

Another market rout unfolding

Market Review

Malaysia: The FBM KLCI (-2.0%) extended its losses with all 30 key index components in the red, mirroring the weakness across the regional peers. The lower liners sank deeper, while all the 13 major sectors on the broader market remained in red with the technology sector (-5.7%) took the biggest plunge.

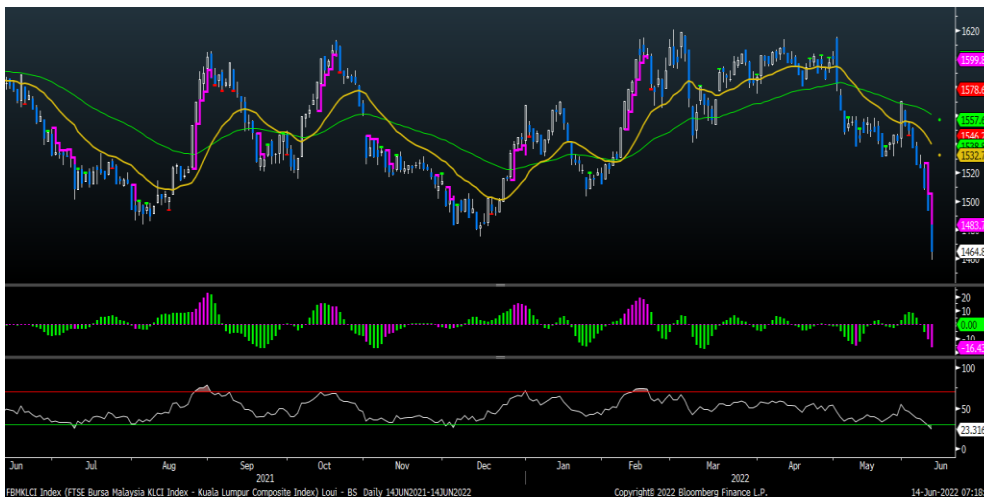
Global markets: Wall Street endured another volatile as session as the Dow (-2.8%) gapped down and finished lower amid the mounting concern over recessionary risk following the rising inflationary pressure that may speed up the pace of monetary tightening. Both the European and Asia stock markets also painted in the red.

The Day Ahead

The FBM KLCI plunged below its 52-week low in tandem with regional peers, shaken by worries that the hot inflation will drag the economy into recession; We have seen net foreign selling continued to increase (5-day cumulative net foreign selling: RM600.1m). Given the significant selloff overnight on Wall Street, we believe there might be another selling wave prior to the US FOMC meeting, eventually impacting the local bourse negatively for the session. Brent oil price sustained above the USD120 per barrel mark amid inflationary environment, while the CPO price is trading around RM5,800.

Sector focus: With the trend continued to be lower, investors may find the opportunity to accumulate undervalued stocks in sectors such as banking, oil & gas and solid consumer stocks. Meanwhile, the technology sector is expected to endure another round of selling given the steep slump in Nasdaq overnight.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI tumbled below its 52-week low after breaking several supports in the past weeks. Technical indicators remained negative as the MACD Histogram extended another negative bar, while crossed below 30. As the immediate support at 1,475 was broken, next support is pegged at 1,450, while the resistance is located along 1,500-1,530.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	30,516.74	-2.79
S&P 500	3,749.63	-3.88
NASDAQ	10,809.23	-4.68
FBM KLCI	1,464.83	-1.95
FBM Small Cap	14,812.39	-3.71
FBM ACE	4,916.66	-4.24
Construction	154.94	-2.91
Consumer	560.94	-2.02
Energy	752.78	-3.94
Financial Services	16,179.91	-1.46
Healthcare	1,739.27	-3.97
Ind Products	188.82	-2.33
Plantation	7,382.91	-2.81
Property	652.03	-2.44
REITs	799.61	-1.85
Technology	63.92	-5.67
Telco & Media	563.70	-1.90
Transport	822.78	-2.43
Utilities	834.21	-2.14
Trading Vol (m)	3,265.18	44.35
Trading Val (RM m)	2,264.71	33.76
Advance/ Decline	14%	
FKLI	1,450.00	-0.41
FCPO (RM)	5,800.00	0.12
Brent oil (USD)	122.27	0.21
Gold (USD)	1,819.26	-2.80
USD	4.4177	-0.37
GBP	5.4002	1.75
EURO	4.6218	0.95
SGD	3.1802	0.26

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
344.8	255.3	-600.1

Source: Bloomberg, Bursa Market Place

Company Brief

Coastal Contracts Bhd has secured a new charter contract and secured an extension for an existing contract for a total value of RM252.0m. The contract period for the new charter contract is for a firm period of 5 years commencing June 2022 and the contract extension is for a firm period of 2 years commencing September 2022 with two annual extension options. (The Star)

Bermaz Auto Bhd's (BAuto) 4QFY22 net profit rose 17.7% YoY to RM78.7m, due to the higher overall sales volume from the group's Mazda, Peugeot and Kia operations. Revenue for the quarter added 40.0% YoY to RM897.4m. A fourth interim dividend of 2.0 sen single-tier dividend per share and a special dividend of 2.50 sen single-tier dividend per share, payable on 4th August 2022 was declared. (The Star)

Berjaya Food Bhd (BFood) has proposed to undertake a bonus issue of 1.55bn bonus shares on the basis of 4 bonus shares for every 1 existing share held. The proposed exercise could potentially enhance the marketability of its shares on the Main Market of Bursa Securities, thereby providing the opportunity for greater participation from existing shareholders of the company and new investors. The proposed bonus issue is expected to be completed in 3Q22. (The Star)

Scientex Bhd's 3QFY22 net profit fell 19.6% YoY to RM88.3m, amid rising raw material prices and freight costs in the consuming packaging products. Revenue for the quarter, however, improved marginally by 1.7% YoY to RM993.8m. An interim dividend of 4.0 sen per share, payable on 22nd July 2022 was declared. (The Edge)

InNature Bhd is disposing of its entire 2.6m shares and 5.2m redeemable preference shares in its wholly-owned subsidiary Ola Beleza Sdn Bhd to Natura Cosmetics Asia Pacific Pte Ltd for RM2.0m cash. Ola Beleza is engaged in the distribution and commercialisation of Natura products in Malaysia. (The Edge)

Bursa Securities has granted **Anzo Holdings Bhd** a further extension of time until 31st October 2022 to submit its regularisation plan. Bursa may proceed to suspend and delist the company if it fails to submit the regularisation plan within the extended timeframe. (The Edge)

Sarawak Consolidated Industries Bhd (SCIB) has announced that all construction costs of the controversial RM30.8m lamp pole replacement project in Kuala Lumpur will be borne by Ennova Sdn Bhd. These include the rental of each erected pole, in accordance with the agreed rental price between Ennova and Kuala Lumpur City Hall (DBKL). The group is furnishing additional information to clarify media reports on the appointment by Ennova of SCIB's subsidiary, SCIB Properties Sdn Bhd, as a subcontractor of the project. (The Edge)

Destini Bhd has completed the delivery of six MD530G helicopters to the Malaysian army, after concluding the Final Acceptance Test. The delivery has strengthened its expertise in maintenance, repair and overhaul (MRO) to secure MRO services on the helicopters and on other army air unit assets. (The Edge)

EcoFirst Consolidated Bhd has proposed a private placement to raise up to RM22.1m for working capital purposes. The exercise entails the issuance of up to 56.4m new shares or 4.8% of its total number of issued shares. (The Edge)

Nestcon Bhd's wholly-owned subsidiary Nestcon Builders Sdn Bhd has accepted a letter of award from Nescaya Etika Sdn Bhd to be the principal contractor to undertake the construction and completion of the main building and infrastructure works for the Phase 1 development project undertaken by NESB for RM118.1m. The project for Picoland Sdn Bhd involves the construction of a 38-storey building in Kuala Lumpur. (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	KEINHIN	25-May	1.090	1.140	1.200	1.250	0.990	0.985	0.985	-9.6%	Cut loss on 13-Jun
2	CEPAT	7-Jun	0.955	1.020	1.070	1.190	0.910	0.905	0.905	-5.2%	Cut loss on 13-Jun
3	OWG	8-Jun	0.610	0.655	0.695	0.750	0.565	0.560	0.570	-6.6%	On-going
4	AEON	13-Jun	1.530	1.690	1.750	1.800	1.420	1.410	1.500	-2.0%	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	232
Total winners	138
Total losers	94
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	11.6%
Accuracy (2022)	53.2%
FBM KLCI (Since 31/12/2021)	-6.6%
FBM Small Cap (Since 31/12/2021)	-6.0%
Malaysia GDP Growth (1Q22)	5.0%