

Prelude to a relief rally

Market Review

Malaysia: The FBM KLCI (+1.2%) recovered all its previous session's losses as bargain hunting activities took precedence with more than two-thirds of the key index components advanced yesterday. The lower liners also rebounded, while the REITs sector (-0.01%) was the sole underperformer on the broader market.

Global markets: Wall Street resumed trading on a buoyant manner as the Dow (+2.2%) rallied after investors turned more optimistic after the market consensus is pointing towards slowdown in inflation in the coming quarters. Both the European and Asia stock markets closed mostly upbeat.

The Day Ahead

Overall, the sentiment has improved across the regional markets, which has helped the FBM KLCI to rebound from its 52-week low. Moreover, following the strong rebound on Wall Street overnight of over 2.0%, the local bourse may see further recovery supported by bargain hunting activities. We believe most of the sectors that have been bashed down earlier should gain traction at least for the near term. Nevertheless, investors are still weighing on the risk of recession arising from global inflation, hence traders may adopt a sell into strength strategy.

Sector focus: The announcement of ceiling price removal for chicken and eggs effective from July 2022 should offer some reprieve to the poultry sector. Besides, investors may scoop up technology shares as buying interest may emerge following the overnight rally on Wall Street.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI rebounded off its 52-week low as the key index closed above its previous support at 1,450. Technical indicators remained negative but showed improvement as the MACD Histogram is recovering towards zero, while the RSI is seeing a cross above the oversold region. Support is pegged along 1,430-1,450, while the resistance is located at 1,480-1,500.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	30,530.25	2.15
S&P 500	3,764.79	2.45
NASDAQ	11,069.30	2.51
FBM KLCI	1,457.88	1.15
FBM Small Cap	14,385.76	1.95
FBM ACE	4,824.98	1.85
Construction	154.45	2.06
Consumer	556.70	1.42
Energy	708.68	2.47
Financial Services	16,159.18	0.71
Healthcare	1,688.61	2.78
Ind Products	186.36	1.57
Plantation	7,114.97	0.01
Property	633.84	0.22
REITs	797.51	-0.01
Technology	62.63	2.02
Telco & Media	554.57	1.87
Transport	811.11	1.30
Utilities	818.80	0.30
Trading Vol (m)	2,795.34	6.57
Trading Val (RM m)	1,866.89	10.37
Advance/Decline	226%	
FKLI	1,461.50	0.24
FCPO (RM)	5,001.00	0.42
Brent oil (USD)	114.65	0.46
Gold (USD)	1,832.98	-0.31
USD	4.3962	0.09
GBP	5.4141	-0.46
EURO	4.6458	-0.24
SGD	3.1766	-0.09
Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
77.4	163.8	-241.2

Source: Bloomberg, Bursa Market Place

Company Brief

UWC Bhd's 3QFY22 net profit rose 24.6% YoY to RM28.7m, due to the group's focus in delivering higher value products to customers. Revenue for the quarter added 21.7% YoY to RM87.3m. (The Star)

Handal Energy Bhd (Handal) has secured four new purchase orders (PO) and one contract extension via its wholly-owned subsidiary, Handal Cranes Sdn Bhd and 51.0%-owned subsidiary, Borneo Seaoffshore Engineering Sdn Bhd (BSOE). The new contract wins and extension would allow the group to improve its revenue streams and further ease cash flow challenges which is a key enabler in providing a sustainable and rejuvenated service level to its clients. (The Star)

Petronas Gas Bhd (PetGas) has awarded a RM92.0m contract to undertake a gas pipeline extension to a consortium comprising Carimin Engineering Services Sdn Bhd and I Drill Pipelines Constructions Sdn Bhd. The job involves the construction of about 10km of lateral pipeline and metering station to supply natural gas to a paper making plant belonging to ND Paper Malaysia (Selangor), which is part of China's Nine Dragons Paper Ltd. (The Edge)

Green Packet Bhd has announced the appointment of Datuk Firmansyah Aang Muhamad as its independent and non-executive chairman. He replaces Tan Sri Omar Abdul Rahman, who has retired after holding the post for 18 years. (The Edge)

Astro Malaysia Holdings Bhd's 1QFY23 net profit fell 29.2% YoY to RM100.0m, due to factors that included higher net financing costs amid unfavourable unrealised foreign exchange loss. Revenue for the quarter dropped 9.4% YoY to RM962.1m. A first interim dividend of 1.25 sen per share, payable on 20th July 2022 was declared. (The Edge)

Dynaciate Group Bhd has proposed to acquire a freehold industrial land measuring 7,690 sqm in Nilai, Negeri Sembilan from a unit of **Sime Darby Property Bhd** to expand its property portfolio. The property belonging to Sime Darby Property (Nilai) Sdn Bhd in Setul district consists of a single-storey factory building with a two-storey office building. (The Edge)

Yinson Holdings Bhd's rights issue to raise some RM1.19bn was oversubscribed by 22.3% as at close of acceptance on 14th June 2022. The valid acceptance and excess applications totalled 1.03bn rights shares, against the 844.2m rights shares made available for subscription. (The Edge)

Inix Technologies Holdings Bhd is changing its name to Zen Tech International Bhd effective 23rd June 2022. (The Edge)

Bina Puri Holdings Bhd has proposed to raise some RM27.0m via a private placement and rights issue. Bina Puri plans to raise RM21.6m via a private placement of up to 479.3m shares or 30.0% of its total issued shares at an issue price to be determined later. (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	AEON	13-Jun	1.530	1.690	1.750	1.800	1.420	1.410	1.410	-7.8%	Cut loss on 20-Jun
2	PAVREIT	20-Jun	1.310	1.380	1.410	1.440	1.250	1.240	1.320	0.8%	On-going
3	DUFU	22-Jun	2.860	3.060	3.220	3.680	2.600	2.590	2.860	0.0%	Initiate position

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	235
Total winners	140
Total losers	94
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	5.9%
Accuracy (2022)	54.0%
FBM KLCI (Since 31/12/2021)	-7.0%
FBM Small Cap (Since 31/12/2021)	-8.7%
Malaysia GDP Growth (1Q22)	5.0%