

On the recovery path

Market Review

Malaysia: The FBM KLCI (+0.5%) registered another strong performance as the key index extended its gains following the solid industrial production and manufacturing data. The lower liners, however turned mixed, while the broader market was fairly mixed with the technology sector (-3.1%) underperformed.

Global markets: Wall Street ended in the red despite rebounding strongly from the intraday low amid bargain hunting activities following reports that suggested that the Omicron variant may be peaking in New York. The European stockmarkets closed lower, but Asia stockmarkets ended mostly higher.

The Day Ahead

The FBM KLCI notched higher after shaking off earlier losses amid bargain hunting activities in selected banking and industrial products & services heavyweights. Tracking the performance on Wall Street, we expect market to open with a knee jerk selloff as market may price in further risk on interest rate hike environment. Nevertheless, we are optimistic that bargain hunting activities will return to support the heavyweights. Meanwhile, market players will be monitoring the release of US inflation rate tomorrow. Commodities wise, the CPO is trading near the RM5,000, while Brent oil is hovering above USD80.

Sector focus: Although risks might not be abating in the technology counters due to worries over inflation and upcoming interest rate, we expect decent earning visibility of the sector will provide support on the longer investment horizon. Besides, consumer and banking counters should be gaining traction due to recovery theme.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI extended its gains from the previous week as the key index stayed firmly above the daily EMA9 level. Technical indicators remained positive as the MACD Histogram remained flat, while the RSI hovered above the 50 level. The resistance is located at 1,560, while the support level is set at 1,520.

Research Team
research@msec.com.my
(603) 2201 2100

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	36,068.87	-0.45
S&P 500	4,670.29	-0.14
NASDAQ	14,942.83	0.05
FBM KLCI	1550.17	0.46
FBM Small Cap	15,918.83	-0.59
FBM ACE	6,753.89	0.92
Construction	153.93	-0.89
Consumer	577.78	-0.10
Energy	723.75	0.12
Financial Services	15,866.33	1.01
Healthcare	2,337.19	1.48
Ind Products	202.94	0.33
Plantation	6,730.89	0.18
Property	710.00	0.15
REITs	785.99	-0.17
Technology	93.24	-3.05
Telco & Media	634.14	0.09
Transport	867.62	-0.80
Utilities	870.71	0.30
Trading Vol (m)	6,667.14	6101
Trading Val (RM m)	2,378.38	24.92
Advance/ Decline	89%	
FKLI	1541.00	-0.32
FCPO (RM)	4,989.00	-0.80
Brent oil (USD)	80.87	-1.08
Gold (USD)	1,801.68	0.29
USD	4.2005	0.17
GBP	5.711	-0.16
EURO	4.7577	0.09
SGD	3.1021	-0.16



Source: Bloomberg, Bursa Market Place

Company Brief

Land & General Bhd has proposed the acquisition of 3.6-ac of leasehold commercial land in Pekan Desa Puchong in Petaling, Selangor for RM68.0m cash. The property is located within the main commercial centre of Bandar Puchong Jaya which is developed with retail shopping centres, commercial office buildings, sports centre and terraced shop offices and commercial banks. (The Star)

NOVA MSC Bhd's unit, novaCITYNETS International Ltd, has signed a contract for the provision of FORNAZ ePlanCheck software to ENL-Nova Ltd's electronic physical planning process system project (EPPPS) for the Nigeria Lagos state government. The agreement will be for 10 years from 2022 to 2031. The agreement will be based on a pay-per-use revenue model, which depends on ENL-Nova's revenue collection from EPPPS and the end-users adoption of the EPPPS. (The Star)

Trading of oil and gas engineering company **Serba Dinamik Holdings Bhd's** securities on Bursa Malaysia will remain suspended until further notice as it has not complied with Bursa Securities' directive to make an announcement on the findings from the factual findings update on the special independent review. This was despite the company issuing its outstanding annual report that included the annual audited financial statements together with the auditors' and directors' reports for the 18 months ended 30th June 2021 on 6th January 2022. (The Edge)

Allianz Malaysia Bhd's has proposed an interim dividend of 63.0 sen per share for FY21. The insurer has also declared an interim dividend of 75.6 sen per irredeemable convertible preference share (ICPS). Previously, the group paid a dividend of 58.0 sen per share and 69.6 sen per ICPS for FY20. (The Edge)

Muhibbah Engineering (M) Bhd is planning to raise up to RM128.5m through a rights issue for partial repayment of the group's revolving credit facilities and its working capital. The rights issue involves up to 256.9m shares on the basis of one share for every two existing shares held at an entitlement date to be announced later. Of the proceeds to be raised, RM96.7m will be used for partial repayment of the revolving credit facilities of the group, while RM30.9m has been earmarked to part-finance its general working capital requirements. (The Edge)

Ecomate Holdings Bhd's 3QFY22 net profit stood at RM2.6m vs. a net loss of RM1.8m recorded in 2QFY22, on higher revenue amid the uplifting of the temporary suspension of manufacturing operations by the government. Revenue for the quarter jumped 142.9% QoQ to RM15.7m. (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	KSL	10-Dec	0.645	0.665	0.690	0.735	0.605	0.600	0.680	5.4%	Closed at cut-off on 7-Jan
2	FGV	13-Dec	1.500	1.550	1.670	1.800	1.410	1.400	1.490	-0.7%	On-going
3	OMH	5-Jan	2.970	3.120	3.270	3.600	2.640	2.630	2.830	-4.7%	On-going
4	WONG	10-Jan	0.800	0.860	0.910	0.980	0.710	0.705	0.770	-3.8%	On-going

1Q22 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	KGB	5-Jan	1.820	2.000	2.200	-	1.530	1.500	1.660	-8.8%	On-going
2	BPPLAS	5-Jan	1.580	1.800	2.000	-	1.400	1.370	1.520	-3.8%	On-going
3	ELKDESA	5-Jan	1.310	1.430	1.500	-	1.230	1.200	1.340	2.3%	On-going
4	JAKS	5-Jan	0.415	0.455	0.490	-	0.360	0.345	0.425	2.4%	On-going
5	KMLOONG	5-Jan	1.720	1.800	1.900	-	1.580	1.550	1.720	0.0%	On-going
6	OPTIMAX	5-Jan	1.310	1.520	1.640	-	1.250	1.180	1.220	-6.9%	On-going
7	OKA	5-Jan	0.835	0.910	0.945	-	0.760	0.745	0.815	-2.4%	On-going
8	KRONO	5-Jan	0.650	0.685	0.745	-	0.565	0.550	0.630	-3.1%	On-going
9	OPCOM	5-Jan	0.950	1.120	1.300	-	0.880	0.865	0.925	-2.6%	On-going
10	RGTECH	5-Jan	0.480	0.515	0.565	-	0.415	0.400	0.470	-2.1%	On-going
Average Return										-2.5%	

Technical Focus Tracker Summary	
Total recommendations	189
Total winners	115
Total losers	74
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	315.2%
Accuracy (2021)	67.6%
Portfolio performance (2022)	-3.5%
Accuracy (2022)	33.3%
FBM KLCI (Since 31/12/2021)	-1.1%
FBM Small Cap (Since 31/12/2021)	1.0%
Malaysia GDP Growth (3Q21)	-4.5%