

Baby steps of rebound

Market Review

Malaysia: The FBM KLCI (+0.1%) managed to hold onto its gains, largely supported by selected oil & gas and banking heavyweights. The lower liners also marched higher, while the broader market ended mostly upbeat, led by the technology sector (+2.8%) that mirrored the positive on Nasdaq performance on last Friday.

Global markets: Wall Street turned directionless as the Dow (-0.2%) edged mildly lower on mild profit taking after the surge last week, while treasury yields climbed; sparking lower risk appetite for equities market. Both the European and Asia stock markets, however, closed mostly positive.

The Day Ahead

The FBM KLCI booked marginal gains amid improving regional sentiment. We are cautiously optimistic on the market outlook as foreign selling continued to decline; 5-day net selling stood at RM76.9m vs -RM365.6m from a week earlier. However, market direction remains unclear as Wall Street retreated mildly overnight. Commodity wise, the crude oil price rose to USD115 per barrel mark as investors eyed the G7 talks on new sanctions against Russian oil and gas exports, which may exacerbate tight supplies in the global oil market. The CPO is trading around RM4,850-4,900.

Sector focus: The energy sector is likely to gain traction, supported by the strength in the crude oil price driven by potential new sanctions against Russian oil exports. Also, without any heavy selling pressure on Nasdaq, we believe the technology stocks on the local front may sustain its buying momentum today.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI started the week with mild improvement as the key index stabilised above its 52-week low. Technical indicators remained mixed albeit signs of improvement on the MACD Histogram, which extended a positive bar, while the RSI hovered above 30. Support is located at 1,400-1,420, while the resistance is pegged along 1,450-1,480.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	31438.26	-0.20
S&P 500	3,900.11	-0.30
NASDAQ	11524.55	-0.72
FBM KLCI	1438.12	0.10
FBM Small Cap	14,318.39	0.98
FBM ACE	4,831.65	1.29
Construction	152.64	0.31
Consumer	554.57	0.41
Energy	688.66	1.65
Financial Services	16,015.13	0.32
Healthcare	1646.36	-0.20
Ind Products	182.88	-0.27
Plantation	6,922.86	0.07
Property	634.73	0.08
REITs	790.05	-0.74
Technology	64.39	2.83
Telco & Media	552.70	-0.09
Transport	811.58	0.83
Utilities	821.51	-0.65
Trading Vol (m)	2,658.03	7.66
Trading Val (RM m)	1436.62	-2.86
Advance/ Decline	57%	
FKLI	1439.00	0.03
FCPO (RM)	4,876.00	-0.93
Brent oil (USD)	115.09	1.74
Gold (USD)	1822.85	-0.22
USD	4.4045	-0.04
GBP	5.4256	-0.33
EURO	4.6553	-0.19
SGD	3.1809	-0.24

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
-12.6	89.5	-76.9

Source: Bloomberg, Bursa Market Place

Company Brief

Dagang Nexchange Bhd (DNeX) has signed a memorandum of understanding (MoU) with Saudi Arabia-based Ajlan & Bros Holding Group (Abilitii) to explore business synergy between both companies. Under the MoU, both parties will look into business collaboration in such areas as technology, software products and platforms for facilitating trade, oil and gas production and trade, software development, system integration and consultation services. (The Star)

After an unsuccessful bid for a digital banking licence, **Pertama Digital Bhd** (PDB) is now in discussion with incumbent conventional banks to provide digital banking products via its neobank services channel. A neobank is a combination of a technology company and a licenced bank providing digital banking services. The investment for a neobank is estimated to be about RM100.0m over a 3-year period versus a minimum RM500.0m needed to launch a viable digital bank via the digital banking licence from BNM. (The Star)

MyNews Holdings Bhd's 2QFY23 net loss narrowed to RM10.2m vs. a net loss of RM10.3m recorded in the previous corresponding quarter, on growth in the number of outlets and increase in footfall upon relaxation of the full lockdown by the government. Revenue for the quarter rose 35.7% YoY to RM141.1m. (The Star)

AirAsia X Bhd (AAX) has announced the resignation of Tan Sri Rafidah Aziz as its chairman effective 1st July 2022. She is stepping down as she will soon have served the term allowed as an independent director. (The Edge)

Costlier crude oil along with a stronger US Dollar will erode profit margin, admitted by **Spritzer Bhd**. Polyethylene Terephthalate (PET), the chemical name for polyester is a clear, strong, and lightweight plastic made from crude oil and ethane extracted from natural gas that is widely used for packaging food and beverages, especially convenience-sized soft drinks, juices and water. (The Edge)

Sapura Energy Bhd's 1QFY23 net profit stood at RM91.9m vs. a net loss of RM97.1m recorded in the previous corresponding quarter, on the back of forex gains arising from the appreciation of the US Dollar against the Ringgit. In the preceding quarter, it posted its biggest ever net loss at RM6.78 bn. Revenue for the quarter, however, declined 39.8% YoY to RM886.1m. (The Edge)

Southern Cable Group Bhd is targeting higher overseas revenue in FY22, on the back of improving regional demand in line with recovering economic activities. It also hopes to penetrate into the US market in 2H22. (The Edge)

Highway construction group **MTD Capital Bhd** has ceased to be a substantial shareholder of **Reach Energy Bhd** after disposing of a 10.4% stake or 114.0m shares in the oil and gas company. The shares were sold in the open market on 24th June 2022. (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	DUFU	22-Jun	2.890	3.060	3.220	3.680	2.600	2.590	2.940	1.7%	On-going
3	FRONTKN	27-Jun	2.580	2.840	2.950	3.300	2.390	2.380	2.600	0.8%	On-going

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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	236
Total winners	142
Total losers	94
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	8.4%
Accuracy (2022)	56.9%
FBM KLCI (Since 31/12/2021)	-8.3%
FBM Small Cap (Since 31/12/2021)	-9.1%
Malaysia GDP Growth (1Q22)	5.0%

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