

Bulletin Today

BURSA MALAYSIA

Index	Closing	Pts Chg	% Chg
FBM-KLCI	1,387.12	(9.79)	(0.70)
Volume: Total (mil):	3,541.42	1159.48	48.68
Total Value (RM' mil):	5,254.90	3244.38	161.37
Gainers	360		
Losers	521		
Unchanged	388		

TRADE STATISTICS

Participation		Bought	Sold	Net
22.33	Institution	1,256	1,091	165
11.13	Retail	602	568	34
66.54	Foreign	3,397	3,596	(199)
100.00		5,255	5,255	0

FTSE-BURSA MALAYSIA

Index	Closing	Pts Chg	% Chg
FBM 70	13,656.87	105.98	0.78
FBM 100	9,949.51	(33.39)	(0.33)
FBM Palm Oil - NC	10,464.00	(278.96)	(2.60)
FBM Smallcap	14,837.30	(90.54)	(0.61)
FBM Emas	10,243.09	(36.02)	(0.35)
FBM Fledgling	18,593.62	(41.94)	(0.23)

WORLD

Index	Closing	Pts Chg	% Chg
Dow Jones	32,908	(135)	(0.41)
Nasdaq	12,935	(82)	(0.63)
FTSE 100	7,446	(76)	(1.01)
Nikkei 225	30,888	(440)	(1.41)
Hang Seng	18,234	(362)	(1.94)
Korea Kospi	2,577	(8)	(0.32)
Singapore STI	3,159	(29)	(0.90)
Thailand SET	1,534	(1)	(0.08)
Jakarta	6,633	(3)	(0.05)
Shanghai	3,205	(20)	(0.61)
Shenzhen	2,003	(9)	(0.44)

KLCI FUTURES

Index	Closing	Pts Chg	% Chg	Volume
FBM-KLCI	1,387.12	(9.79)	(0.70)	153m
FKLI – May 23	1,383.00	(9.50)	(0.68)	3,526
FKLI – Jun 23	1,381.50	(7.50)	(0.54)	10,546
FKLI – Sep 23	1,370.50	(6.50)	(0.47)	87
FKLI – Dec 23	1,371.00	(7.50)	(0.54)	101

FOREX & COMMODITIES

	Closing	Pts Chg	% Chg
CPO Futures (Aug)	3,201.00	(202.00)	(5.94)
Brent (USD/b)	72.66	(0.88)	(1.20)
Gold (USD/Ounce)	1,962.73	3.40	0.17
USD/RM	4.6130	0.0105	0.23
SGD/RM	3.4045	0.0002	0.01
JPY/RM	3.3105	0.0183	0.56

HIGHLIGHTS

- ◆ The Dow slid 134.51 points or 0.41% to 32,908.27 and the Nasdaq ended down 82.14 points or 0.63% at 12,935.29
DATASONIC GROUP BHD – Received RM9.9m maintenance service contract extension from Home Ministry; BUY, TP: RM0.68
GUAN CHONG BHD – 1QCY23: Recommendation and TP under review
- ◆ China manufacturing PMI slides in May
- ◆ Japan industrial production falls 0.4% in April
- ◆ German inflation weakens more-than-expected
- ◆ German import prices log biggest fall since 2009
- ◆ **Kumpulan Kitacon** bags RM81.0m construction contract in Hulu Langat
- ◆ **Econpile** bags project worth US\$9.5m in Cambodia
- ◆ **CIMB's** 1QCY23 net profit up 15.3% Y-o-Y on higher income growth, strong cost controls
- ◆ **Hong Leong Bank** posts 18.5% Y-o-Y growth in 3QFY23 earnings as lower impairment, Bank of Chengdu contribution lift profitability
- ◆ **IHH Healthcare** records bumper 1QCY23 earnings on one-off gain from IMU sale, declares special dividend
- ◆ **PPB's** net profit climbs 24.5% Y-o-Y on grains and agri biz turnaround, film segment recovery
- ◆ **Capital A** logs 2nd straight profitable quarter on strong air travel demand, higher share profit from associates and forex gains
- ◆ **EG Industries' 3QFY23** net profit up 88.8% Y-o-Y on higher sales

THE SLANT

- ◆ The FBM KLCI lost further ground yesterday amid a still weak market environment that resulted in the key index registering a new year low. Part of the selling was due to the weak China economic data that also raised concerns that the weakness could permeate to Malaysia as it is the country's biggest trading partner. The sustained selling was accompanied by an increase in traded volumes that rose to 3.5b with market breadth remaining decidedly negative.
- ◆ We see little change to the immediate market outlook that will continue to be mired by uncertainties over the state of the global economy. As it is, there are further signs of weakening in many global economic matrices that could point to potentially a more challenging 2H2023. Back home, the results reporting season has passed with corporate results generally more subdued than the preceding quarter, hence providing few fresh buying opportunities. Meanwhile, the depreciating Ringgit is also seeing increased foreign selling as they continue to tweak their portfolios. Despite the already oversold conditions, there appears to be further downsides that may see the FBM KLCI retest the 1,380-1,382 levels. Thereafter, the support is at 1,376 points, while the resistances are at the 1,393-1,396 levels, followed by the psychological 1,400 level.

- ◆ The lower liners and broader market shares are also looking unsettled, and this is likely to prolong the downward bias. Market confidence remains thin which would continue to keep most market players away for the time being.

GLOBAL AND ECONOMIC UPDATE

- ◆ U.S. stocks ended weak on Wednesday after languishing in negative territory right through the day's session. The Dow slid 134.51 points or 0.41% to 32,908.27 and the Nasdaq ended down 82.14 points or 0.63% at 12,935.29 as the debt ceiling talks prolongs. [RTT News](#)
- ◆ **China manufacturing PMI slides in May**
The manufacturing sector in China continued to contract in May, and at a faster rate. That missed expectations for a score of 51.4 and was down from 49.2 in April. The non-manufacturing index also came in with a score of 54.5, again missing forecasts for 54.9 and down from 56.4 in the previous month. [RTT News](#)
- ◆ **Japan industrial production falls 0.4% in April**
Industrial production in Japan was down a seasonally adjusted 0.4% in April. That missed expectations for an increase of 0.5% following the 1.1% gain in March. On a yearly basis, industrial output fell 0.3% after slipping 0.6% in the previous month. Output is expected to rise 1.9% on month in May and 1.2% in June. [RTT News](#)
- ◆ **German inflation weakens more-than-expected**
Germany's inflation eased more-than-expected in May, in line with the slowing trend in the region, and this strengthened the possibility of the European Central Bank pausing interest rate hikes. Consumer prices advanced 6.1% from a year ago in May. Inflation was forecast to slow moderately to 6.5%, from 7.2% in April. [RTT News](#)
- ◆ **German import prices log biggest fall since 2009**
Germany's import prices declined at the fastest pace since 2009 due to a sharp fall in energy prices. Import prices declined 7.0% Y-o-Y in April, following a 3.8% Y-o-Y drop in March. This was the biggest decrease since October 2009. Prices were expected to decline 5.9% Y-o-Y. Meanwhile, energy import prices declined 31.8% Y-o-Y from the last year, mainly reflecting the high base of comparison. Prices had increased sharply in the same period last year due to the war in Ukraine. [RTT News](#)

COMPANY UPDATE

DATASONIC GROUP BHD – Received RM9.9m maintenance service contract extension from Home Ministry; BUY, TP: RM0.68

Datasonic Group has received the Letter of Extension (LOE) from the Home Ministry (KDN) for an additional contract value of RM9.9m, on top of the RM39.8m original contract for the provision of the comprehensive maintenance services of card personalisation centres at the National Registration Department. The extension contract is for a period of 6 months, commencing from 1 June, 2023 to 30 November, 2023 and it would bring the total contract value to RM49.7m. The group is also required to furnish a performance bond for about RM993.8k to KDN with the validity period being extended to 30 November, 2024.

We maintain our **BUY** rating for Datasonic with the same **TP** of **RM0.68**, by ascribing an unchanged target PER of 21x to our FY24 EPS forecast since the contract extension was largely anticipated as the group was already in advance negotiations with the government.

RESULTS UPDATE

GUAN CHONG BHD – 1QCY23: Recommendation and TP under review

RM m	1QCY23	1QCY22	YoY chg (%)	4QCY22	QoQ chg (%)
Revenue	1,102.5	990.5	11.3	1,130.3	-2.5
PBT	30.0	64.6	-53.5	30.6	-1.9
PATAMI	23.8	53.3	-55.4	20.3	16.9
EPS (sen)	2.0	5.1	-60.0	1.9	8.6

Y-o-Y. Revenue increased 11.3% to RM1,102.5m, from RM990.5m in the same quarter last year, underpinned by the higher selling price of the cocoa solids. However, PATAMI declined by 55.4% to RM23.8m, from RM53.3m, mainly due to the lower margin of cocoa butter and the nearly 2.5x jump in finance costs, as well as losses from the Singapore segment.

Q-o-Q. The topline slipped marginally by 2.5% as most geographical segments posted lower revenue, except for the Germany segment which grew 11.6%. In contrast, the bottom line rose by 16.9%, which it attributed to the RM15.4m profit contributed from the Ivory Coast cocoa grinding facility that commenced operations in 4QCY22.

Dividend. The group did not declare any dividend in 1QCY23, as opposed to the 1.5 sen declared in 1QCY22.

On the whole, 1QCY23 earnings were 62.4% below our expectations with revenue also coming in 7.3% lower-than-expected. We are reviewing our recommendation and TP on Guan Chong pending more information from an analyst briefing. Our last recommendation was a **BUY** with a **TP** of **RM3.23** derived from pegging a 15.0x target PER to our previous CY23F EPS.

CORPORATE NEWS

- ◆ **Kumpulan Kitacon bags RM81.0m construction contract in Hulu Langat**
Kumpulan Kitacon Bhd has accepted a letter of award (LOA) for main buildings and associated works from Boustead Balau Sdn Bhd, a subsidiary of **Boustead Holdings Bhd**. The contract was for the proposed construction and completion of 3 phases of double-storey houses and other associated works in Hulu Langat, Selangor. The LOA was valued at RM81.0m and is expected to be completed within 32 months from 1 August, 2023. [The Edge Markets](#)

- ◆ **Econpile bags project worth US\$9.5m in Cambodia**
Econpile Holdings Bhd has received a letter of acceptance worth US\$9.5m (RM43.8m) for a project in Cambodia. The group secured the contract for Odom Living Co Ltd for the Odom development at Norodom Boulevard, Sangkat Tonle Bassac, Phnom Penh to undertake bored pile and diaphragm wall works. The duration of the project is 248 calendar days from 1 June, 2023. [The Edge Markets](#)

- ◆ **CIMB's 1QCY23 net profit up 15.3% Y-o-Y on higher income growth, strong cost controls**
CIMB Group Holdings Bhd's net profit grew 15.3% Y-o-Y to RM1.64b for 1QCY23, from RM1.43b a year earlier, driven by sustained operating income growth, strong cost controls and a contained level of provisions. Quarterly revenue rose 5.5% Y-o-Y to RM5.0b, from RM4.74b last year, driven by non-interest income which grew 24.3% Y-o-Y to RM1.48b on improved investment, foreign exchange, and other income. [The Edge Markets](#)

- ◆ **Hong Leong Bank posts 18.5% Y-o-Y growth in 3QFY23 earnings as lower impairment, Bank of Chengdu contribution lift profitability**
Hong Leong Bank Bhd (HLB) reported an 18.5% Y-o-Y growth in net profit for 3QFY23, thanks to lower impairment losses and better contribution from its 18%-owned Bank of Chengdu. Net profit grew to RM930.0m, from RM784.8m a year ago, despite an 11% Y-o-Y decline in net interest income to RM846.7m, from RM947.6m. [The Edge Markets](#)

- ◆ **IHH Healthcare records bumper 1QCY23 earnings on one-off gain from IMU sale, declares special dividend**
IHH Healthcare Bhd posted a net profit of RM1.39b for 1QFY23, more than double the RM493.3m net profit the group reported for the same quarter last year, thanks to a one-off gain from the sale of the group's medical education arm, International Medical University (IMU), for RM1.35b. IHH also recorded its highest quarterly revenue of RM5.14b, up from RM4.16b in 1QFY22. The group declared a special dividend of 9.6 sen per share following the divestment of IMU. The dividend will be paid on 30 June, 2023. [The Edge Markets](#)

- ◆ **PPB's net profit climbs 24.5% Y-o-Y on grains and agri biz turnaround, film segment recovery**
PPB Group Bhd's net profit for 1QCY23 jumped 24.5% Y-o-Y to RM377.5m from RM303.2m, as its grains and agribusiness unit returned to the black while its film segment neared breakeven. Quarterly revenue grew 12.6% Y-o-Y to RM1.52b, from RM1.35b, also led by higher contributions from the two segments. [The Edge Markets](#)

- ◆ **Capital A logs 2nd straight profitable quarter on strong air travel demand, higher share profit from associates and forex gains**
Capital A Bhd posted its 2nd straight quarterly net profit of RM57.1m in 1QCY23, as it benefitted from the ongoing resurgence of air travel demand. The current quarter's net profit is also due to it recording a share of profit of RM13.5m from associates, as opposed to a share of loss of RM143.1m previously and recognised foreign exchange gain of RM44.8m, vs. a forex loss of RM52.7m previously. Meanwhile, quarterly revenue more than tripled to RM2.23b, from RM811.8m. [The Edge Markets](#)

- ◆ **EG Industries 3QFY23 net profit up 88.8% Y-o-Y on higher sales**
EG Industries Bhd posted an 88.8% Y-o-Y increase in net profit to RM10.6m for 3QFY23, from RM5.6m a year ago, on the back of higher sales which was achieved despite forex losses and a higher interest rates. Quarterly revenue rose 14.5% Y-o-Y to RM350.5m, from RM306.0m in 3QFY22, mainly due to higher sales for consumer electronic products, 5G wireless access and photonics modular related products. [The Edge Markets](#)

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