

Ending 1H22 on a downbeat note

Market Review

Malaysia: The FBM KLCI (-0.5%) extended its losses with more than half of the key index components ended in red and the key index sank -8.0% MoM. The lower liners also edged lower, while the broader market ended mostly downbeat with the energy sector (-1.1%) underperformed following the softer crude oil prices.

Global markets: Wall Street finished lower as the Dow (-0.8%) fell after consumer spending in May 2022 declined -0.4% YoY; the first contraction this year suggests that the economy is on a weaker footing. The European stock markets extended their decline, while Asia stock markets ended mostly lower.

The Day Ahead

The FBM KLCI ended 1H2022 in the negative territory as the key index dipped in the final-hour selldown. As Wall Street registering steep decline on the final trading session of 1H2022, we believe the weak sentiment is likely to spill over to the regional markets as well as the local bourse, which has been struggling to find a bottom. Meanwhile, concerns over inflation and recession continued to ripple through the market. The Brent oil price fell to USD109 per barrel mark on the back of uncertainties over future OPEC+ output. Meanwhile, the gold price extended its downtrend move.

Sector focus: The banking sector could stay focus in 2H2022 amid the interest rate up-cycle environment. Besides, we are still positive on selected consumer and REITs stocks as we expect the pent-up consumer spending may sustain at least for the near term. Meanwhile, tracking the overnight slump on Wall Street, the technology sector may witness further selling pressure.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI pulled back and decline below its daily EMA9 level. Technical indicators remained mixed as the MACD Histogram extended a positive bar, while the RSI is hovering below the 50 level. Next resistance is pegged at 1,460-1,480, while the support is located along 1,400-1,420.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	30,775.43	-0.82
S&P 500	3,785.38	-0.88
NASDAQ	11,028.74	-1.33
FBM KLCI	1,444.22	-0.50
FBM Small Cap	14,235.91	-0.53
FBM ACE	4,751.38	-1.83
Construction	155.23	1.19
Consumer	557.71	-0.44
Energy	693.53	-1.13
Financial Services	1,984.18	-0.49
Healthcare	1,676.15	-1.07
Ind Products	181.70	0.23
Plantation	6,900.83	-1.00
Property	636.71	-0.18
REITs	800.83	0.29
Technology	62.54	-0.21
Telco & Media	556.56	-0.30
Transport	808.68	-0.35
Utilities	825.64	-0.23
Trading Vol (m)	2,265.28	-4.74
Trading Val (RM m)	1972.47	11.17
Advance/Decline	65%	
FKLI	1,439.00	-0.03
FCPO (RM)	4,765.00	-2.95
Brent oil (USD)	109.03	-3.04
Gold (USD)	1,807.27	-0.57
USD	4.4082	-0.20
GBP	5.3533	0.09
EURO	4.5967	0.60
SGD	3.1702	-0.09

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
215.7	84.5	-300.2

Source: Bloomberg, Bursa Market Place

Company Brief

Farm Fresh Bhd (FFB) has proposed to acquire a 32,590-sqm (8.1-ac) piece of freehold industrial land in Seremban for RM18.2m from THP Enstek Development Sdn Bhd, to be used as a new manufacturing hub. The proposed acquisition will be fully funded from its initial public offering (IPO) proceeds. (The Star)

iDimension Consolidated Bhd has regularised its financial condition and level of operations and no longer triggers any of the criteria under Paragraph 2.1 of Guidance Note 3 (GN3) of the ACE Market Listing Requirements. The upliftment of iDimension from being classified as a GN3 company will be effective 1st July 2022. As part of the regularisation plan, iDimension will be de-listed from the official list of the ACE Market of Bursa Malaysia Securities and EVD Bhd will be admitted to the official list of the ACE Market of Bursa Securities in place of Idimension. (The Star)

Reach Energy Bhd (REB) has proposed to issue 1.03bn new ordinary shares at an issue price of 20.0 sen per share to undertake a debt settlement exercise involving RM206.5m owed to Super Racer Limited (SRL). At the same time, SRL and Cheung Siu Fai, acting in concert with SRL, intend to seek an exemption from the Securities Commission Malaysia from the obligation to undertake a mandatory take-over offer for the remaining REB shares and the outstanding warrants issued by REB expiring on 15th Aug 2022 on completion of the proposed debt settlement. The proposals are expected to be completed by 2H22. (The Star)

Xelmont Ltd, an indirect wholly-owned subsidiary of **Mudajaya Group Bhd**, has entered into a share sale and purchase agreement with Minyi Holdings Ltd (MHL) to acquire the entire equity interest in Real Jade Ltd for RM224.3m to be fully satisfied by cash. The proposed acquisition entails Xelmont taking 100 per cent equity interest in Real Jade, a holding company with subsidiaries principally engaged in the manufacturing and sales of cement and clinker, and cement trading in China. (The Star)

Marine & General Bhd's (M&G) 4QFY22 net profit stood at RM3.5m vs. a net loss of RM10.3m recorded in the previous corresponding quarter, mainly due to better vessel utilisation and deployment of all tankers of the downstream division under time charter. Revenue for the quarter rose 35.2% YoY to RM63.2m. (The Edge)

Petronas Chemicals Group Bhd (PetChem) has teamed up with Alam Flora Environmental Solutions Sdn Bhd (AFES) to supply plastic and food waste, and evaluate potential partnership to build waste segregation facilities in Malaysia. AFES will also supply organic and food waste for the purpose of research and development towards the potential manufacturing of high value fertiliser for sustainable agriculture. (The Edge)

Teck Guan Perdana Bhd's 1QFY23 net loss widened to RM2.6m, from a net loss of RM1.5m recorded in the corresponding quarter, on the recognition of net fair value loss on forward currency contracts that amounted to RM4.3m. Revenue for the quarter fell 40.9% YoY to RM32.8m. (The Edge)

Telekom Malaysia Bhd (TM) has inked 2 collaboration agreements with Cisco International Ltd to co-invest in projects for 5G innovation and the digital acceleration of small and medium enterprises. The partnership is part of Cisco's Country Digital Acceleration programme to accelerate their national digitalisation agendas. (The Edge)

Technical Focus Tracker

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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	PAVREIT	20-Jun	1.310	1.380	1.410	1.440	1.250	1.240	1.320	0.8%	On-going
2	AMBANK	29-Jun	3.780	3.870	4.000	4.200	3.640	3.630	3.730	-1.3%	On-going

3Q22 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	UWC	1-Jul	3.290	3.890	4.180	-	3.230	2.850	3.290	0.0%	Initiate position
2	DUFU	1-Jul	2.810	3.100	3.280	-	2.750	2.600	2.810	0.0%	Initiate position
3	DAYANG	1-Jul	0.970	1.100	1.140	-	0.940	0.880	0.970	0.0%	Initiate position
4	GASMSIA	1-Jul	3.010	3.220	3.300	-	2.970	2.850	3.010	0.0%	Initiate position
5	PTRANS	1-Jul	0.775	0.860	0.905	-	0.725	0.680	0.775	0.0%	Initiate position
6	SYSCORP	1-Jul	0.410	0.445	0.470	-	0.375	0.340	0.410	0.0%	Initiate position
7	PWROOT	1-Jul	1.670	1.830	1.920	-	1.630	1.550	1.670	0.0%	Initiate position
8	GCB	1-Jul	2.520	2.710	2.800	-	2.460	2.380	2.520	0.0%	Initiate position
9	QL	1-Jul	5.200	5.710	5.920	-	5.230	5.050	5.200	0.0%	Initiate position
10	AMBANK	1-Jul	3.730	3.980	4.110	-	3.620	3.450	3.730	0.0%	Initiate position
Average Return										0.0%	

Technical Focus Tracker Summary	
Total recommendations	237
Total winners	141
Total losers	96
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	4.3%
Accuracy (2022)	53.8%
FBM KLCI (Since 31/12/2021)	-7.9%
FBM Small Cap (Since 31/12/2021)	-9.7%
Malaysia GDP Growth (1Q22)	5.0%