

Profit taking emerged

Market Review

Malaysia: The FBM KLCI (-0.7%) pared most of its previous session gains, dragged by profit taking activities in Petronas-related and selected banking heavyweights yesterday. The lower liners also extended their decline, while the broader market ended mostly negative with the energy sector (-1.3%) taking the worst hit.

Global markets: Wall Street extended its losses as the Dow (-1.8%) sank amid the on-going geopolitical issue between Russia-Ukraine that resulted in rising crude oil prices, which triggered further concerns over the inflationary pressure. The European stockmarkets turned downbeat, but Asia markets extended their lead.

The Day Ahead

Despite a broad rebound in regional markets, the FBM KLCI retreated to close below the 1,600 psychological level as investors focus on the geopolitical developments between Russia-Ukraine after the earnings season. With the Wall Street remained in the risk-off mode overnight, we expect volatility to persist and profit taking activities may continue on the local front with the unsettled Russia-Ukraine incident. Nevertheless, the elevated commodity prices, coupled with the net buying of foreign funds should lend support to the local bourse. At the time of writing, Brent oil is trading above USD107, while CPO surged above RM7,000.

Sector focus: We believe the energy, metal-related and consumer stocks are still among the top sectors to watch under this jittery environment. Meanwhile, should the tension between Russia-Ukraine continue to rise, investors may see trading interest in the plantation counters amid the shortfall in sunflower oil.

FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI has fallen below the 1,600 psychological level. Technical indicators, however, is slightly positive as the Histogram turned positive, while the RSI continued to hover above the 50 level. Support is set around 1,570-1,580, while the resistance is located around 1,615.

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Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,294.95	-1.76
S&P 500	4,306.26	-1.55
NASDAQ	13,532.46	-1.59
FBM KLCI	1,596.44	-0.74
FBM Small Cap	1,288.12	-0.28
FBM ACE	5,872.35	-0.26
Construction	152.57	1.82
Consumer	582.10	-0.50
Energy	749.03	-1.25
Financial Services	16,448.68	-0.46
Healthcare	2,128.14	1.31
Ind Products	209.82	-0.50
Plantation	8,323.82	0.10
Property	721.93	0.74
REITs	763.49	-0.42
Technology	77.40	-0.12
Telco & Media	627.45	0.43
Transport	840.09	-0.92
Utilities	849.62	-0.78
Trading Vol (m)	3,214.96	-7.58
Trading Val (RM m)	3,246.87	-8.24
Advance/ Decline	74%	
FKLI	1,584.50	0.06
FCPO (RM)	7,019.00	3.80
Brent oil (USD)	104.97	7.15
Gold (USD)	1,945.28	1.90
USD	4.1932	0.15
GBP	5.6315	-0.39
EURO	4.6946	0.00
SGD	3.0988	-0.28

Trading participation 5-day trend and value (m)

Institution	Retail	Foreign
-1234.6	8.1	1226.5

Source: Bloomberg, Bursa Market Place

Company Brief

LYC Healthcare Bhd's wholly-owned subsidiary LYC Medicare Sdn Bhd (LYC MY) has entered into a conditional sale and purchase agreement (SPA) with Kenanga Investors Bhd (KIB) for the divestment of 6.5m ordinary shares in LYC Medicare (Singapore) Pte Ltd (LYC SG) for S\$12.9m (RM39.9m). The proposed divestment represents 25.0% of the shares and LYC MY will still hold the remaining 75.0% shareholding in LYC SG post the proposed divestment. (The Star)

Ireka Corp Bhd has become the latest company to be classified as an affected listed issuer under Practice Note 17 (PN17) of the Main Market Listing Requirements (MMLR). The PN17 prescribed criteria is triggered as external auditors, Messrs Crowe Malaysia PLT have issued a qualified opinion with indication on material uncertainty relating to going concern in respect of the company's audited financial statements for the financial year ended 31st March 2021 and the company's shareholders' equity on a consolidated basis is 50.0% or less of its share capital as announced on 27th August 2020. (The Star)

Yinson Holdings Bhd will be undertaking a strategic review of its floating production storage and offloading (FPSO) segment, and a public spinoff of the segment is possible. The review is part of its medium- to long term plan to ensure the group is prepared and fit for future growth and that it will be exploring and assessing options available to the group for its FPSO segment. (The Edge)

Sapura Energy Bhd has been served with another winding-up petition over unpaid money, this time by **Icon Offshore Bhd**. The group wholly-owned subsidiary Sapura Offshore Sdn Bhd was served with the petition dated 21st February 2022 by Icon Offshore Group Sdn Bhd. The petition was initiated after Sapura Offshore was unable to pay a sum of RM4.0m plus interest under a consent judgment entered into by the firm and Icon Offshore Group on 13th December 2021. (The Edge)

Malaysia Building Society Bhd (MBSB) has appointed Datin Hoi Lai Ping as the financial services group's independent non-executive director effective 1st March 2022. Hoi, who is a former director of plantation group **FGV Holdings Bhd**, retired from FGV in June 2021. (The Edge)

Ann Joo Resources Bhd has redesignated its executive director Datuk Lim Aun Chuan as deputy managing director (MD), effective 2nd March 2022. (The Edge)

CB Industrial Product Holding Bhd (CBIP) has announced several boardroom changes, including the resignation of Tan Sri Dr Yusof Basiran as its independent and non-executive chairman. Yusof has decided to step down from the position, after having served the company for more than 9 years. (The Edge)

Luster Industries Bhd has proposed to buy a 9,554 sqm freehold land in Ara Damansara from the Sime Darby group for RM35.0m. The acquisition would enable it to build its land bank in favourable areas, where the group can leverage on its extensive experience in building mixed-use developments. (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	SUNREIT	14-Feb	1.370	1.460	1.490	1.560	1.350	1.340	1.370	0.0%	On-going
2	MYEG	28-Feb	0.990	1.050	1.100	1.150	0.920	0.915	0.960	-3.0%	On-going
3	PANTECH	2-Mar	0.620	0.680	0.700	0.750	0.580	0.575	0.620	0.0%	Initiate position

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	1.410	-22.5%	On-going
2	BPPLAS	5-Jan	1.580	1.800	2.000	-	1.400	1.370	1.700	7.6%	On-going
3	ELKDESA	5-Jan	1.310	1.430	1.500	-	1.230	1.200	1.300	-0.8%	On-going
4	JAKS	5-Jan	0.415	0.455	0.490	-	0.360	0.345	0.360	-13.3%	On-going
5	KMLOONG	5-Jan	1.680	1.800	1.900	-	1.580	1.550	2.130	26.8%	On-going
6	OPTIMAX	5-Jan	1.310	1.520	1.640	-	1.250	1.180	1.240	-5.3%	On-going
7	OKA	5-Jan	0.835	0.910	0.945	-	0.760	0.745	0.790	-5.4%	On-going
8	KRONO	5-Jan	0.650	0.685	0.745	-	0.565	0.550	0.565	-13.1%	On-going
9	OPCOM	5-Jan	0.950	1.120	1.300	-	0.880	0.865	1.040	9.5%	On-going
10	RGTECH	5-Jan	0.480	0.515	0.565	-	0.415	0.400	0.460	-4.2%	On-going
Average Return										-2.1%	

Technical Focus Tracker Summary	
Total recommendations	204
Total winners	123
Total losers	79
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	7.3%
Accuracy (2022)	52.6%
FBM KLCI (Since 31/12/2021)	1.8%
FBM Small Cap (Since 31/12/2021)	3.3%
Malaysia GDP Growth (3Q21)	-4.5%