

## Upsides Resume

### Market Review

**Malaysia:** The FBM KLCI (+1.3%) recovered some of its previous session slump as bargain hunting kicked in alongside with gains across regional markets, whilst the higher commodity prices (both the crude oil and crude palm oil) and the stronger ringgit also shored up the sentiment. The lower liners advanced, while all 13 major sectors finished higher yesterday.

**Global markets:** US stockmarkets extended their gains as the Dow rose 2.0% boosted by the solid retail sales data that rose 17.7% MoM that is well above the 8.0% MoM forecast by economists. Both the European and Asia markets also marched higher taking cue from gains on Wall Street.

### The Day Ahead

Tracking the gains on Wall Street overnight, we see stocks across Bursa Malaysia to trend higher as investors resume their quest on their streak of recovery. Should the 1,500 level continues to hold, we see more upsides supported by the higher commodity prices. The widely positive sentiment also suggest that buying support remains on the table over the foreseeable future.

**Sector focus:** Following yesterday's call on the energy sector which has outperformed its peers (+5.6%) yesterday, we continue to think that the higher Brent oil prices that is hovering around the US\$40 bbl may trigger firmer trading interest within the energy sector, while number forecast operators may also tick higher on their resumption of operations following three-month long closure.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI has gapped up to form a bullish harami candle rebounding off the EMA20 level and subsequently closed marginally above the SMA200 yesterday. The recovery also sent the local bourse to re-capture the 1,500 psychological level. Amid the abated selling activities and the 1,500 level being surpassed again, we think that further nibbling will take place over the near term. For the time being, we think that gains will be capped towards the 1,590 with the interim resistance at 1,550. Downside risk is pegged at the 1,500, followed by 1,490.

*Disclaimer: This report is prepared exclusively for Malacca Securities Sdn Bhd's (MSSB) clients and is not intended to be distributed to any other party in any form or manner. All information, assumptions, estimates and opinions contained in this report is based on available data and the information is believed to be reliable at the time of writing. MSSB and/or its associated persons does not warrant, represent and/or guarantee the accuracy of any opinions and information herein in any manner whatsoever and no reliance upon the report and/or any parts thereof by anyone shall give rise to any claim whatsoever against MSSB. This report is for information purposes only and shall not be construed as an offer, invitation or solicitation to buy or sell the securities or any related investment or financial instruments mentioned in this report. MSSB and/or its associated persons may from time to time have an interest in the securities mentioned herein.*

**Research Team**  
[research@msec.com.my](mailto:research@msec.com.my)  
(603) 22012100

### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	26,289.98	2.04
S&P 500	3,124.74	1.90
NASDAQ	9,949.37	1.76
FBM KLCI	1517.71	1.26
FBM Small Cap	11,966.10	4.26
FBM ACE	5,897.13	6.24
Construction	174.13	0.47
Consumer	564.70	1.43
Energy	794.44	5.56
Financial Services	13,081.12	0.73
Healthcare	2,276.40	3.09
Ind Products	135.77	2.36
Plantation	6,747.03	0.95
Property	642.08	2.23
REITs	886.42	0.83
Technology	40.49	4.30
Telco & Media	624.36	2.54
Transport	69151	3.58
Utilities	96180	1.59
Trading Vol (m)	7,966.07	-12.14
Trading Val (RM m)	4,136.34	-22.22
Advance/Decline	166	
FKLI	1518.50	1.57
FCPO (RM)	2,356.00	2.75
Brent oil (USD)	40.96	3.08
Gold (USD)	1,727.24	0.07
USD	4.2745	0.05
GBP	5.3711	0.58
EURO	4.8172	0.53
SGD	3.0669	0.19

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
122.3	423.6	-545.9

Source: Bloomberg, Bursa Market Place

## Company Brief

**Green Packet Bhd** is acquiring technology firm Xendity Pte Ltd for US\$10.0m (RM43.0m), as part of its move to strengthen its digital identity verification services. Singapore-based Xendity, which has significant operations in Malaysia and making inroads into Indonesia, specialises in identity verification processes using e-KYC (electronic know your customer) technology.

Green Packet will initially pay US\$1.5m (RM6.4m) in cash and issue new ordinary shares worth US\$4.0m (RM17.0m). Over the next two years, Green Packet will pay up to US\$4.5m (RM19.0m) via new shares and these payments will be based on Xendity meeting stipulated key performance targets. (The Star)

**Boustead Heavy Industries Corporation Bhd's** (BHIC) indirect subsidiary, Boustead DCNS Corp Sdn Bhd (BDNC) was awarded a one-year contract worth RM154.3m by the Defence Ministry (Mindef) to provide in-service support for the Royal Malaysian Navy's submarines. The one-year contract is effective 1st January 2020. (The Star)

**Allianz Malaysia Bhd's** 1QFY20 net profit fell 19.6% YoY to RM79.5m, due to a swing from investment-related gains to losses. Revenue for the quarter, however, rose 10.4% YoY to RM1.48bn. (The Edge)

**KNM Group Bhd** has landed a RM73.1 m contract to supply a heat exchanger for a petrochemical project in China. The contract awarded by China Petroleum Materials Company Ltd is for the CNPC Jieyang–Refining Chemical Integration PJ project. (The Edge)

**Vsolar Group Bhd** is looking into developing a large-scale solar facility under the Energy Commission's LSS@MenTARI programme. The group plans to bid for a quota under the programme, with the support of Mattan Engineering Sdn Bhd as the engineering, procurement, construction and commissioning partner to develop the project. (The Edge)

Brahmal Vasudevan, the founder and chief executive officer of private equity firm Creador, has increased his stake in **OpenSys (M) Bhd**. Brahmal has been increasing his stake in the financial solutions group over the last two days. A filing showed that Brahmal's total stake in the group has risen to 7.1%, after acquiring 1.5m new shares indirectly. This comprises a 0.7% direct stake and a 6.4% indirect stake via Alaka Holdings Ltd, a British Virgin Islands-incorporated firm linked to Brahmal. (The Edge)

**Hengyuan Refining Company Bhd's** 1QFY20 net loss stood at RM124.1m vs. a net profit of RM21.6m recorded in the previous corresponding quarter as it was impacted by low refining margins following a sudden drop in global oil prices, while demand was impacted by the pandemic outbreak. Revenue for the quarter fell 13.8% YoY to RM2.55bn. (The Edge)

**YTL Corp Bhd's** 3QFY20 net profit dropped 65.6% YoY to RM29.5m mainly due to the impact of the Covid-19 pandemic which affected some of its business segments such as hotels. Revenue for the quarter, however, rose 11.6% YoY to RM4.81bn. (The Edge)

**XOX Bhd** has teamed up with DGB Networks Sdn Bhd to form a 50:50 net profit sharing partnership for the media management and advertising platform that will

result from the national deployment of DGB Networks' next generation artificial intelligence (AI) vending machines. Under the agreement, XOX will provide connectivity of these machines to contribute to the seamless creation of a stable digital advertising network. (The Edge)

**GDB Holdings Bhd** is tendering for RM2.80bn worth of building construction and piling projects throughout Malaysia. The construction tender book as at today amounted to RM2.40bn, comprising residential, mixed developments and offices. Meanwhile, the piling and substructure segment, via subsidiary GDB Geotechnics Sdn Bhd, had tendered for RM400.0m worth of jobs. (The Edge)

**Petra Energy Bhd** has bagged a technical service contract from Petronas to provide services for the latter's oil field worth an estimated US\$40.0m (RM170.8m). The group wholly-owned subsidiary Petra Energy Development Sdn Bhd, on behalf of Petronas, will provide services to operate and maintain the Banang field. (The Edge)

**Komarkcorp Bhd** plans to invest up to RM20.0m to venture into face mask manufacturing. The group will raise the money via a private placement of up to 30.0% of its issued shares as well as internally generated funds and bank borrowings. The group plans to utilise the money on 30 production lines for the manufacturing of particularly the KN95 and three-ply masks with annual production capacity of up 120.0m and 522.0m pieces, respectively, within 24 months. (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	KKB	10-Jun	1.820	1.910	2.010	2.200	1.700	1.690	1.690	-7.1%	Cut los on 15-Jun
2	CMSB	10-Jun	1.690	1.880	2.090	2.300	1.620	1.610	1.610	-4.7%	Cut los on 15-Jun
3	POHKONG	11-Jun	0.475	0.570	0.600	0.705	0.460	0.450	0.475	0.0%	On-going
4	TOMEI	11-Jun	0.470	0.545	0.570	0.600	0.425	0.420	0.430	-8.5%	On-going
5	COMFORT	15-Jun	2.930	3.420	3.670	4.210	2.630	2.590	2.590	-11.6%	Cut los on 15-Jun
6	RUBEREX	15-Jun	3.140	3.880	4.200	4.540	2.660	2.650	2.990	-4.8%	On-going
5	HIBISCS	17-Jun	0.655	0.720	0.790	0.880	0.575	0.570	0.655	0.0%	Initiate position
6	UZMA	17-Jun	0.610	0.695	0.755	0.805	0.550	0.540	0.610	0.0%	Initiate position

### Portfolio Summary

Total recommendations	6
Total winners	-
Total losers	3
Portfolio performance	-6.1%
Portfolio performance (year-to-date)	-6.1%
Accuracy	0%
FBM KLCI (Since 10th June 2020)	-3.6%
FBM Small Cap (Since 10th June 2020)	-3.2%