

## Downward pressure persists

### Market Review

**Malaysia:** The FBM KLCI (-1.6%) trended lower for the third straight session as selling pressure remain unabated from the on-going developments between Russia and Ukraine. The lower liners were also languished in red, while all 13 major sectors on the broader market remained in red.

**Global markets:** Wall Street endured a choppy session before edging lower as the Dow (-0.6%) declined after US President Joe Biden announced sanctions on imports of Russia fossil fuels include oil. The European stockmarkets ended mostly negative, while and Asia stockmarkets remained in red.

### The Day Ahead

The sentiment on the local stock market remained bearish as another broad-based selloff pushed the FBM KLCI into the negative territory amid persisted worries over the ongoing tension between Russia and Ukraine. Although there might be mild bargain hunting activities in selected commodity sectors, we expect overall gains are likely to be short-lived, taking cue from the overnight Wall Street performance. Do note that investors will be monitoring the elevated commodity prices that may translate to significant inflation and input costs to various industries. The crude oil price hovered above USD125 per barrel mark, while the CPO is priced above RM6,400. Meanwhile, the gold price soared above the USD2,000 mark.

**Sector focus:** With the elevated commodity prices, we believe there might be some extension to the current uptrend on selected energy, plantation and metal and precious metal sectors. Also, we opine that traders may focus on tourism and aviation themes as travel borders will reopen on the 1<sup>st</sup> of April.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI fell below the daily EMA120 level and closed below the support at 1,550 on the back of persisted selling pressure. Technical indicator showed bearish signal as the MACD Histogram turned negative, while the RSI hovered below the 50 level. The next support is pegged around the previous low at 1,520, while the resistance is located at 1,570-1,580.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	32,632.64	-0.56
S&P 500	4,170.70	-0.72
NASDAQ	12,795.55	-0.28
FBM KLCI	1546.87	-1.63
FBM Small Cap	15,194.93	-1.68
FBM ACE	5,024.94	-2.40
Construction	145.68	-0.84
Consumer	562.18	-1.00
Energy	717.08	-2.41
Financial Services	15,770.37	-1.07
Healthcare	1978.23	-1.70
Ind Products	203.19	-3.04
Plantation	8,250.17	-1.34
Property	679.13	-1.79
REITs	748.88	-0.48
Technology	63.07	-6.02
Telco & Media	600.44	-2.36
Transport	798.33	-0.13
Utilities	812.98	-1.49
Trading Vol (m)	3,962.46	-8.86
Trading Val (RM m)	3,771.14	0.78
Advance/ Decline	35%	
FKLI	1524.00	-0.16
FCPO (RM)	6,520.00	1.62
Brent oil (USD)	127.98	3.87
Gold (USD)	2,050.76	2.63
USD	4.182	-0.08
GBP	5.4841	0.30
EURO	4.5526	-0.34
SGD	3.0655	-0.10

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
- 917.2	338.4	578.8

Source: Bloomberg, Bursa Market Place

## Company Brief

**EP Manufacturing Bhd** (EPMB) has entered into a memorandum of agreement with CIS Pride Silver Rock Fund and China's Sharkgulf Technologies Group Ltd to assemble, manufacture and distribute two-wheel electronic vehicles (EVs) in Malaysia and Southeast Asia. As part of the agreement, the company has agreed to undertake the grant of assembly, manufacturing and distribution rights, provision of technical assistance, Internet of Things (IoT) and technology as well as the grant of intellectual property rights. (The Star)

**UWC Bhd**'s 2QFY22 net profit fell 7.9% YoY to RM25.1m in the second quarter, due to higher depreciation expenses and higher staff costs incurred as a result of substantial capital investment and also increase in headcount in relation to corporate expansion plan. Revenue for the quarter, however, grew 2.7% YoY to RM79.9m. (The Star)

The High Court has dismissed an originating summons by **Serba Dinamik Holdings Bhd** for an injunction to be imposed on Ernst & Young Consulting Sdn Bhd to restrain it from sharing any findings or opinions of its special independent review with Bursa Malaysia or other parties. This comes after the oil and gas group argued that the firm is not a qualified auditor. (The Edge)

**Top Glove Corp Bhd** has postponed a plan to raise USD347.0m in a Hong Kong listing due to elevated market uncertainty, after Russia's invasion of Ukraine. The decision to postpone a dual listing on the Hong Kong Stock Exchange is for long term benefit as it is in no hurry to make a decision and has decided to give itself more time to pursue the Hong Kong listing exercise. (The Edge)

**DRB-Hicom Bhd**'s arbitration tribunal has decided in favour of its subsidiary Proton Holdings Bhd and Lotus Group International Ltd (LGIL) in relation to the 860.6m Yuan (RM570.0m) civil complaint filed by Goldstar Heavy Industries Co Ltd. Goldstar's claim pertained to an equity joint venture contract entered in April 2015 to form a joint venture company; Goldstar Lotus Automobile Co Ltd. The Hong Kong International Arbitration Centre tribunal has declared that the contract was validly terminated on 22nd February 2018. (The Edge)

**Dutch Lady Milk Industries Bhd** (DLMI) has appointed **Seremban Engineering Bhd** (SEB) as the main contractor to build its new manufacturing plant in Techpark, Bandar Enstek, Negeri Sembilan. The contract valued at over RM100.0m will include all civil, structural and architectural works to be overseen by SEB in this project spanning approximately 13.0-ha. (The Edge)

**Malaysia Airports Holdings Bhd** (MAHB) has announced the resignation of its non-independent and non-executive director Datuk Zamzuri Abdul Aziz effective 9th March 2022. Zamzuri, 52, is now the Health Ministry's deputy secretary general. (The Edge)

**PPB Group Bhd** is providing up to RM300.0m standby revolving shareholder's loan to its 80.0%-owned flour unit, FFM Bhd, to meet its short-term working capital requirements. The tenure of the proposed loan is for a period of up to 6 months and repayable on demand. (The Edge)

**KESM Industries Bhd**'s 2QFY22 net loss stood at RM1.0m, against a net profit of RM6.3m posted in the previous corresponding quarter, due to lower other income. Revenue for the quarter fell 5.4% YoY to RM64.3m. (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	1.340	-2.2%	Cut loss on 8-Mar
2	MYEG	28-Feb	0.990	1.050	1.100	1.150	0.920	0.915	0.915	-7.6%	Cut loss on 8-Mar
3	PANTECH	2-Mar	0.630	0.680	0.700	0.750	0.580	0.575	0.615	-2.4%	On-going
4	OKA	7-Mar	0.815	0.850	0.875	0.920	0.770	0.765	0.795	-2.5%	On-going
5	DSONIC	9-Mar	0.435	0.475	0.490	0.520	0.400	0.395	0.435	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	1.190	-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%	Cut loss 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%	Cut loss 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%	Cut loss on 7-Mar
Average Return										-14.3%	

Technical Focus Tracker Summary	
Total recommendations	206
Total winners	123
Total losers	82
Portfolio performance (2020)	292.2%
Accuracy (2020)	53.3%
Portfolio performance (2021)	314.6%
Accuracy (2021)	66.4%
Portfolio performance (2022)	-4.3%
Accuracy (2022)	47.6%
FBM KLCI (Since 31/12/2021)	-1.3%
FBM Small Cap (Since 31/12/2021)	-3.6%
Malaysia GDP Growth (2021)	3.1%