

## Extended profit taking

### Market Review

**Malaysia:** The FBM KLCI (-0.4%) remained downbeat, dragged by the extended profit taking in two-thirds of the key index components. The lower liners also declined, while the broader market finished mostly in red with the industrial products & services sector (-0.7%) underperformed.

**Global markets:** Wall Street ended mixed as the Dow (+0.1%) crept higher, but the S&P 500 and Nasdaq shed 0.1% each on weakness in Nvidia Corp (-6.3%) and concerns over rising risk of earnings forecast cut. The European stock markets rebounded, while the Asia stock markets finished mixed.

### The Day Ahead

The FBM KLCI finished lower on the back of cautious undertone ahead of the US inflation data that will be released on the 10<sup>th</sup> of August. Given the market has rallied over the past two months, investors will be staying sidelines and monitor closely on the CPI data in order to decide on the market directions as well as the FOMC's interest rate decision moving forward. Also, the development of China's aggressive drills near Taiwan, may pose downside risk to the stock markets. Nevertheless, investors may start to position themselves ahead of the earnings season. Commodities wise, the Brent oil rebounded mildly above the USD96 per barrel mark, while the CPO price hovered above RM4,000.

**Sector focus:** The technology sector may come under pressure following the sell-down on Wall Street's ship giants after Nvidia's weaker-than-expected revenue. Meanwhile, investors may shift the stance towards defensive sectors such as the consumer, banking, REIT and utilities ahead of the upcoming earnings season.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI fell for the second session and closed marginally below the key 1,500 level. Technical indicators have turned weaker with MACD Histogram heading closer to zero, while the RSI is hooking downwards. The support is set at 1,460-1,480, while the resistance is pegged around 1,530-1,550.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	32,832.54	0.09
S&P 500	4,140.06	-0.12
NASDAQ	12,644.46	-0.10
FBM KLCI	1,496.03	-0.37
FBM Small Cap	14,377.48	-0.49
FBM ACE	4,855.66	-0.38
Construction	159.45	0.41
Consumer	575.30	-0.43
Energy	652.53	-0.08
Financial Services	16,652.78	0.14
Healthcare	1,707.66	-0.36
Ind Products	182.63	-0.73
Plantation	7,121.13	-0.06
Property	642.58	0.46
REITs	813.20	-0.17
Technology	66.66	-1.17
Telco & Media	582.41	-0.20
Transport	806.20	-0.32
Utilities	849.21	0.26
Trading Vol (m)	2,192.58	-16.13
Trading Val (RM m)	1,327.05	-18.09
Advance/ Decline	7%	
FKLI	1,497.50	0.23
FCPO (RM)	4,047.00	-0.59
Brent oil (USD)	96.65	1.82
Gold (USD)	1,788.96	0.76
USD	4.4585	-0.18
GBP	5.3892	0.39
EURO	4.5426	0.21
SGD	3.2316	0.16

Trading participation 5-day trend and value (m)

Institution	Retail	Foreign
-285.1	-54.9	341.0

Source: Bloomberg, Bursa Market Place

## Company Brief

Tan Sri Quek Leng Chan is weighing options for his stake in **Hong Leong Bank Bhd**, including a merger, in a move that could trigger wider consolidation in the sector. Quek, 80, is also exploring the possibility of reducing his stake in the Malaysian lender. Conglomerate **Hong Leong Financial Group Bhd**, controlled by Quek, holds a 62.0% stake in Hong Leong Bank, the country's fourth-largest lender. (The Star)

**Yinson Holdings Bhd** has signed a memorandum of understanding (MoU) with GoCar Mobility Sdn Bhd to provide charging infrastructure facilities and solutions, along with customer care services to GoCar users. Under the agreement, Green EV Charge will provide access to chargEV's charging infrastructure to GoCar's fleet of electric vehicles (EVs) through chargEV's mobile app. Users will also be able to charge their EV and monitor the charging status via the app, plus benefit from chargEV's comprehensive customer care services. (The Star)

**Southern Cable Group Bhd** has proposed a bonus issue of up to 400.0m warrants, on the basis of 1 warrant for every 2 existing ordinary shares held. The proposal entailed the issuance of 5-year warrants, with an option for holders to exercise 1 warrant into 1 new ordinary share of Southern Cable. The corporate exercise is subject to shareholders' approval during an extraordinary general meeting to be convened, following which the entitlement date of the warrants and its actual exercise price would be determined at a later date. (The Star)

**Malayan Flour Mills Bhd** has denied that its partially-owned Dindings Poultry Development Centre Sdn Bhd is part of any cartel or involved in price fixing with the companies recently named by the Malaysia Competition Commission on 5th August 2022. (The Edge)

**FGV Holdings Bhd** has formed a joint-venture company to develop an integrated dairy farm business in Chuping, Perlis. Its wholly-owned subsidiary FGV Integrated Farming Holdings Sdn Bhd had entered into a conditional shareholders agreement with Qatar-incorporated Baladna for Trading and Investment W.L.L, and Touch Group Holdings Sdn Bhd.

Meanwhile, FGV is venturing into native chicken feed production from rice byproducts, under a collaboration with Padiberas Nasional Bhd, to reduce Malaysia's dependence on imported chicken feed and cut prices of the product in the country. (The Edge)

Shareholders of **Gamuda Bhd** and **Lingkar Trans Kota Holdings Bhd** (Littrak) have given the go-ahead for the disposal of 5 Klang Valley highway concession holding companies, namely Kesas Holdings Bhd, Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd, Lingkar Trans Kota Sdn Bhd, and Projek Smart Holdings Sdn Bhd – to Amanat Lebuhraya Rakyat for an aggregate RM4.48bn. (The Edge)

Shareholders of **Scomi Energy Services Bhd** have given the go-ahead for the disposal of its oilfield services business division for RM21.0m. The approved disposal consists of 100.0% equity interest in Scomi Oilfield Ltd, together with 9 of its subsidiaries. (The Edge)

**Teladan Setia Group Bhd**, whose share price climbed to a record high last Friday, has told Bursa Malaysia that it is not aware of any corporate development that would have caused the unusual market activity. (The Edge)

**KSL Holdings Bhd** is buying 84.0-ac of land in Johor Bahru from **Tropicana Corp Bhd** for RM109.9m. The land in Pulau will be used for landed property development, noting that the purchase will enhance the group's presence in the property market in Johor. (The Edge)

**Hextar Industries Bhd** is buying a 100.0% stake in a fertiliser manufacturing business from its major shareholder Hextar Holdings Sdn Bhd for RM480.0m, which will be settled by an issuance of new shares. Hextar Industries will issue 1.60bn new shares at 30 sen each to Hextar Holdings for the acquisition of Hextar Fertilizers Ltd, which is involved in manufacturing, formulation, distribution and trading of a wide range of fertilisers. (The Edge)

**Fonmetall Group Bhd** plans to dispose of its 51.0% stake in glove company Lienteh Technology Bhd for RM35.7m, amid the tough business environment in the glove industry. The disposal plan was made after demand for gloves and price pressure caused some of Lienteh's customers to cancel current purchase contracts or negotiate new ones, as well as reduce orders. (The Edge)

**Stella Holdings Bhd**, through its wholly-owned subsidiary Mewah Kota Sdn Bhd, has accepted a RM33.9m contract to improve the water distribution system in Johor from Pengurusan Aset Air Bhd. (The Edge)

**Berjaya Assets Bhd** has announced that its wholly-owned subsidiary Berjaya Bright Sdn Bhd has disposed of a total of 24.5m ordinary shares, representing about 0.4% equity interest in **Berjaya Corp Bhd** (BCorp) for a total cash consideration of RM5.6m or RM0.23 per share. (The Edge)

**PLS Plantations Bhd** has inked a memorandum of understanding with the Ministry of Agriculture and Food Industries to work on a proposal for the National Food Security Policy. (The Edge)

**G Neptune Bhd**'s proposal to change its name to Southern Score Builders Bhd has been approved by the Companies Commission of Malaysia. The change of name is now subject to the approval of its shareholders at an extraordinary general meeting to be held at a later date. (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
2	HARBOUR	25-Jul	1.070	1.150	1.240	1.430	1.010	1.000	1.100	2.8%	On-going
4	MTAG	3-Aug	0.500	0.520	0.540	0.560	0.445	0.440	0.505	1.0%	On-going
5	GCB	8-Aug	2.440	2.540	2.610	2.990	2.270	2.260	2.350	-3.7%	On-going

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	3.920	20.2%	On-going
2	DUFU	1-Jul	2.840	3.100	3.280	-	2.750	2.600	3.100	9.2%	On-going
3	DAYANG	1-Jul	0.965	1.100	1.140	-	0.940	0.880	0.950	-1.6%	On-going
4	GASMSIA	1-Jul	3.010	3.220	3.300	-	2.970	2.850	3.260	8.3%	On-going
5	PTRANS	1-Jul	0.770	0.860	0.905	-	0.725	0.680	0.820	6.5%	On-going
6	SYSCORP	1-Jul	0.410	0.445	0.470	-	0.375	0.340	0.415	1.2%	On-going
7	PWROOT	1-Jul	1.700	1.830	1.920	-	1.630	1.550	1.730	1.8%	On-going
8	GCB	1-Jul	2.510	2.710	2.800	-	2.460	2.380	2.350	-6.4%	On-going
9	QL	1-Jul	5.210	5.710	5.920	-	5.230	5.050	5.180	-0.6%	On-going
10	AMBANK	1-Jul	3.720	3.980	4.110	-	3.620	3.450	3.880	4.3%	On-going
Average Return										4.3%	

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Technical Focus Tracker Summary	
Total recommendations	248
Total winners	150
Total losers	98
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	58.4%
Accuracy (2022)	58.7%
FBM KLCI (Since 31/12/2021)	-4.6%
FBM Small Cap (Since 31/12/2021)	-8.8%
Malaysia GDP Growth (1Q22)	5.0%