

Rebound may be short-lived

Market Review

Malaysia: The FBM KLCI (+0.8%) staged a strong recovery, taking cue from the positive performance on Wall Street overnight as concern over the rising interest rates subsides. The lower liners also extended their lead, while the broader market closed mostly higher, anchored by the technology sector (+3.0%).

Global markets: Wall Street turned volatile as the Dow (-1.2%) reversed all its previous session gains on expectations over the imposition of fresh sanctions to Russia by US and its allies. The European stockmarkets were also downbeat, but Asia stockmarkets finished mostly higher.

The Day Ahead

The FBM KLCI swung higher as returned buying interest was noticed in banking and plantation heavyweights in the anticipation of the reopening of borders and firmer FCPO price. With the Wall Street taking a pause after a recent strong rebound, we expect the profit taking activities may spill over to the local front, especially the technology stocks. We think investors may stay cautious in the anticipation of further sanction against Russia, which may lift commodity prices another round. Crude oil jumped above USD121 per barrel mark as the disruptions to the crude export via the Caspian pipeline fuelled worries over tighter global supplies. Meanwhile, CPO is traded above RM6,300.

Sector focus: The soaring crude oil and CPO prices may trigger buying interest in the O&G and plantation sector. Besides, traders may look into aviation stocks amid the reopening of travel borders. Meanwhile, we do expect traders to focus on construction stocks following the release of GAMUDA's result.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI saw a rebound after two declining session as the key index holding firmly above the daily EMA9 level. Technical indicators remained positive as the MACD Histogram extended a positive bar, while the RSI hovered above 50. Sustained buying interest may push the key index towards the resistance around 1,600-1,620 zone. Meanwhile, support is set at 1,550.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	34,358.50	-129
S&P 500	4,456.24	-123
NASDAQ	13,922.60	-132
FBM KLCI	1597.88	0.76
FBM Small Cap	16,090.88	104
FBM ACE	5,582.68	2.71
Construction	156.71	0.05
Consumer	577.62	0.57
Energy	719.68	-0.42
Financial Services	16,748.81	0.98
Healthcare	2,116.16	126
Ind Products	203.94	106
Plantation	8,048.40	-0.06
Property	707.36	0.96
REITs	760.42	-0.04
Technology	78.81	2.95
Telco & Media	648.05	0.81
Transport	835.29	1.19
Utilities	850.42	0.72
Trading Vol (m)	3,547.68	14.79
Trading Val (RM m)	2,637.27	-7.25
Advance/ Decline	220%	
FKLI	1596.00	-0.13
FCPO (RM)	6,312.00	194
Brent oil (USD)	121.60	5.30
Gold (USD)	1943.86	1.16
USD	4.2238	-0.15
GBP	5.5843	-0.50
EURO	4.6456	-0.18
SGD	3.1102	-0.17

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
- 410.0	- 117.5	527.5

Source: Bloomberg, Bursa Market Place

Company Brief

Gamuda Bhd's 2QFY22 net profit rose 43.7% YoY to RM177.1m, supported by the better earnings in the construction and property divisions. Revenue for the quarter increased 44.1% YoY to RM1.29bn. (The Star)

LYC Healthcare Bhd has proposed to acquire 3 dental clinics in Klang Valley for a total of RM3.2m. LYC wholly-owned subsidiary LYC Dental Group Sdn Bhd had entered into a conditional share purchase agreement with Dr Beh Wee Ren to acquire 100.0% shareholding in KL Dental which owns and operates the outlets in Kiara 163, SS15 Courtyard and Taman Connaught. The healthcare group said the total purchase consideration would be satisfied in a mixture of cash and shares in LYC Dental. (The Star)

Dayang Enterprise Holdings Bhd has been awarded a contract for the provision of maintenance, construction and modification (MCM) for Vestigo Petroleum Sdn Bhd. The value of the contract is based on work orders issued by Vestigo throughout the contract duration. The contract is effective from 25th February 2022 until 16th July 2023. (The Star)

Sime Darby Plantation Bhd and 5 of its subsidiaries are being sued for 5.88trn Rupiah (RM1.72bn) over the disposals of two plantation units. A civil claim has been filed by Indonesian company PT Asa Karya Multi Pratama which had wanted to acquire PT Ladangrumpun Suburabadi and PT Sajang Heulang from Sime Darby Plantation's units. (The Edge)

AirAsia Aviation Group Ltd (AAAGL), the airline holding company under **Capital A Bhd**, has announced the formation of a new board of directors along with four fresh appointments. The new directors are Suvabha Charoenying, Lim Serh Ghee, Francisco Ed. Lim and Tan Sri Mohamad Norza Zakaria. (The Edge)

TH Heavy Engineering Bhd's independent non-executive chairman Datuk Abd Aziz Sheikh Fadzir has resigned from the post after serving for less than a year, due to a personal commitment. (The Edge)

Ranhill Utilities Bhd's major shareholder and executive chairman, Tan Sri Hamdan Mohamad, has pared his equity interest in the utility group to 34.3%, after disposing of a 9.1% stake in an off-market transaction. Lambang Optima Sdn Bhd, in which Hamdan has deemed interest, disposed of the 9.1% stake comprising 116.6m shares on 18th March 2022. (The Edge)

SMTrack Bhd is purchasing a Bombardier Challenger 601-3A aircraft for US\$1.8m (RM7.6m) as part of its move to venture into cargo carriage services. The company has entered into an aircraft purchase agreement with Fairway Logistic (M) Sdn Bhd for the purchase of the aircraft. (The Edge)

Destini Bhd wholly-owned subsidiary Destini Oil Services Sdn Bhd has bagged a contract from EnQuest Petroleum Production Malaysia Ltd for the provision of tubular handling services off the coast of Terengganu. It, however, did not disclose the value of the contract. (The Edge)

Ni Hsin Group Bhd has inked an original equipment manufacturing agreement with Dongguan Tailing Motor Vehicle Co Ltd to manufacture the eBixon EV Bike. Its unit, Ni Hsin EV Tech Sdn Bhd will assemble and test as well as run quality control and commission the electric two-wheelers in Malaysia. (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	OKA	7-Mar	0.815	0.850	0.875	0.920	0.770	0.765	0.840	3.1%	On-going
2	DSONIC	9-Mar	0.440	0.475	0.490	0.520	0.400	0.395	0.460	4.5%	On-going
3	COASTAL	14-Mar	1.790	1.860	2.000	2.090	1.590	1.580	1.860	3.9%	Take profit at R1 on 22-Mar
4	CIMB	16-Mar	5.120	5.300	5.500	5.750	4.920	4.910	5.300	3.5%	Take profit at R1 on 22-Mar
5	LBS	21-Mar	0.485	0.495	0.520	0.560	0.445	0.440	0.520	7.2%	Take profit at R2 on 22-Mar
6	PENTA	23-Mar	3.910	4.160	4.370	4.900	3.530	3.520	4.160	6.4%	Take profit at R1 on 23-Mar

1Q22 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	KGB	5-Jan	1.820	2.000	2.200	-	1.530	1.500	1.190	-34.6%	Cut loss on 7-Mar
2	BPPLAS	5-Jan	1.580	1.800	2.000	-	1.400	1.370	1.410	-10.8%	Closed on 7-Mar
3	ELKDESA	5-Jan	1.310	1.430	1.500	-	1.230	1.200	1.310	0.0%	Closed on 7-Mar
4	JAKS	5-Jan	0.415	0.455	0.490	-	0.360	0.345	0.305	-26.5%	Cut loss on 7-Mar
5	KMLOONG	5-Jan	1.680	1.800	1.900	-	1.580	1.550	1.890	12.5%	Take profit on 7-Mar
6	OPTIMAX	5-Jan	1.310	1.520	1.640	-	1.250	1.180	1.030	-21.4%	Cut loss on 7-Mar
7	OKA	5-Jan	0.835	0.910	0.945	-	0.760	0.745	0.800	-4.2%	Closed on 7-Mar
8	KRONO	5-Jan	0.650	0.685	0.745	-	0.565	0.550	0.480	-26.2%	Cut loss on 7-Mar
9	OPCOM	5-Jan	0.950	1.120	1.300	-	0.880	0.865	0.765	-19.5%	Cut loss on 7-Mar
10	RGTECH	5-Jan	0.480	0.515	0.565	-	0.415	0.400	0.420	-12.5%	Closed on 7-Mar
Average Return										-14.3%	

Technical Focus Tracker Summary	
Total recommendations	210
Total winners	130
Total losers	80
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	32.4%
Accuracy (2022)	68.0%
FBM KLCI (Since 31/12/2021)	1.9%
FBM Small Cap (Since 31/12/2021)	2.1%
Malaysia GDP Growth (2021)	3.1%