

Volatility remains a feature

Market Review

Malaysia: The FBM KLCI (+0.9%) rebounded, mainly driven by bargain hunting activities after more than two-thirds of the key index components advanced yesterday. The lower liners, however, extended their decline, while the broader market ended mixed with the plantation sector (-1.4%) underperformed.

Global markets: Volatility returns to Wall Street as the Dow (-2.4%) sank on mounting concern over the recessionary risk as the US Federal Reserve hawkish move may not be able to tame the inflationary pressure. The European stock markets also tumbled, but Asia stock markets ended mixed.

The Day Ahead

Although there were signs of rebound on the FBM KLCI, the pace of recovery is expected to be measured over the foreseeable future. Following the weakness on Wall Street overnight, we believe that volatility will remain a feature on stocks across Bursa exchange amid the un-easing concerns over rising risk of recession stemmed by persistently high inflation and on-going monetary tightening environment. The lower liners may face another round of selloffs as investors are likely to unwind their position as market uncertainties prevails. Meanwhile, the Brent oil price advanced to close a hair below USD120/bbl, but the CPO slipped below RM5,500/MT.

Sector focus: Amid the unabated volatility, we think the sectors that are defensive in nature such as consumer products and REIT may see improved trading activities. Meanwhile, we expect selling pressure to re-emerge within the technology stocks that may mirror the weakness on Nasdaq overnight.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI gapped up and manage to stay afloat for the session. Technical indicators, however, remained negative as the Histogram extended a negative bar, while the RSI threads below 50 after bouncing off the oversold position. Support is pegged along 1,430-1,450, while the resistance is set at 1,500-1,530.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	29,927.07	-2.42
S&P 500	3,666.77	-3.25
NASDAQ	10,646.10	-4.08
FBM KLCI	1,472.77	0.94
FBM Small Cap	14,539.96	-0.76
FBM ACE	4,814.74	-1.51
Construction	153.32	-0.04
Consumer	563.16	0.61
Energy	738.67	-1.43
Financial Services	16,359.27	1.18
Healthcare	1,689.59	-0.36
Ind Products	188.82	0.78
Plantation	7,318.07	-0.87
Property	643.99	0.01
REITs	802.93	0.00
Technology	63.44	0.36
Telco & Media	563.23	0.91
Transport	817.55	0.03
Utilities	827.15	-0.38
Trading Vol (m)	2,475.54	2.05
Trading Val (RM m)	1,840.34	1.04
Advance/ Decline	7%	
FKLI	1,459.00	-0.21
FCPO (RM)	5,445.00	-0.51
Brent oil (USD)	119.81	1.10
Gold (USD)	1,857.33	1.28
USD	4.4032	0.23
GBP	5.3401	0.01
EURO	4.584	1.00
SGD	3.171	0.21

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
322.2	261.5	-583.7

Source: Bloomberg, Bursa Market Place

Company Brief

Sapura Energy Bhd's drilling and engineering and construction (E&C) business segments, through its wholly-owned subsidiaries and joint-venture, have secured 6 major contracts in the Asia-Pacific and Atlantic region, with a combined value of RM2.70bn. From the combined value, RM176.0m was contributed by its joint-venture company. (The Star)

Poh Kong Holdings Bhd's 3QFY22 net profit rose 14.9% YoY to RM27.6m, on higher revenue and overall uptrend in gold prices. Revenue for the quarter improved marginally by 0.5% YoY to RM366.2m. (The Star)

Ta Win Holdings Bhd has proposed to dispose of its entire 32.5% stake or 3.9m ordinary shares in Royce Pharma Manufacturing Sdn Bhd for RM20.9m. Upon completion of the proposed disposal, Ta Win continues to account for investment in Royce Pharma as an associate company via its 1.8m preference shares. The proposed disposal is deemed as a strategic reorganisation plan to better realign the vision of Ta Win to become a prominent integrated one-stop copper-solutions provider in the South East Asian region. (The Star)

Kelington Group Bhd has secured a contract worth RM114.0m to build a semiconductor manufacturing building in Johor. The contract, awarded by a Franco-Italian multinational electronics and semiconductor manufacturer. (The Edge)

CTOS Digital Bhd will be making a general offer to all remaining shareholders of RAM Holdings Bhd, in which it owns a 19.2% stake currently. Whilst CTOS may control more than 51.0% of RAM, many large shareholders are expected to remain in place. (The Edge)

Norges Bank Investment Management has reported that their executive board has decided to place **Supermax Corp Bhd** under observation for 2 years due to allegations of serious violations of human rights involving the glove maker's foreign workers. (The Edge)

Capital A Bhd is evaluating fundraising options for a planned US listing, as it looks to shake off its classification as a financially distressed firm by Bursa Malaysia. Capital A was hard hit by pandemic travel restrictions in Asia, leading Bursa to classify it as a Practice Note 17 (PN17) company, or financially distressed, in January 2022. (The Edge)

Eco World Development Group Bhd's (EcoWorld) 2QFY22 net profit rose 7.9% YoY to RM45.7m, thanks to improved earnings contribution from its Malaysian operations that offsetting the share of loss from its international arm, **Eco World International Bhd**. Revenue for the quarter rose 20.6% YoY to RM506.9m. (The Edge)

The board of **Caely Holdings Bhd** announced that several directors and shareholders have helped fund interest-free loans to the company to pay for the staff's salaries and suppliers. This comes after the bank accounts were frozen by the Malaysian Anti-Corruption Commission in April 2022. Since then, the group has been facing insufficient cash flow. (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	0.995	1.0%	Closed on 16-Jun

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)	7.1%
Accuracy (2022)	54.2%
FBM KLCI (Since 31/12/2021)	-6.0%
FBM Small Cap (Since 31/12/2021)	-7.7%
Malaysia GDP Growth (1Q22)	5.0%