

Signs of rebound

Market Review

Malaysia: It was another soft performance on the FBM KLCI (-0.4%) as the key index recorded its third straight losing streak after hovering mostly in the negative territory yesterday. The lower liners, however, rebounded, while the broader market closed on a mixed note with the technology sector (+1.3%) taking the lead on the winners list.

Global markets: US stockmarkets advanced as the Dow (+0.3%) recovered all its previous session losses, while both the S&P 500 (+1.0%) and Nasdaq (+1.7%) finished at another fresh record high powered by gains in technology and e-commerce shares, coupled with the falling trend in number of new Covid-19 cases in US as well as optimism over the signs of positive progress of potential vaccine. European closed higher, while Asia stockmarkets ended mixed.

The Day Ahead

After three consecutive days of pullback, we think bargain hunting activities may emerge, albeit at a mild level to provide some support to the local bourse. Still, the barrage of sluggish corporate earnings may cap further gains from the recovery. Meanwhile, we see the stocks that delivered stronger-than-expected corporate earnings to keep trading activities at a healthy level.

Sector focus: We see the rotational play shifting towards the technology sector again premised to the solid demand overtime and record closing in Nasdaq overnight. There also signs of recovery amongst the glove and glove-related stocks as bargain hunting activities take precedence amidst the recent volatility.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI extended its losses as the key index retreated towards the daily EMA60 level before finding some stability, forming a hammer candle. Although the downward bias consolidation is still prevalent, recovery is in the cards with the 1,580 serving as the immediate resistance, followed by 1,600. Downside risk is now supported at 1,540, followed by 1,515. Indicators remain weak with the MACD Line below the zero level, while the RSI remains below 50.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	28,331.92	0.30
S&P 500	3,478.73	1.02
NASDAQ	11,971.94	2.13
FBM KLCI	1,549.58	-0.35
FBM Small Cap	13,780.97	1.10
FBM ACE	11,185.85	2.72
Construction	159.31	0.89
Consumer	574.67	-0.13
Energy	801.63	1.07
Financial Services	12,834.76	-0.61
Healthcare	4,188.24	0.98
Ind Products	140.65	0.05
Plantation	7,033.99	-0.60
Property	644.94	0.54
REITs	850.39	0.38
Technology	56.42	1.27
Telco & Media	593.18	0.67
Transport	678.86	-0.01
Utilities	968.25	0.47
Trading Vol (m)	12,124.36	18.58
Trading Val (RM m)	6,183.97	-18.94
Advance/Decline	170	
FKLI	1549.00	-0.51
FCPO (RM)	2,645.00	1.15
Brent oil (USD)	45.64	-0.48
Gold (USD)	1,954.46	1.36
USD	4.1702	-0.04
GBP	5.4842	-0.32
EURO	4.9255	0.12
SGD	3.0483	-0.10

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
156.5	452.0	-608.5

Source: Bloomberg, Bursa Market Place

Company Brief

IJM Corp Bhd's 1QFY21 net profit declined 97.9% YoY to RM1.3m as construction revenue plunged due to the movement control order (MCO) during the quarter. Revenue for the quarter dropped 43.0% YoY to RM879.8m. (The Star)

Genting Plantations Bhd's 2QFY20 net profit grew 9.1% to RM22.6m on higher palm product selling prices despite lower fresh fruit bunches production. Revenue for the quarter rose 2.5% YoY to RM544.3m. (The Star)

AirAsia X Bhd's (AAX) 2QFY20 net loss widened to RM305.2m, from a net loss of RM207.1m recorded in the previous corresponding quarter as the airline bore the full brunt of travel restrictions implemented to curb the Covid-19 pandemic. Revenue for the quarter shrank 90.9% YoY to RM91.4m. (The Edge)

AMMB Holdings Bhd's 1QFY21 net profit dropped 6.7% YoY to RM365.2m on lower net interest and Islamic banking income amid Covid-19-driven uncertainties. Revenue for the quarter fell 7.5% YoY to RM2.21bn. (The Edge)

QL Resources Bhd's 1QFY21 net profit edged up 0.6% YoY to RM50.9m as its performance was largely lifted by its improved marine product manufacturing and palm oil activities (POA) segments. Revenue for the quarter, however, slid 2.3% YoY to RM970.2m. (The Edge)

UOA Development Bhd's 2QFY20 net profit fell 81.5% to RM23.2m as it was affected by the Movement Control Order (MCO). Revenue for the quarter dropped 59.0% YoY to RM140.9m. (The Edge)

Power Root Bhd's 1QFY21 net profit dropped 11.9% YoY to RM10.7m due to lower local sales, coupled with impairment of trade debts, bad debts written off and impairment loss on property, plant and equipment. Revenue for the quarter fell 10.9% YoY to RM83.9m. (The Edge)

Padini Holdings Bhd's 4QFY20 net loss stood at RM16.8m vs. a net profit of RM54.4m recorded in the previous corresponding quarter. Revenue for the quarter declined 66.3% YoY to RM174.2m. (The Edge)

GHL Systems Bhd's 2QFY20 net loss stood at RM5.9m, vs. a net profit of RM7.2m recorded in the previous corresponding quarter due to lower transactions recorded, coupled with higher administration and operating expenses, as well as two non-cash expenses, namely RM2.3m fair value loss on acquisition of Paysys (M) Sdn Bhd and a write-off for its Cambodian investment of RM11.9m. Revenue for the quarter slid 18.4% YoY to RM70.1m. (The Edge)

Green Packet Bhd's 2QFY20 net loss widened to RM12.0m, from a net loss of RM9.3m recorded in the previous corresponding quarter despite higher revenue growth. Revenue for the quarter, however, grew 16.6% YoY to RM145.0m. (The Edge)

TH Plantations Bhd's 2QFY20 net profit stood at RM8.2m vs. a net loss of RM19.2m recorded in the previous corresponding quarter due to a better average crude palm oil price. Revenue for the quarter increased 20.2% YoY to RM127.6m. (The Edge)

Khee San Bhd has filed a writ of summons against United Overseas Bank

(Malaysia) Bhd (UOB) over a payment default allegedly owed by the group's unit Khee San Food Industries Sdn Bhd. The company is also claiming a sum of RM114.0m to be paid by UOB as damages, and additional damages of RM140.0m for damage caused to Khee San in terms of operations and revenue loss including reputational damage to the group and its brands. (The Edge)

Dagang NeXchange Bhd (DNeX) has backtracked from its plan to dispose of its 30.0% stake in Ping Petroleum Ltd, and instead wants to buy up the remaining 70.0% stake in the oil and gas (O&G) exploration and production (E&P) outfit via a combination of cash and new DNeX shares. Ping's main business is the 50.0% joint upstream O&G operating company with Hibiscus Petroleum Bhd, which operates in the Anasuria cluster in the North Sea in the UK. It also has an E&P unit in Malaysia. (The Edge)

TSH Resources Bhd is disposing of its 90.0% stakes in two Indonesian subsidiaries to Kuala Lumpur Kepong Bhd, realising cash proceeds of RM517.6m. The money will be used mainly to repay its bank borrowings, which amount to RM513.1m. (The Edge)

Berjaya Corp Bhd is partnering China Sports Lottery HKJC INFOTECH (Beijing) Co Ltd to explore opportunities to jointly develop a third-party lottery market under a responsible gaming framework. The parties inked a cooperation framework agreement today, which will be for an initial five-year term. (The Edge)

Technical Focus Tracker

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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	PTARAS	29-Jul	2.380	2.800	3.000	3.100	2.270	2.260	2.280	-4.2%	On-going
2	JTIASA	5-Aug	0.695	0.725	0.760	0.860	0.575	0.570	0.650	-6.5%	On-going
3	MASTER	10-Aug	2.070	2.300	2.500	2.720	1.890	1.880	1.880	-9.2%	Cut loss on 25-Aug
4	PPHB	10-Aug	0.725	0.840	0.970	1.090	0.675	0.670	0.695	-4.1%	On-going
5	DAYANG	12-Aug	1.230	1.380	1.550	1.650	1.080	1.070	1.210	-1.6%	On-going
6	HIBISCS	12-Aug	0.640	0.720	0.785	0.875	0.585	0.580	0.610	-4.7%	On-going
7	SKPRES	17-Aug	1.450	1.590	1.670	1.800	1.360	1.350	1.630	12.4%	On-going
8	SCGM	19-Aug	3.400	3.550	3.950	4.400	3.120	3.100	3.420	0.6%	On-going
9	ISTONE	24-Aug	0.265	0.290	0.325	0.360	0.220	0.215	0.250	-5.7%	On-going
10	EDGENTA	26-Aug	2.230	2.300	2.480	2.650	2.020	2.000	2.230	0.0%	On-going

3Q20 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	LHI	15-Jul	0.895	1.000	1.080	-	0.870	0.830	0.765	-14.5%	Cut loss on 18-Aug
2	NOVA	15-Jul	0.720	0.765	0.830	-	0.690	0.655	0.765	6.3%	Take profit at R1 on 17-Jul
3	POHUAT	15-Jul	1.140	1.220	1.330	-	1.110	1.050	1.400	22.8%	On-going
4	HEXZA	15-Jul	1.240	1.320	1.490	-	1.180	1.100	1.350	8.9%	On-going
5	TEKSENG	15-Jul	0.640	0.690	0.800	-	0.605	0.565	0.870	35.9%	Take profit on 24-Jul
6	REVENUE	15-Jul	1.240	1.350	1.450	-	1.220	1.200	1.330	7.3%	On-going

Technical Focus Tracker Summary	
Total recommendations	35
Total winners	15
Total losers	19
Portfolio performance (Since 10-Jun)	96.7%
Accuracy	42.9%
FBM KLCI (Since 10-Jun)	-1.6%
FBM Small Cap (Since 10-Jun)	11.5%