

## On uneven grounds

### Market Review

**Malaysia:** The FBM KLCI (-1.4%) took a dive, dragged by the recent political uncertainties, coupled with the rising Covid-19 cases. The lower liners were downbeat, while the REITs sector (+0.03%) was the sole outperformer on the broader market.

**Global markets:** The US stockmarkets retreated as the Dow fell 0.8% on rising concern over Covid-19 variants and the prospects of US Federal Reserve tapering of bond buying programme. European stockmarkets also sank, while Asia stockmarkets closed mostly lower.

### The Day Ahead

The FBM KLCI pulled back for the fifth session as investors' sentiment stayed cautious on the back of high number of daily confirmed Covid-19 cases which climbed above the 8,000 mark, coupled with recent political development. We expect the current trading tone to persist as market is lack of fresh positive catalysts. However, we believe bargain hunting activities may emerge in the near term due to the significant sell-down and oversold tone across the board. Commodity wise, the oil price has seen a rebound following an improved inventory draw.

**Sector focus:** Investors may see mild buying interest in the energy sector after a heavy sell-down yesterday with the oil price maintaining above USD74. Besides, bargain hunting activities may emerge in sectors such as transportation & logistics and essential consumer stocks as well as technology stocks.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI continued its downtrend move, breaking the immediate support level at 1,520. Technical indicators turned negative as the MACD Histogram has turned into a red bar, while the RSI hovered just above the 10 level. We expect the downtrend move to continue over the near term with resistance set at 1,525-1,548, while the support level is envisaged around 1,500.

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

### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,421.93	-0.75
S&P 500	4,320.82	-0.86
NASDAQ	14,559.79	-0.72
FBM KLCI	1,508.71	-1.40
FBM Small Cap	15,311.35	-2.55
FBM ACE	7,063.52	-5.07
Construction	162.03	-2.00
Consumer	588.09	-1.65
Energy	775.68	-3.42
Financial Services	14,876.86	-1.15
Healthcare	2,748.00	-1.54
Ind Products	186.26	-2.08
Plantation	6,276.84	-1.51
Property	699.96	-1.26
REITs	806.69	0.03
Technology	80.07	-2.27
Telco & Media	686.95	-2.58
Transport	853.07	-2.49
Utilities	896.83	-1.19
Trading Vol (m)	5,348.70	1142
Trading Val (RM m)	3,542.23	29.78
Advance/Decline	65%	
FKLI	1,503.00	-1.64
FCPO (RM)	3,769.00	-0.69
Brent oil (USD)	74.12	0.94
Gold (USD)	1,802.83	-0.04
USD	4.1823	-0.50
GBP	5.7646	-0.53
EURO	4.9434	-0.46
SGD	3.0924	-0.16
Trading participation 5-day trend and value (m)		
Institution	42.0	
Retail	339.2	
Foreign	-381.2	

Source: Bloomberg, Bursa Market Place

## Company Brief

**Pelikan International Corp Bhd** (PICB) is selling its German logistics centre in Falkensee for €81m or RM399.3m which will see it realise a one-off gain of RM184.8m. The property was part of an asset owned by a company which was acquired by PICB in April 2010 for about €45m (about RM221.9m). (The Star)

**Enra Group Bhd** is planning to expand its business to include maintenance, repair and overhaul (MRO) services. Enra has made a non-binding indicative offer to purchase selected assets of MTU Services (M) Sdn Bhd for RM60.0m. This includes properties and equipment located in Manjung, Perak and Rawang in Selangor. The proposed acquisition would be satisfied via the payment of RM33.0m in cash and the issuance of RM27.0m worth of new Enra shares. (The Star)

**WCT Holdings Bhd's** 60:40 joint venture (JV) with China Communications Construction Co (M) Sdn Bhd (CCCC) has accepted the tender offer as main contractor for expansion of the Sapangar Bay Container Port in Kota Kinabalu for RM899.8m. The WCT-CCCC JV executed a letter of acceptance issued by the Malaysian government, as represented by the Sabah Economic Development and Investment Authority. The contract is expected to commence in September 2021 and complete in February 2025. (The Edge)

**Cahya Mata Sarawak Bhd** (CMSB) has appointed Datuk Seri Sulaiman Abdul Rahman Abdul Taib as its new managing director, replacing Datuk Isaac Lugun. Isaac has been redesignated as CMSB's non-independent and non-executive director effective today, according. Sulaiman is the brother of CMSB deputy chairman Datuk Seri Mahmud Abu Bekir Taib and was former deputy minister of tourism from March 2008 until December 2009. (The Edge)

**Green Packet Bhd** has signed a memorandum of understanding (MoU) with Malaysian Industrial Development Finance Bhd (MIDF) to provide financing solutions to small and medium enterprises looking to digitalise their businesses. Under the MoU, MIDF will provide financing advisory services and financing facilities where applicable to potential and existing clients of Green Packet, who aim to fast-track their digital transformation journey. (The Edge)

**Telekom Malaysia Bhd's** (TM) unifi TV is looking to partner with over-the-top (OTT) media service providers to offer a variety of content in the future. OTT platforms offer TV content through the internet, instead of traditional methods involving cable and broadcast systems, with notable examples including iTunes and Netflix. (The Edge)

**T7 Global Bhd's** subsidiary T7 Aero Sdn Bhd has been appointed Malaysia's distributor for New Zealand-based Atrax Group NZ Ltd's weighing and measurement products, which are catered to the airport and logistics sectors. (The Edge)

**JAKS Resources Bhd's** wholly-owned subsidiary JAKS Solar Power Sdn Bhd and Qhazanah Sabah Sdn Bhd (QSSB) plans on working together to develop solar power and hydro power plants in Sabah. Both companies signed a Memorandum of Understanding (MoU) to facilitate cooperation. (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	LBALUM	14-Jun	1.020	1.090	1.200	1.330	0.915	0.910	1.090	6.9%	Take profit at R1 on 7-Jul
2	VS	16-Jun	1.420	1.510	1.560	1.700	1.300	1.290	1.330	-6.3%	On-going
3	UCHITEC	21-Jun	3.110	3.250	3.420	3.500	2.930	2.920	3.040	-2.3%	On-going
4	YOCB	28-Jun	1.010	1.060	1.110	1.260	0.920	0.915	0.985	-2.5%	On-going
5	DNONCE	30-Jun	0.495	0.520	0.540	0.585	0.445	0.440	0.470	-5.1%	On-going
6	WONG	5-Jul	1.170	1.240	1.340	1.500	1.070	1.060	1.340	14.5%	Take profit at R2 on 7-Jul
7	SDS	7-Jul	0.380	0.410	0.435	0.485	0.370	0.365	0.365	-3.9%	Cut loss on 8-Jul

3Q21 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	AIRPORT	30-Jun	6.000	6.700	7.000	-	5.750	5.650	5.820	-3.0%	On-going
2	GENTING	30-Jun	4.940	5.530	5.800	-	4.760	4.700	4.780	-3.2%	On-going
3	MAYBULK	30-Jun	0.720	0.800	0.855	-	0.645	0.620	0.710	-1.4%	On-going
4	AME	30-Jun	2.630	2.700	2.980	-	2.320	2.250	2.580	-1.9%	On-going
5	KOBAY	30-Jun	2.730	3.200	3.820	-	2.260	2.200	3.300	20.9%	Take profit on 5-Jul
6	GREATEC	30-Jun	5.700	7.000	7.700	-	5.200	5.100	5.850	2.6%	On-going
7	BPPLAS	30-Jun	1.630	2.000	2.200	-	1.500	1.450	1.640	0.6%	On-going
8	KGB	30-Jun	1.050	1.250	1.350	-	0.945	0.925	1.070	1.9%	On-going

Technical Focus Tracker Summary	
Total recommendations	130
Total winners	70
Total losers	60
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	94.3%
Accuracy (2021)	54.5%
FBM KLCI (Since 4/1/2021)	-7.3%
FBM Small Cap (Since 4/1/2021)	-1.6%
Malaysia GDP Growth (1Q21)	-0.5%