

Recovery may attract quick profit taking

Market Review

Malaysia: The FBM KLCI (+1.2%) staged a strong rebound with more than two-thirds of the KLCI components marched higher and the key index recorded its third straight winning streak. The lower liners also extended their lead, while the broader market ended broadly higher with the exception of the technology sector (-1.2%).

Global markets: Volatility strikes again on Wall Street as the Dow (-1.6%) slipped amid lingering concern over the state of economic outlook after the consumer confidence data in June 2022 fell sharply to 98.7, from 103.2 in May 2022. Both the European and Asia stock markets, however, finished mostly upbeat.

The Day Ahead

The FBM KLCI bounced in the afternoon session along with most regional peers as investors cheered China's reduction in quarantine period for international travellers. Nevertheless, the overnight pullback on Wall Street signified an overall negative sentiment ahead of the earnings season on persistent worries over recession. The broad sell-off may spill over to the regional markets as well as the local bourse. On the commodity markets, the Brent oil rebounded and climbed higher towards the USD118 per barrel zone, while the CPO traded around RM4,900-5,000.

Sector focus: We believe that the banking sector may benefit from the interest rate upcycle environment and Malaysia PPI in May saw a double-digit growth. Investors may also favour REITs amid the uncertain market sentiment. On the contrary, growth stock may take a back seat today given the overnight plunge in Wall Street.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI closed above its daily EMA9 level as the key index climbed for the third straight session. Technical indicators were mixed as the MACD Histogram has extended a positive bar, while the RSI hovered below the 50 level. As the immediate resistance at 1,450 was breached, next resistance is pegged along 1,480-1,500, while the support is located at 1,400-1,430.

Research Team
research@msec.com.my
(603) 2201 2100

Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	30,946.99	-1.56
S&P 500	3,821.55	-2.01
NASDAQ	11,815.4	-2.98
FBM KLCI	1,454.74	1.16
FBM Small Cap	4,389.91	0.50
FBM ACE	4,794.86	-0.76
Construction	153.39	0.49
Consumer	563.81	1.67
Energy	709.76	3.06
Financial Services	6,113.86	0.62
Healthcare	1,651.67	0.32
Ind Products	184.56	0.92
Plantation	7,042.17	1.72
Property	635.32	0.09
REITs	792.93	0.36
Technology	63.62	-1.20
Telco & Media	555.82	0.56
Transport	815.82	0.52
Utilities	823.35	0.22
Trading Vol (m)	2,289.26	-3.87
Trading Val (RM m)	1,616.75	2.54
Advance/ Decline	22%	
FKLI	1,450.50	-0.28
FCPO (RM)	4,913.00	-1.52
Brent oil (USD)	117.98	2.51
Gold (USD)	1,820.01	-0.16
USD	4.3967	0.18
GBP	5.4005	0.46
EURO	4.6544	0.02
SGD	3.1747	0.20

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
83.1	110.3	-193.4

Source: Bloomberg, Bursa Market Place

Company Brief

AMMB Holdings Bhd's 51.0%-owned subsidiary, AmGeneral Holdings Bhd (AGHB) has obtained approval from the Minister of Finance (MoF) for the sale of its wholly-owned subsidiary, AmGeneral Insurance Bhd (AGIB) to Liberty Insurance Bhd (LIB). AGIB is currently 51.0%-owned by AMMB and 49.0%-owned by Insurance Australia Group (IAG). Upon completion of the deal, which is subject to customary closing conditions, LIB will acquire 100.0% of AGIB's shares, while AMMB will receive its share of the sale proceeds in the form of cash and consideration shares. As a result, AMMB will hold a 30.0% interest in the businesses of AGIB and LIB. (The Star)

Kim Loong Resources Bhd's 1QFY23 net profit rose 38.2% YoY to RM39.2m, mainly due to higher average selling prices of fresh fruit bunches (FFB) and crude palm oil (CPO). Revenue for the quarter grew 63.1% YoY to RM509.7m. (The Star)

United Malacca Bhd's 4QFY22 net profit stood at RM18.7m vs. a net loss of RM11.7m recorded in the previous corresponding quarter, due to higher average crude palm oil (CPO) price. Revenue for the quarter rose 38.6% YoY to RM147.5m. A second interim single-tier dividend of 5.0 sen per share and a special single-tier dividend of 5.0 sen per share, payable on 19th August 2022 was declared. (The Star)

Petronas Dagangan Bhd (PetDag) is disposing of working inventory and deadstock (un-pumpable inventory) in 6 fuel terminals to Petronas' wholly-owned unit Petco Trading Labuan Co Ltd (PTLCL) in a related party transaction for RM132.9m. The deal is part of its efforts to eliminate exposure to movement of Means of Platts Singapore (MOPS), thus ensuring its product cost to be reflective of current market prices. (The Edge)

Inari Amertron Bhd is pumping RM283.3m from its July 2021 private placement in a joint venture (JV) with China Fortune-Tech Capital Co Ltd (CFTC) to carry out outsourced semiconductor assembly and test (OSAT) services in China. Inari Amertron's wholly-owned unit Amertron International Ltd will own 54.5% in the JV company, while CFTC's private equity fund CFTC (Yiwu) Equity Investment Fund Partnership (Limited Partnership) will hold the remaining 45.5%. (The Edge)

AT Systematization Bhd has called off its memorandum of understanding (MOU) with 3 joint venture partners to produce medical-grade mechanical air ventilators. To recap, previously in May 2020, the group, together with two Malaysian firms, namely **Sanichi Technology Bhd** and **PNE PCB Bhd** have announced a forged partnerships with a US-based company, Arzon Solar LLC (ARZ), to produce medical-grade mechanical air ventilators to take advantage of the worldwide shortage of the product. (The Edge)

Poh Huat Resources Holdings Bhd's 2QFY22 net profit jumped 81.8% YoY to RM23.1m, mainly driven by higher furniture shipments and sustained orders from North America. Revenue for the quarter grew 12.6% YoY to RM186.3m. A dividend of 2.0 sen per shar, payable on 27th July 2022 was declared. (The Edge)

Mah Sing Group Bhd has acquired a new plot of land in the district of Tebrau, Johor Bahru for RM39.3m, marking the group's first land deal in 2022 to develop a mixed project that will have an estimated gross value of about RM469.0m. The land parcel, measuring about 6.9-acres, is located in the matured township of Austin Perdana. (The Edge)

NTPM Holdings Bhd's 4QFY22 net profit fell 32.9% YoY to RM3.5m, owing to higher income tax expenses and lower interest income. Revenue for the quarter, however, rose 6.5% YoY to RM200.8m. (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	PAVREIT	20-Jun	1.310	1.380	1.410	1.440	1.250	1.240	1.310	0.0%	On-going
2	DUFU	22-Jun	2.890	3.060	3.220	3.680	2.600	2.590	2.950	2.1%	Closed on 28-Jun
3	FRONTKN	27-Jun	2.580	2.840	2.950	3.300	2.390	2.380	2.520	-2.3%	Closed on 28-Jun
4	AMBANK	29-Jun	3.790	3.870	4.000	4.200	3.640	3.630	3.790	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	BPPPLAS	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	237
Total winners	140
Total losers	95
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	4.9%
Accuracy (2022)	51.9%
FBM KLCI (Since 31/12/2021)	-7.2%
FBM Small Cap (Since 31/12/2021)	-8.7%
Malaysia GDP Growth (1Q22)	5.0%