

## Timely for a rebound

### Market Review

**Malaysia:** The FBM KLCI (-0.3%) retreated further amid lacklustre trading as investors remained cautious on the back of persisting recession fears, tracking the overnight decline on Wall Street. The lower liners, however were largely in the green, while the plantation sector (-1.4%) lagged the broader market.

**Global markets:** The US stockmarkets finished in the positive territory despite a volatile session after the release of December 2022 FOMC minutes that confirmed a continued focus on rate hikes. Meanwhile, the European stockmarkets ended higher, while the Asia stockmarkets closed mixed.

### The Day Ahead

The FBM KLCI wobbled into the negative territory as lack of fresh catalyst coupled with the persisted fears over global recession prompted the cautious trading environment. We believe the subdued trading tone could be temporary as the local bourse should be poised for recovery on bargain-hunting activities as Malaysia government re-iterated that it will only tighten the Covid-19 SOP without discriminating against any nation; this should provide a boost towards our economic activities. Commodities wise, the Brent crude oil tumbled towards USD77 due to intensifying concerns over global crude oil demand amid soaring Covid-19 cases in China. Meanwhile, the CPO price steadied above RM4,150.

**Sector focus:** The technology sector may be due for a rebound following the overnight gains on Wall Street. Besides, the tourism and aviation sectors may gain momentum with the reopening of China's borders. On the other hand, the energy sector may see some pullback due to a slump in crude oil prices.

### FBMKLCI Technical Outlook



Bloomberg

The FBM KLCI further consolidated to close below its daily EMA20 level. Technical indicators turned mixed as the MACD Histogram extended a positive bar, while the RSI crossed below 50. Support is located at 1,450-1,460, while the resistance is pegged along 1,500-1,510.

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### Market Scorecard

Key indices	Last price	Change (%)
Dow Jones	33,269.77	0.40
S&P 500	3,852.97	0.75
NASDAQ	10,458.76	0.69
FBM KLCI	1,469.55	-0.30
FBM Small Cap	15,023.03	0.60
FBM ACE	5,378.53	0.78
Construction	153.85	0.85
Consumer	583.46	0.33
Energy	781.23	-0.02
Financial Services	16,320.54	-0.24
Healthcare	1,699.51	-1.11
Ind Products	181.42	-0.26
Plantation	6,877.54	-1.38
Property	645.20	0.45
REITs	777.52	0.32
Technology	63.23	-0.24
Telco & Media	580.20	-0.61
Transport	882.31	-0.04
Utilities	863.53	0.07
Trading Vol (m)	3,128.36	-5.92
Trading Val (RM m)	1,664.70	3.09
Advance/ Decline	94%	
FKLI	1,478.00	0.75
FCPO (RM)	4,167.00	-0.05
Brent oil (USD)	77.84	-5.19
Gold (USD)	1,854.56	0.82
USD	4.3985	0.23
GBP	5.3051	-0.95
EURO	4.6675	-0.39
SGD	3.2843	-0.12

Trading participation 5-day trend and value (m)		
Institution	Retail	Foreign
347.9	-78.4	-269.5

Source: Bloomberg, Bursa Market Place

## Company Brief

Jakel Capital Sdn Bhd is now **Cypark Resources Bhd**'s substantial shareholder with a 27.3% stake after the renewable energy company completed the placement of 176.7m new shares under its private placement exercise for RM67.1m or 38.0 sen per share. With Cypark now an associate company of Jakel Capital, the group's investment arm is committed to investing in the company for the long haul and remains bullish on the growth of its clean energy industry. (The Star)

**Crest Builder Holdings Bhd**'s wholly owned subsidiary Crest Builder Sdn Bhd has secured a contract by Sime Darby Property (Bukit Raja) Sdn Bhd worth RM250.2m, to build three condominium blocks with a car park podium in Putra Heights. The contract is expected to contribute positively to the earnings of the Group for FY23 onwards. (The Star)

**Coastal Contracts Bhd**, via Coastoil Dynamic SA De CV, its joint venture company with its Mexican partner Grupo Empresarial Alfair S.A.P.I. De C.V., has secured a price hike for the provision of gas sweetening services in Mexico by state-owned oil company Petroleos Mexicanos (Pemex), bumping up the contract value of RM258.7m to RM371.8m. Pemex agreed to increase the unit price for the gas sweetening services to compensate Coastoil Dynamic for expanding the plant capacity from 150.0m standard cubic feet per day (mmscfd) to 180 mmscfd since November 2021. (The Star)

The Ministry of Finance has taken over the offshore patrol vessel (OPV) project from **Destini Bhd**'s former 51%-owned subsidiary THHE Destini Sdn Bhd after discovering significant problems, including the need for the government to provide an additional loan of RM152.6m to ensure the completion of the first vessel within this year. THHE Destini secured a RM738.9m job from the government in January 2017 for the supply of three units of OPV fitting and accessories for the Malaysian Maritime Enforcement Agency over a period of 42 months. THHE Destini was owned 51% by Destini and 49% by TH Heavy Engineering Bhd, however, TH Heavy acquired Destini's 51% stake for RM121,131 towards end-2021. (The Edge)

**Revenue Group Bhd** has suspended the executive functions of executive directors Brian Ng Shih Chiow and his younger brother Dino Ng Shih Fang with immediate effect, pending an investigation over certain complaints against the pair. Brian is the company's largest shareholder with 55.5m shares or an 11.9% stake, followed by Dino with 53.2m shares (11.4%). (The Edge)

**Straits Energy Resources Bhd** has proposed to include telecommunication and network services as part of its principal activities following the company's 75%-owned subsidiary's Straits Technology Solutions Sdn Bhd's acquisition of 70% equity interest in telecommunication engineering company Straits CommNet Solutions Sdn Bhd in 2021, and 70% equity interest in internet service provider Macro Lynx Sdn Bhd. Its new business activities in the telecommunication and network service will contribute 25% or more of the net profits and/or result in a diversion of more than 25% of the net assets moving forward. (The Edge)

**Stella Holdings Bhd**'s wholly-owned unit Mewah Kota Sdn Bhd has been awarded a RM41.2m contract by engineering consultancy services company RSM Builders Sdn Bhd to construct a new road from Federal Route 3208 (which links Sungai Choh to Bukit Beruntung) to the UMW High Value Manufacturing Park area in Serendah, Selangor. The contract's date of completion is 28th February 2024. (The Edge)

**Alam Maritim Resources Bhd** has entered into a Memorandum of Understanding with SAFEEN Survey and Subsea Services and MCS Group to deliver subsea construction services, and inspection, repair and maintenance capabilities across Malaysia and Southeast Asia, synergizing their respective experience, marine assets, capabilities and proprietary technology into the Malaysian upstream O&G and subsea sector. Parties are to identify a target project and execute a subsequent agreement, whereby they have agreed to cooperate on an exclusive relationship. (The Edge)

**ManagePay Systems Bhd** has decided to shelve its private placement exercise, which involves 30% of its share base after more than one year the group proposed the fundraising exercise. It intends to explore fundraising avenues that better suit its business needs after due deliberation and careful consideration of its funding requirements. (The Edge)

**EA Technique Bhd's** scheme of arrangement with its creditors has been sanctioned by the High Court on Wednesday. EA Technique had said on Tuesday that it was still in the midst of formulating a plan to regularise its financial condition, and has approximately two months to submit its regularisation plan to the relevant authorities for approval. (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	MAYBULK	19-Dec	0.380	0.395	0.415	0.460	0.350	0.345	0.360	-5.3%	On-going
2	PADINI	21-Dec	3.360	3.450	3.540	3.790	3.160	3.150	3.450	2.7%	Take profit at R1 on 3-Jan
3	PENERGY	27-Dec	0.880	0.930	0.975	1.010	0.815	0.810	0.890	1.1%	On-going

1Q23 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	BIMB	3-Jan	2.640	2.780	2.940	-	2.580	2.500	2.620	-0.8%	On-going
2	BJFOOD	3-Jan	1.020	1.110	1.200	-	0.975	0.935	1.000	-2.0%	On-going
3	CMSB	3-Jan	1.070	1.130	1.250	-	1.000	0.915	1.150	7.5%	On-going
4	D&O	3-Jan	4.290	4.450	4.770	-	4.100	3.940	4.300	0.2%	On-going
5	DIALOG	3-Jan	2.400	2.550	2.720	-	2.320	2.230	2.410	0.4%	On-going
6	GENTING	3-Jan	4.480	4.750	4.850	-	4.290	4.180	4.580	2.2%	On-going
7	HEKTAR	3-Jan	0.740	0.750	0.795	-	0.665	0.645	0.775	4.7%	On-going
8	JTIASA	3-Jan	0.660	0.710	0.755	-	0.615	0.585	0.650	-1.5%	On-going
9	MAGNI	3-Jan	1.860	1.940	2.000	-	1.800	1.750	1.850	-0.5%	On-going
10	MISC	3-Jan	7.270	7.680	8.190	-	7.000	6.800	7.250	-0.3%	On-going
11	MYEG	3-Jan	0.855	1.000	1.080	-	0.825	0.770	0.855	0.0%	On-going
12	SLVEST	3-Jan	0.815	0.915	0.995	-	0.795	0.705	0.845	3.7%	On-going
13	UMW	3-Jan	3.450	3.640	3.950	-	3.220	3.100	3.600	4.3%	On-going
Average Return										1.4%	

Technical Focus Tracker Summary	
Total recommendations	290
Total winners	178
Total losers	112
Portfolio performance (2020)	22.7%
Accuracy (2020)	53.3%
Portfolio performance (2021)	30.4%
Accuracy (2021)	66.4%
Portfolio performance (2022)	12.5%
Accuracy (2022)	61.9%
FBM KLCI (Since 31/12/2021)	-6.3%
FBM Small Cap (Since 31/12/2021)	-4.7%
Malaysia GDP Growth (9M22)	9.3%