

Market conditions may turn calmer

Market Review

Malaysia: The FBM KLCI (-1.5%) erased all its previous session gains alongside with the mostly weaker regional peers yesterday. The lower liners retreated on quick profit taking activities, while all the 13 major sectors on the broader market fell with the plantation sector (-2.2%) was the biggest underperforming sector.

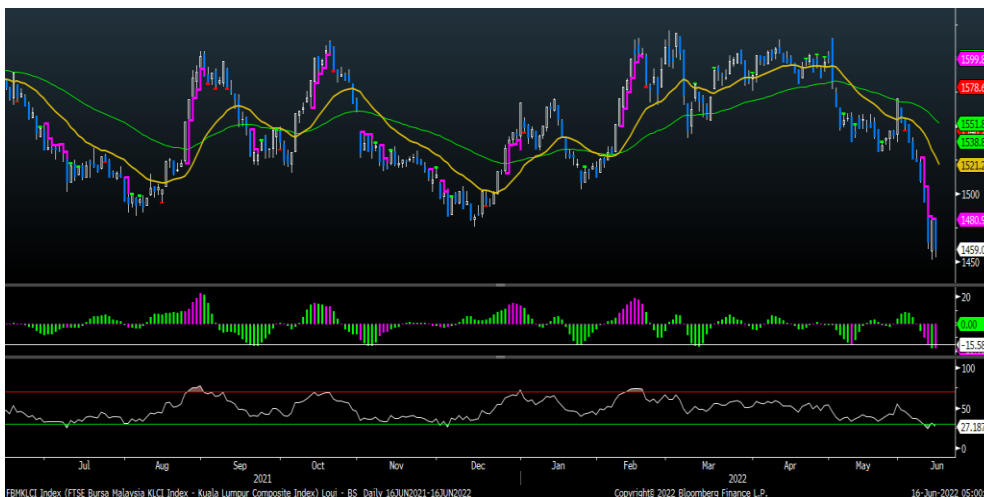
Global markets: Wall Street rebounded overnight as the Dow (+1.0%) rose after the US Feds delivered a 75 basis points of interest rate hike and re-assured that similar large rate hikes may be off the table for now in the upcoming FOMC meeting. The European stock markets rebounded, but Asia stock markets closed mostly lower.

The Day Ahead

Following the conclusion of the two-day US FOMC meeting that saw the pace of the interest rate hike came in line with market expectations, we think that markets conditions should turn calmer. Mild bargain hunting activities may emerge at least for the near term after majority of the stocks have fallen into the oversold territory. Still, we reckon that the lack of fresh market catalysts and anxieties over the lingering inflationary pressure could result in market environment to remain wary and cautious overtime, which may keep the upside limited. Meanwhile, the Brent oil price has declined below USD120, while the CPO is trading around RM5,600.

Sector focus: Timber-related stocks may see improve trading activities after Malaysia and Vietnam has signed a Memorandum of Cooperation (MoC) to further develop the timber trades between both countries. Meanwhile, the technology sector may rebound, taking cue from the positive developments on Nasdaq overnight.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI took another dive as the key index reversed all its previous session sharp gains. Technical indicators stayed negative as the MACD Histogram extended a negative bar, while the RSI slipped back into the oversold territory. Support is pegged along 1,430-1,450, while the resistance is set at 1,500-1,530.

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

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	30,668.53	100
S&P 500	3,789.99	146
NASDAQ	11,099.15	2.50
FBM KLCI	1,459.05	-150
FBM Small Cap	14,651.13	-157
FBM ACE	4,888.67	-103
Construction	153.38	-0.43
Consumer	559.72	-127
Energy	749.40	-157
Financial Services	16,168.07	-0.53
Healthcare	1695.75	-178
Ind Products	187.35	-162
Plantation	7,382.50	-2.22
Property	643.92	-0.72
REITs	802.95	-0.14
Technology	63.21	-185
Telco & Media	558.17	-163
Transport	817.30	-119
Utilities	830.27	-0.68
Trading Vol (m)	2,425.74	-0.94
Trading Val (RM m)	1,821.43	-3.84
Advance/ Decline	32%	
FKLI	1,456.00	0.07
FCPO (RM)	5,605.00	0.52
Brent oil (USD)	118.51	-2.20
Gold (USD)	1,833.82	1.40
USD	4.4135	0.16
GBP	5.3407	0.65
EURO	4.63	-0.38
SGD	3.1776	0.17

Trading participation 5-day trend and value (m)

Institution	Retail	Foreign
381.9	290.5	-672.4

Source: Bloomberg, Bursa Market Place

Company Brief

GFM Services Bhd has secured a contract worth RM367.2m from the Public Works Department (JKR) to provide facilities management services for Istana Negara. The contract is for a period of 5 years from 15th June 2022, until 14th June 2027. (The Star)

Datasonic Group Bhd's wholly-owned subsidiary Datasonic Technologies Sdn Bhd (DTSB) has bagged a RM9.7m contract from Pertubuhan Keselamatan Sosial (Perkeso). The contract was to provide services for the development of a data analytics hub for the Employment Insurance System (EIS). The contract is for a period of 5 years commencing from 1st July 2022 to 30th June 2027. (The Star)

TIME dotCom Bhd is suing celebseek.com, a little-known tabloid, over a fake news article which purportedly linked TIME dotCom commander-in-chief Afzal Abdul Rahim to the remand of a completely unconnected individual who was reported to have been remanded in connection to some enforcement action in Johor. (The Edge)

Berjaya Food Bhd is set to announce a joint venture with international bakery operator Paris Baguette Singapore. Paris Baguette is a French-inspired bakery brand that is operated by SPC Group and is the number one bakery chain in South Korea. (The Edge)

Eco World International Bhd's 2QFY22 net loss stood at RM67.4m vs. a net profit of RM11.3m recorded in the previous corresponding quarter year ago, owing to fewer units sold being handed over to customers as well as its share of losses in joint ventures. Revenue for the quarter plunged 69.3% YoY to RM33.1m. (The Edge)

Bursa Securities has granted a further five-month extension of time until 30th November 2022 to ailing oil and gas service provider **Scomi Group Bhd** to submit its regularisation plan for approval. (The Edge)

Citaglobal Bhd has entered into a share purchase agreement with TIZA Global Sdn Bhd for the proposed acquisition of the entire equity interest in Citaglobal Engineering Services Sdn Bhd. The proposed acquisition for an indicative purchase consideration of RM140.0m via the issuance of 736.8m new shares in Citaglobal at an issue price of 19.0 sen per share. Citaglobal is also proposing to undertake a share consolidation to consolidate every 5 shares into 1 share. (The Edge)

Hong Seng Consolidated Bhd has issued a letter of intent to Invest NS to explore the possibilities towards forming a strategic partnership for the development of 5 parcels of leasehold land in Seremban, Negeri Sembilan measuring approximately 284.8-ac into Malaysia Green Valley. Invest NS is a solution centre set up by the Negeri Sembilan state government to assist investors in setting up new operations and expanding their existing operations in the state. (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	OWG	8-Jun	0.610	0.655	0.695	0.750	0.565	0.560	0.560	-8.2%	Cut loss on 15-Jun
2	AEON	13-Jun	1.530	1.690	1.750	1.800	1.420	1.410	1.440	-5.9%	On-going
3	DAYANG	15-Jun	0.985	1.050	1.120	1.220	0.940	0.935	1.000	1.5%	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	233
Total winners	139
Total losers	94
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	7.6%
Accuracy (2022)	54.2%
FBM KLCI (Since 31/12/2021)	-6.9%
FBM Small Cap (Since 31/12/2021)	-7.0%
Malaysia GDP Growth (1Q22)	5.0%