

Consolidation In Place

Market Review

Malaysia: Tracking the gains on Wall Street overnight, the FBM KLCI (+0.6%) extended its gains after enduring a choppy trading session yesterday. Much of the gains were boosted by selected telco heavyweights as well as Genting-related heavyweights following the announcement of cost reduction measures through trimming of head counts. The lower liners also extended their gains, while broader market ended mostly higher yesterday.

Global markets: US stockmarkets snapped a three-day winning streak as the Dow fell 0.6% amid the lingering concern over the rising Covid-19 cases in several states in US and China. Elsewhere, both the European and Asia markets also ended mostly higher yesterday.

The Day Ahead

It was another sound performance on the local bourse as market players continue to build-up onto their positions following the recent volatility. For now, we expect the nibbling to continue, allowing the key index to trade in a consolidation manner following the recent pullback. Any gains, however, may be tempered by new clusters of Covid-19 infections coupled with the geopolitical tension between India and China as well as South Korea and North Korea.

Sector focus: We see plantation stocks to make a comeback as crude palm oil prices held steady above the RM2,300 per tonne level, while there were no compensation costs for the deferment of High Speed Rail (HSR) project till 31st December 2020 is an indirect boon for construction players to potentially keep their projected margins intact.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI managed to form a hammer candle after recovering all its intraday losses as the key index is now re-testing the daily EMA9 level. With the 1,500 level continues to hold, we think that upsides are still in the cards, allowing the key index to re-test the immediate resistance at 1,550, followed by 1,590. On the flipside, should the support is located at 1,490 should the 1,500 level fails to defend.

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
(603) 22012100

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	28,119.61	-0.65
S&P 500	3,183.49	-0.36
NASDAQ	9,982.48	0.33
FBM KLCI	1528.32	0.57
FBM Small Cap	12,102.82	1.14
FBM ACE	5,980.18	1.41
Construction	175.98	1.06
Consumer	569.66	0.88
Energy	798.35	0.24
Financial Services	1328.45	1.05
Healthcare	2,274.10	-0.10
Ind Products	186.18	0.27
Plantation	6,775.04	0.42
Property	64,172	-0.06
REITs	888.82	0.27
Technology	4,124	1.85
Telco & Media	638.03	2.19
Transport	690.11	-0.20
Utilities	95,101	-1.12
Trading Vol (m)	7,545.56	-5.28
Trading Val (RM m)	3,819.01	-7.67
Advance/Decline	0.64	
FKLI	1519.50	0.07
FCPO (RM)	2,361.00	0.21
Brent oil (USD)	40.71	-0.61
Gold (USD)	1,728.12	0.06
USD	4.283	-0.14
GBP	5.3739	0.53
EURO	4.8175	0.56
SGD	3.0708	0.08

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
193.6	437.1	-630.7

Source: Bloomberg, Bursa Market Place

Company Brief

Sarawak Consolidated Industries Bhd's (SCIB) 1QFY20 net profit jumped 162.5% YoY to RM4.2m on the back of higher orderbook. Revenue for the quarter surged 197.6% YoY to RM51.8m. (The Star)

MSM Malaysia Holdings Bhd (MSM) has secured 200,000 tonnes of sugar products export and is now targeting to increase sales penetration and boost exports up to 350,000 tonnes of sugar products for FY20. This is expected to contribute close to RM600.0m in revenue to the group. (Bernama)

Eversendai Corp Bhd is proposing to issue 390.6m new free warrants on the basis of one warrant for every two existing ordinary shares. The price of the initial three-year warrant exercise has been fixed at 32 sen per warrant. From the third anniversary date up to one market day prior to the fourth anniversary date, the 1st step-up warrant exercise price has been fixed at 38 sen per warrant. From the 4th anniversary date up to the maturity date of the warrants, the 2nd step-up warrant exercise price has been fixed at 45 sen per warrant. The entitlement date will be determined and announced during the company's upcoming annual general meeting. (The Edge)

Genting Malaysia Bhd (GENM) is cutting 3,000 jobs. The company, which had more than 20,000 employees in 2019, had offered pay cuts earlier this year as part of the first group-wide salary cut since conglomerate **Genting Bhd** was founded in 1965. Separately, GENM's hilltop casino will resume operations on 19th June 2020 after being shut for three months due to the Movement Control Order. (The Edge)

Duopharma Biotech Bhd has unveiled its strategies moving forward include expanding its consumer healthcare (CHC) product portfolio and diversifying into high-value biologicals and niche products. Duopharma's strong performance was largely driven by the group's Flavettes Effervescent vitamin C product, which had rapidly become the bestseller among immune-boosting products. (The Edge)

MRCB-Quill Real Estate Investment Trust's (MQREIT) 1QFY20 net property income climbed marginally by 1.3% YoY to RM32.8m, thanks to higher revenue generated from Menara Shell, Wisma Technip and Tesco. Revenue for the quarter rose 1.2% YoY to RM42.2m. (The Edge)

TRC Synergy Bhd has secured a subcontract worth RM114.0m to build Sungai Buloh-Serdang-Putrajaya Mass Rapid Transit Line 2 (MRT2 SSP) elevated stations. TRC Synergy unit Trans Resources Corp Sdn Bhd accepted the contract award dated 16th June 2020. (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	2.860	-8.9%	On-going
7	HIBISCS	17-Jun	0.650	0.720	0.790	0.880	0.575	0.570	0.670	3.1%	On-going
8	UZMA	17-Jun	0.615	0.695	0.755	0.805	0.550	0.540	0.625	1.6%	On-going

Portfolio Summary

Total recommendations	8
Total winners	-
Total losers	3
Portfolio performance	-4.5%
Portfolio performance (year-to-date)	-4.5%
Accuracy	0%
FBM KLCI (Since 10th June 2020)	-3.1%
FBM Small Cap (Since 10th June 2020)	-2.1%