
Ind Products	173.46	0.36
Plantation	6,858.96	-0.46
Property	868.08	1.36
REITs	774.91	0.14
Technology	63.66	0.08
Telco & Media	583.08	0.63
Transport	937.77	0.57
Utilities	1,131.38	0.96
Trading Vol (m)	4,177.45	2.09
Trading Val (RM m)	2,228.80	(10.92)
Advance/ Decline	46%	
FKLI	1437.00	(0.14)
FCPO (RM)	3,872.00	(0.23)
Brent oil (USD)	90.60	0.62
Gold (USD)	1916.56	0.07
USD	4.6757	(0.22)
GBP	5.8697	(0.23)
EURO	5.0167	(0.08)
SGD	3.4334	(0.18)

Trading participation 5- day trend and value ('m)

Institution	Foreign
157.2	- 69.6
	- 87.6

Source: Bloomberg, Bursa Market Place

## Company Brief

**Pelikan International Corp Bhd** is to hold its extraordinary general meeting on Sept 20 for shareholders to vote on the disposal of the company's stake in German-based stationery producer and distributor Pelikan Group GmbH to Holdham SAS for €136m (RM695.44m) cash, as well as distribution of part of the disposal consideration to its shareholders via capital reduction cum repayment. The capital reduction cum repayment will involve the cancellation of RM452.4m of its issued capital, and the proceeds arising from the cancellation will be used to repay shareholders by way of a cash distribution of 75 sen per share. (The Edge)

**Eco World Development Group Bhd** is acquiring 403.78 acres of land in Senai, Johor, to develop a business park to be known as Eco Business Park VI, for RM211.07m cash. EcoWorld Malaysia said the land acquisition, earmarked with development carrying an estimated gross development value of RM1.58bn, will allow the group to solidify its growing industrial market share further and strengthen its competitive position in Iskandar Malaysia. (The Edge)

**YTL Hospitality Real Estate Investment Trust (YTL Hospitality REIT)** is acquiring Hotel Stripes Kuala Lumpur, Autograph Collection for RM138m cash, in a related party transaction. Upon completion of the proposed acquisition, the hotel will be leased back to Hotel 25 for an initial term of 15 years, with an option granted to renew the lease for an additional 15 years. This move is a part of the REIT's investment strategy and portfolio expansion. (The Edge)

E-business solutions and cybersecurity company **Systech Bhd** has received a notice of an unconditional mandatory takeover offer for the company at 22 sen per share from founder and CEO of IT solutions provider MDT Innovations Sdn Bhd and chairman cum CEO of Nasdaq-listed Evergreen Corp Liew Choon Lian and his private vehicle Smartpro Capital Sdn Bhd. Liew has proposed to acquire all remaining shares amounting to a 47.75% stake in the company not already owned by him and persons acting in concert – JCap Sdn Bhd, Sun Jianwei and Hooi Jia Hao. The offer price of 22 sen per share is 41.33% lower than Systech's last traded price of 37.5 sen at market close on Wednesday. (The Edge)

Khazanah Nasional Bhd has disposed of RM444.27m worth of shares in **CIMB Group Holdings Bhd** and **Tenaga Nasional Bhd (TNB)**. The sovereign wealth fund offloaded 62m shares or a 0.58% stake in CIMB on Tuesday, paring its stake in the bank to 23.01% or 2.45bn shares at RM5.85 per share, totalling RM346.27m. A day prior, Khazanah Nasional sold 10m shares or a 0.17% stake in TNB at RM9.80 apiece or a cumulative RM98m. (The Edge)

**Stella Holdings Bhd** has secured loan facilities of up to RM101m from **AmBank (M) Bhd**, which includes a term loan of up to RM100m to partially finance the group's acquisition of construction firm Pembinaan Teguh Maju Sdn Bhd for RM380m. The second loan facility of up to RM1m will be used to finance the reducing term assurance/level term assurance/keyman insurance premium, to cover the life of the group's directors, key management, shareholders and appointed nominees. Any unutilised portion of the loan will be cancelled. (The Edge)

Information technology firm **Edaran Bhd** has secured a contract worth RM44.02m from a unit under the Malaysian Administrative Modernisation and Management Planning Unit in the Prime Minister's Department, to undertake comprehensive maintenance and support services for infrastructure equipment that supports MyGovCloud@PDSA data services. The contract will commence on Sept 6 for a period of 48 months. (The Edge)

**Perak Corp Bhd** has denied the allegations of fraud and non-disclosure of land assets by Paramount Grace Sdn Bhd director Paramjit Singh Gurbachan Singh, calling them malicious and unsubstantiated. The company has lodged a police report in relation to the allegations and is also seeking legal advice over the allegations and inaccurate statements made by Paramjit. Paramount Grace is one of Perak Corp's creditors and in mid-December 2020 was included in the creditors scheme of arrangement after Perak Corp fell into Practice Note 17 in February 2020. It was awarded a contract for mechanical and electrical works at Movie Animation Park Studios, operated by Animation Theme Sdn Bhd, in which Perak Corp via PCB Development Sdn Bhd has a 51% stake. (The Edge)

Chemical manufacturing group **Ancom Nylex Bhd** is teaming up with MIMOS Bhd and German crop protection and fertiliser group HELM AG to apply digital agriculture solutions through SKYFLD, a digital agriculture platform. Ancom Nylex said SKYFLD is HELM AG's precision farming platform, which enables farmers to map their fields and monitor crop health using satellite data. It said this data is used to improve yields by targeting fertiliser and crop treatments. (The Edge)

**Impiana Hotels Bhd** has appointed Datuk Seri Lee Hock Seng as its executive director effective Wednesday, and will subsequently designate Lee as its deputy executive chairman. Lee and his spouse Datin Seri Joanne Yew Hong Im are currently the group's largest substantial shareholders, with 120.8m shares or a 19.9% stake. Lee, a Malaysian businessman and philanthropist, is the founder and group chairman of HYM Group, and trustee of the LWC Foundation. (The Edge)

Over a month after completing a private placement exercise earlier this year, **Aneka Jaringan Holdings Bhd** has proposed to undertake another such cash call to raise RM15.51m to fund its ongoing construction projects. The company said RM15.32m is to be utilised for working capital for ongoing projects, while the remaining RM190,000 will be set aside for the exercise's expenses. In July, Aneka Jaringan completed a private placement involving the issuance of 59.25m to raise RM9.94m, also mainly to fund working capital for its projects. The company noted that in the 4QFY2023, it had secured three new projects with a cumulative value of RM225.16m – raising the total project value secured in FY2023 to RM346.09m. (The Edge)

**Paramount Corp Bhd** said it expects to report stronger earnings for 2HFY2023, driven by new launches and ongoing efforts to improve its return on assets. The group, which recorded property sales of RM617m in 1HFY2023, has planned property launches worth RM700m in gross development value for 2HFY2023, on the back of stronger product offerings and recovering demand for home buying.

For 1HFY2023, Paramount's net profit jumped by more than 2.5 times to RM35.69m, against RM14.13m for the same period a year ago, driven by improvements recorded by the core business of property development. Revenue stood at RM436.11m, against RM370.48m for 1HFY2022, with strong contributions from property projects in Penang, Kedah and Selangor. (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	SCOMNET	2-Aug	1.370	1.480	1.550	1.650	1.290	1.280	1.290	-5.8%	Closed at cut off period
2	HARBOUR	9-Aug	1.170	1.240	1.290	1.350	1.120	1.110	1.180	0.9%	Closed at cut off period
3	MCEMENT	16-Aug	3.370	3.500	3.600	3.800	3.100	3.090	3.500	3.9%	Take profit at R1 on 17-Aug

## Market Chat Tracker

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	0.300	-15.5%	On-going
2	CARIMIN	4-Jul	0.735	0.775	0.835	0.705	0.660	0.640	0.895	21.8%	On-going
3	ECOWLD	4-Jul	0.815	0.900	0.950	0.790	0.750	0.735	1.020	25.2%	On-going
4	MCEMENT	4-Jul	3.080	3.320	3.500	2.880	2.700	2.640	3.660	18.8%	On-going
5	OSK	4-Jul	1.050	1.150	1.200	1.040	0.995	0.970	1.250	19.0%	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	1.140	-2.6%	On-going
8	SFPTECH	4-Jul	0.960	1.150	1.260	0.940	0.895	0.870	1.010	5.2%	On-going
9	TEOSEN	4-Jul	0.920	1.000	1.050	0.880	0.820	0.800	1.060	15.2%	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	0.990	11.2%	On-going
12	WCEHB	4-Jul	0.635	0.730	0.820	0.610	0.545	0.535	0.655	3.1%	On-going
13	YTLPWR	4-Jul	1.310	1.450	1.600	1.250	1.150	1.120	2.090	59.5%	On-going
Average Return										12.3%	

Technical Focus Tracker Summary	
Total recommendations	347
Total winners	214
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)	4.8%
Accuracy (2023)	61.4%
FBM KLCI (Since 30/12/2022)	-2.3%
FBM Small Cap (Since 30/12/2022)	8.5%
Malaysia GDP Growth (1H23)	4.2%

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