

No reprieve in sight

Market Review

Malaysia: The FBM KLCI (-1.0%) stayed downbeat on prospects of softer economic growth due by China's extended lockdown. The lower liners also languished in the red, while all 13 major sectors on the broader market retreated with the plantation sector (-3.3%) being the top underperforming sector for the session.

Global markets: Wall Street remained volatile as the Dow (-2.0%) sank on concerns over the ability from the US Federal Reserve to battle out the inflationary pressure without hurting the economic growth. Meanwhile, both the European and Asia stock markets were painted in red after China intensifies zero-Covid lockdown.

The Day Ahead

The FBM KLCI extended Friday's decline amid widespread sell-off. In view of the tightening monetary policy in the US going forward and the Covid-19 restrictions in China, investors may remain cautious over the near term; selling pressure could continue on the regional stock exchanges as well as on the local front. Closer to home, investors will be monitoring on the Bank Negara's interest rate decision and statements on the economic growth outlook scheduled on Wednesday. Meanwhile, both the CPO and crude oil prices dropped, hovering around RM6,300 and USD105 respectively.

Sector focus: We reckon investors may remain cautious over the near term and lookout for slightly defensive sectors such as REITs and utilities amid the uncertain market environment. Besides, banking counters could be traded actively ahead of the release of BNM's interest rate decision.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI tumbled for the third consecutive session, closing beneath the SMA100 level and its immediate support at 1,550. Technical indicators remained negative as the MACD Histogram has extended a negative bar, while the RSI hovered below the 50 level. Next support is located around 1,505, while the resistance is pegged at 1,570-1,580.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	32,245.70	-1.99
S&P 500	3,991.24	-3.20
NASDAQ	11,623.25	-4.29
FBM KLCI	1,549.18	-0.97
FBM Small Cap	16,299.51	-1.78
FBM ACE	5,383.01	-2.08
Construction	163.85	-0.67
Consumer	579.10	-0.64
Energy	789.91	-0.79
Financial Services	16,608.04	-0.41
Healthcare	1,986.19	-1.24
Ind Products	200.19	-1.92
Plantation	8,251.43	-3.30
Property	704.32	-1.04
REITs	805.39	-0.73
Technology	66.74	-1.68
Telco & Media	604.69	-0.92
Transport	859.45	-1.10
Utilities	870.31	-0.33
Trading Vol (m)	3,218.12	3.51
Trading Val (RM m)	2,034.16	-6.57
Advance/ Decline	23%	
FKLI	1,539.50	-0.16
FCPO (RM)	6,305.00	-1.62
Brent oil (USD)	105.94	-5.74
Gold (USD)	1,854.17	-1.57
USD	4.385	-0.42
GBP	5.3798	0.29
EURO	4.616	-0.01
SGD	3.1463	0.50

Trading participation 5-day trend and value (m)

Institution	Retail	Foreign
95.4	183.1	-278.5

Source: Bloomberg, Bursa Market Place

Company Brief

SCGM Bhd has entered into a conditional share sale agreement (SSA) with Mitsui & Co Ltd and FP Corporation (FPCO) to dispose its entire 100.0% stake in Lee Soon Seng Plastic Industries (LSSPI) to two Japanese firms, Mitsui & Co and FP Corp (FPCO) for RM544.4m cash. Of the proposed proceeds, bulk or RM425.6m has been earmarked for proposed distribution to its entitled shareholders within 9 months. The board intends to maintain the listing status of the company and will look out for new core business to sustain its ongoing concern. (The Star)

Econpile Holdings Bhd has secured a contract worth RM37.4m to undertake substructure works for a project in Pantai Dalam, KL. Its wholly-owned subsidiary, Econpile (M) Sdn. Bhd received a letter of award dated 22nd April 2022 from Domain Resources Sdn Bhd to undertake the substructure works for a proposed phased development at Jalan Pantai Dalam, KL. The project shall be completed within 15 months from 5th May 2022. (The Star)

Affin Bank Bhd has obtained approval from the Ministry of Finance (MoF) to dispose of 21.0% of its equity interest in AXA Affin Life Insurance Bhd (AALI) and 3.0% stake in AXA Affin General Insurance Bhd (AAGI) to Generali Asia NV. Affin Bank currently owns 51.0% in AALI and 50.0% in AAGI. In addition, Affin Bank has also agreed for the general insurance business of AAGI and MPI Generali Insurans Bhd (MPIG) to be merged under AAGI, whereby AAGI will acquire certain assets and liabilities of MPIG via a business transfer to create an enlarged company (Newco), subject to the approval of BNM. Affin Bank will, in turn, be holding 30.0% equity interest in the Newco, with Generali holding the remaining 70.0%. (The Edge)

MPHB Capital Bhd had disposed of its 51.0% interest in MPI Generali Insurans Bhd (MPIG) to Generali Asia NV, after receiving approval from the Ministry of Finance (MoF) and Bank Negara Malaysia (BNM) via a letter from the latter dated 6th May 2022. (The Edge)

Pensonic Holdings Bhd is selling a piece of land in Seberang Perai Tengah, Penang that has a factory built on it to paper pulp manufacturer HZ Green Pulp Sdn Bhd (HZGP) for RM15.8m, as part of its asset rationalisation to unlock and realise the higher value of its landed assets, to improve the group's overall financial position. Pensonic plans to spend RM5.5m of the proceeds to retire its entire outstanding borrowings and will set aside RM10.2m for working capital, inclusive of estimated provision for income tax/RPGT. (The Edge)

OCK Group Bhd has secured a US\$48.4m (about RM212.1m) syndicated loan with OCBC Bank (Malaysia) Bhd (OCBC Malaysia). The syndicated loan will be consolidated from OCK Yangon Private Ltd in Myanmar back to OCK in Malaysia. OCBC Malaysia is the sole bookrunner and joint mandated lead arranger, together with United Overseas Bank (Malaysia) Bhd (UOB Malaysia). Proceeds from the refinancing will be used to partly repay the outstanding balance of the original syndicated loan of US\$30.4m, which would benefit OCK through the optimisation of the financing structure. The remaining US\$18.0m will be dedicated to completing the construction of 150 telecommunications towers in Myanmar, which are currently in the order book. (The Edge).

GIIB Holdings Bhd has appointed Ng Keok Chai, a retired senior police officer, as its adviser to the investigative committee in respect of the ongoing investigation into its suspended executive director Wong Weng Yew. (The Edge)

JF Technology Bhd (JF Tech) on has announced it is acquiring precision engineering provider Ikeda Technology (M) Sdn Bhd's assets and business for RM4.5m, cash. The test interface products offered by Ikeda, which has a proven track record with over 15 years of experience in the semiconductor industry, are complementary to the group's existing test solution products. (The Edge)

G Capital Bhd has signed a 25-year solar power purchase agreement (PPA) with two of **Chin Well Holdings Bhd's** units for a 5.4-MWp solar photovoltaic (PV) generating system in Bukit Mertajam, Penang. G Capital's 70.0%-owned subsidiary Solarcity Malaysia Sdn Bhd will design, construct, install, own, operate and maintain solar PV energy generating system for Chin Well Fasteners Co Sdn Bhd and Chin Herr Industries (M) Sdn Bhd, aggregating a total capacity of 5,380.6-KWp. Both plants are expected to achieve the commercial operation date by the 4Q22. (The Edge)

Serba Dinamik Holdings Bhd plunged as much as 24.0 sen or 68.6% to a new record low of 11.0 sen after resuming trading yesterday, while its warrants also plummeted as much as 4.0 sen or 57.1% to 3.0 sen. Meanwhile, the proprietary day trading (PDT) and intraday short selling (IDSS) of its securities will only be activated today at 8.30am. (The Edge)

Uzma Bhd's related company Uzma Nexus Sdn Bhd (UNSB) has bagged an engineering, procurement, construction and commissioning (EPCC) provision contract worth RM101.8m for the development of a 30.0-MW large scale solar (LSS) photovoltaic plant project in Bestari Jaya, Selangor. UNSB shall complete and hand over the works to Nextenaga by 31st December 2022 for the initial operation date (IOD) and commercial operation date (COD) by 9th March 2023. (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	TUNEPRO	11-Apr	0.440	0.475	0.490	0.530	0.410	0.405	0.405	-8.0%	Cut loss on 9-May
2	AJIYA	13-Apr	1.200	1.250	1.300	1.400	1.090	1.080	1.130	-5.8%	On-going
3	RCECAP	18-Apr	1.870	1.930	2.020	2.090	1.770	1.760	1.760	-5.9%	Cut loss on 9-May
4	KSL	25-Apr	0.810	0.850	0.880	0.950	0.770	0.765	0.780	-3.7%	On-going
5	MCEMENT	27-Apr	2.750	2.950	3.140	3.300	2.630	2.620	2.690	-2.2%	On-going
6	HIBISCS	5-May	1.290	1.300	1.380	1.500	1.160	1.150	1.380	7.0%	Take profit at R2 on 9-May
7	LIHEN	9-May	3.110	3.200	3.280	3.500	3.000	2.990	3.050	-1.9%	On-going

2Q22 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	1-Apr	6.950	7.470	7.970	-	6.320	5.900	6.570	-5.5%	Closed on 9-May
2	ECONBHD	1-Apr	0.290	0.350	0.435	-	0.235	0.190	0.260	-10.3%	Closed on 9-May
3	OCK	1-Apr	0.425	0.460	0.505	-	0.405	0.375	0.400	-5.9%	Closed on 9-May
4	JAKS	1-Apr	0.325	0.375	0.430	-	0.310	0.275	0.320	-1.5%	Closed on 9-May
5	KGB	1-Apr	1.360	1.600	1.780	-	1.290	1.150	1.210	-11.0%	Closed on 9-May
6	ELKDESA	1-Apr	1.320	1.450	1.510	-	1.270	1.230	1.290	-2.3%	Closed on 9-May
7	HARTA	1-Apr	4.860	5.530	6.220	-	4.530	4.150	4.280	-11.9%	Closed on 9-May
8	BPPLAS	1-Apr	1.490	1.640	1.760	-	1.340	1.220	1.520	2.0%	Closed on 9-May
9	KMLOONG	1-Apr	1.920	2.050	2.210	-	1.850	1.740	1.950	1.6%	Closed on 9-May
10	PANTECH	1-Apr	0.695	0.750	0.800	-	0.660	0.620	0.695	0.0%	Closed on 9-May
Average Return										-4.5%	

Technical Focus Tracker Summary	
Total recommendations	222
Total winners	135
Total losers	87
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	51.9%
Accuracy (2022)	59.5%
FBM KLCI (Since 31/12/2021)	-1.2%
FBM Small Cap (Since 31/12/2021)	3.4%
Malaysia GDP Growth (2021)	3.1%