



PublicInvest Research Daily

KDN PP17686/03/2013(032117)

Wednesday, March 23, 2022

INDICES

	LAST CLOSE	CHG	% CHG
KLCI	1,585.81	-1.35	-0.1
DOW	34,807.46	254.47	0.7
S&P 500	4,511.61	50.43	1.1
NASDAQ	14,108.82	270.36	2.0
FTSE-100	7,476.72	34.33	0.5
SHANGHAI	3,259.86	6.18	0.2
HANG SENG	21,889.28	667.94	3.1
STI	3,350.17	-5.34	-0.2
NIKKEI 225	27,224.11	396.68	1.5
JCI	7,000.82	45.64	0.7

MARKET ACTIVITY

	VOL(m)	VAL(RMm)
	3,090.50	2,843.56

BURSA'S MARKET SHARE (%)

Retail	25.3%
Institutional	52.6%
Foreign	22.1%

KEY COMMODITIES

	LAST CLOSE	CHG	% CHG
KLCI FUTURES (Mar)	1,583.50	4.00	0.3
OIL - BRENT (USD/b)	115.48	-0.14	-0.1
CPO FUTURE (RM/ton)	5,967.00	193.00	3.3
RUBBER (RM/kg)	663.00	-1.50	-0.2
GOLD (USD/Ounce)	1,920.53	-11.51	-0.6

FOREX

	LAST CLOSE	% CHG
MYR/USD	4.22	0.3
MYR/SGD	3.10	0.1
YUAN/MYR	1.51	-0.2
YEN/MYR	28.57	0.8
MYR/EURO	4.64	-0.3
MYR/GBP	5.56	0.5

TOP MOVERS IN MALAYSIA MARKET

TOP 5 VOLUME	LAST CLOSE	VOL (m)
FARM FRESH BHD	1.72	330.41
CSH ALLIANCE BHD	0.16	328.87
FITTERS DIVERSIF	0.17	92.42
AT SYSTEMATIZATI	0.02	79.53
DAGANG NEXCHANGE	1.03	74.53

TOP 5 GAINERS	LAST CLOSE	RM (+)
KUALA LUMPUR KEP	25.70	0.72
PMB TECHNOLOGY	17.36	0.48
FARM FRESH BHD	1.72	0.37
GREATECH TECHNOL	4.43	0.21
COMPLETE LOGIST	3.29	0.20

TOP 5 LOSERS	LAST CLOSE	RM (-)
NESTLE (MALAY)	135.50	-0.70
FRASER & NEAVE	21.72	-0.64
PRESS METAL ALUM	5.99	-0.36
HONG LEONG CAPIT	6.18	-0.22
CHIN TECK PLANTS	8.03	-0.17

Gainers – 504 Losers – 403 Unchanged – 444

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HIGHLIGHTS

IHH Healthcare: Acquisition Of Ramsay Sime Darby (IHH MK, Outperform, TP: RM7.50)

IHH has announced the submission of a confidential, conditional, non-binding, indicative proposal to Ramsay Health Care Limited (Ramsay) and Sime Darby Holdings (SDH) to acquire 100% of the Ramsay and SDH's 50:50 joint venture company known as Ramsay Sime Darby Healthcare (Ramsay Sime Darby). We view this positively as this should expand IHH's market reach and footprint in Asia. However, as the discussion is just preliminary and no agreement has been reached between the parties, we make no change to our earnings estimates and maintain our **Outperform** call with an unchanged TP of RM7.50.

Sime Darby: Receiving Offer For Ramsay Sime Darby (SIME MK, Neutral, TP: RM2.32)

Sime Darby Holdings Bhd (SDH) announced that SDH and Ramsay Health Care Ltd (Ramsay) have received RM5.67bn (or USD1.35bn) conditional, non-binding buyout offer from IHH Healthcare Bhd to acquire 100% of their 50:50 joint venture Ramsay Sime Darby Health Care Sdn Bhd (RSDH). We view the indicative disposal price of RM5.67bn, estimated at EV/EBITDA of about 25x, to be fair. We are positive on the deal as it enables the Group to monetize its non-core assets, with the proceeds may be partly used to pay for special dividend. Nevertheless, we make no changes to our earnings forecast as the discussions are at preliminary stage and there is no guarantee that an agreement will be reached. We maintain our **Neutral** call on Sime Darby with an unchanged SOTP-target price of RM2.32, pending finalization of sale and purchase agreement.

Technical: PTT Synergy Group - Possible For Further Upside (7010, Technical Buy)

PTT is staging a potentially breakout from its congestion phase, with anticipation of continuous improvement in both momentum and trend in the near term. Should immediate resistance level of RM1.37 be broken with renewed buying interest, it may continue to lift price higher to subsequent resistance level of RM1.42. However, failure to hold on to support level of RM1.21 may indicate weakness in the share price and hence, a cut-loss signal.

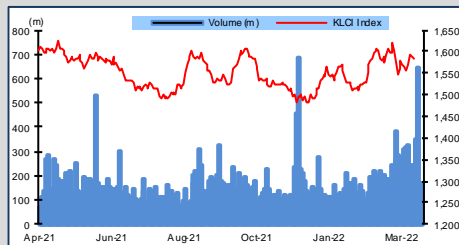
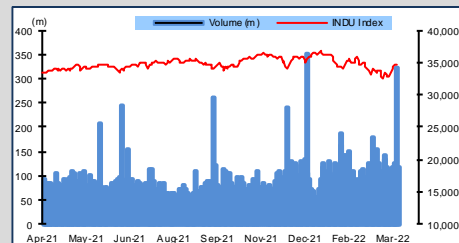
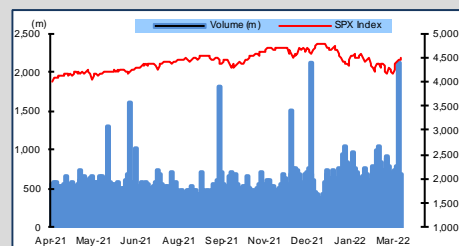
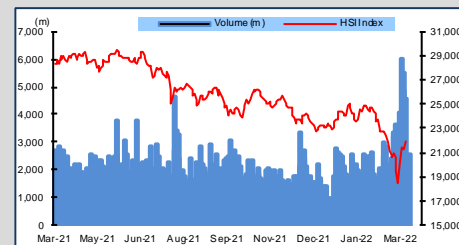
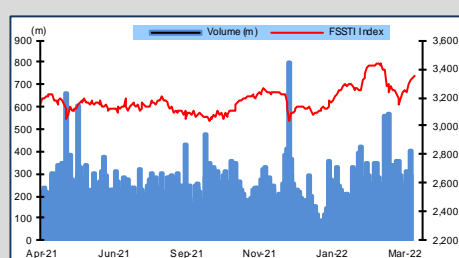
Technical: Toyo Ventures Holdings - Possible For Sideways Breakout (7173, Technical Buy)

TOYOVEN is staging a potential breakout from its sideways channel, with anticipation of continuous improvement in both momentum and trend in the near term. Should immediate resistance level of RM1.10 be broken with renewed buying interest, it may continue to lift price higher to subsequent resistance level of RM1.20. However, failure to hold on to support level of RM0.905 may indicate weakness in the share price and hence, a cut-loss signal.

HEADLINES

Economy

§ **US: Fed's Mester calls for frontloading rate hikes, sees rise to 2.5% in 2022.** Cleveland Federal Reserve Bank President Loretta Mester on Tuesday said she would like to raise interest rates to about 2.5% by year end, with bigger rate hikes in the first half, and further tightening next year to bring down high inflation and keep it

FBM KLCI

DOW JONES

S&P 500

HANG SENG

STRAITS TIMES


Source: Bloomberg, PublicInvest Research

from getting entrenched. "I find it appealing to front-load some of the needed increases earlier rather than later in the process because it puts policy in a better position to adjust if the economy evolves differently than expected," Mester said in remarks prepared for delivery at John Carroll University. (Reuters)

§ **US: Business borrowing for equipment falls 4% in February – ELFA.** US companies borrowed 4% less in Feb to finance their investments in equipment compared to a year earlier, the Equipment Leasing and Finance Association (ELFA) said. The companies signed up for USD7.1bn in new loans, leases and lines of credit last month, compared with USD7.4bn a year earlier. Borrowings were down nearly 1% from Jan. (Reuters)

§ **EU: Eurozone current account surplus remains unchanged.** The eurozone current account surplus remained unchanged in Jan, the European Central Bank said. The current account surplus held steady at EUR 23bn in Jan. In the same period last year, the surplus was EUR38bn. The expected level was EUR24.3bn. The surpluses on services and goods trade and primary income were partly offset by a deficit in the secondary income. The trade in goods showed a surplus of EUR14bn. (RTT)

§ **EU: Eurozone construction output rebounds in Jan.** Eurozone construction output increased in Jan, led by building activity, after falling in the previous month, data from Eurostat showed. Construction output rose 3.9% MoM in Jan, after a 1.5% drop in Dec. In Nov, construction output edged up 0.1%. Building and civil engineering output increased 4.2% and 1.4%, respectively, after declines in Dec. On a yearly basis, construction output grew 4.1% in Jan, following a 0.2% rise in Dec. (RTT)

§ **UK: Budget deficit falls in Feb.** The UK budget deficit narrowed in Feb from the last year but the shortfall was the second-highest for the month of Feb since records began in 1993, the Office for National Statistics said. Public sector net borrowing excluding public sector banks was GBP13.1bn in February, which was GBP2.4bn less than in Feb. In the financial year-to-Feb, PSNB exclude banks totaled GBP138.4bn, the third-highest financial year-to-Feb borrowing since monthly records began in 1993. (RTT)

§ **UK: Manufacturers' price expectations at record high - CBI.** UK manufacturers price expectations hit a survey record high and production increased at a brisk pace in three months to March, survey results from the Confederation of British Industry showed. A net balance of 80% of manufacturers expects to raise their prices over the coming three months, according to the latest Industrial Trends survey results. This was the highest score since 1975. (RTT)

§ **UK: Borrowing remains below official estimate.** The UK government borrowing remained below the official estimate in the financial year to Feb period, data from the Office for National Statistics showed. In the financial year-to-Feb, public sector net borrowing excluding banks totalled GBP138.4bn, the third-highest financial year-to-Feb borrowing since monthly records began in 1993. But this was GBP25.9bn less than the official Office for Budget Responsibility forecast. (RTT)

§ **South Korea: Producer prices rise 8.4% on year in Feb.** Producer prices in South Korea were up 8.4% on year in Feb, the Bank of Korea said- slowing from 8.9% in Jan. Individually, prices for agricultural, forestry and marine products fell 6.6% on year, while manufacturing products jumped 14.0%, utilities climbed 12.0% and services rose 2.5%. On a monthly basis, producer prices rose 0.4%, down from 1.1% in the previous month. (RTT)

Markets

- § **Wah Seong (Outperform, TP: RM0.91): Sells remaining 30% stake in pipe manufacturing unit for RM31m.** Wah Seong Corp is selling its remaining 30% stake in pipe manufacturing unit Spirolite (M) SB (SPRL) to Lesso Malaysia Holdings SB (LMHSB) for RM30.8m, cash, as part of its plan to divest non-core businesses within the group to streamline its operations and resources. The disposal was to collaborate with Lesso Malaysia, which it said was a market leader in the pipeline manufacturing business, with a wide international network. (The Edge)

- § **Supermax Corp: Releases artist impression of USD350m glove factory in Texas.** Supermax Corp says its US-based subsidiary Maxter Healthcare Inc has released the artist impression of its advanced manufacturing facility in Brazoria County in Texas, US. This will be Supermax's 18th manufacturing plant worldwide and its first in the US. The new 215-acre manufacturing facility will showcase cutting edge capabilities through expanded use of artificial intelligence and robotic engineering. The facility will be comprised of a total of 8 buildings. (BTimes)

- § **Unisem: New plant in Gopeng to double existing production capacity.** Unisem held a groundbreaking ceremony to commemorate the start of construction of its new semiconductor production facility on a piece of industrial land in Gopeng, Perak. Unisem said Phase 1 of the new Gopeng Plant with an aggregate built up area of about 57,000sq m with cleanroom facilities, is expected to be completed in April 2023 at an approximate cost of RM300m. Once completed, the Gopeng Plant will enable it to better serve the needs of customers with a broad portfolio of products and services. (The Edge)

- § **Hong Seng: Unit participates in NADMA's foreign workers' management programme.** Hong Seng Consolidated has inked a collaboration and commitment agreement with the National Disaster Management Agency (NADMA) on foreign workers' recruitment and quarantine management at a panel of selected hotels. The agreement was signed and would be executed by Hong Seng's 52%-owned subsidiary, eMedAsia SB, and NADMA while the panel of selected hotels was represented by Cahaya Pengurusan Cekap SB and Faz Group SB. (The Edge)

- § **Kejuruteraan Asastera: Bags power purchase agreements worth RM46.8m in Thailand:** Kejuruteraan Asastera (KAB) has secured five rooftop solar power generating system construction and power purchase agreements worth RM46.8m in Thailand. The agreement requires KAB to construct, install, operate, and maintain the grid-connected photovoltaic (GCPV) solar system for Siam Machinery and Equipment Co Ltd and four subsidiaries of Aapico Group of Companies. (StarBiz)

- § **United Malacca: 3Q net profit nearly doubles to RM30.24m on higher CPO price.** United Malacca's net profit in 3QFY22 almost doubled to RM30.24m compared to RM13.73m in the same period last year, on the back of higher crude palm oil prices. EPS surged to 14.42 sen, from 6.54 sen previously. The group said its quarterly revenue rose 38.15% to RM147.79m from RM106.98m, underpinned by higher contribution from its Malaysia and Indonesia's operation. (The Edge)

MARKET UPDATE

§ The FBM KLCI might open higher today after Wall Street stocks rose on Tuesday and US government bond prices fell, as investors looked ahead to tighter monetary policy from the Federal Reserve. The S&P 500 index rose 1.1% as investors balanced remarks from Fed chair Jay Powell about the need for rapid interest rate rises with his reassurance that tightening would not spark a recession. The tech-heavy Nasdaq Composite added 2%. Meanwhile, the yield on the benchmark 10-year US Treasury note rose 0.09 percentage points to 2.38% — the highest level since May 2019 — as its price fell. Powell said on Monday that the Fed should move “expeditiously” towards tighter monetary policy. He also pushed back on concerns that this would cause a recession, citing episodes in 1965, 1984 and 1994 when the central bank slowed an overheated economy without prompting a sharp contraction. Europe’s regional Stoxx 600 share index, which remains about 6% lower for the year, ended the day 0.8% higher, with strong gains for financial stocks. Bundesbank President Joachim Nagel said on Monday that the European Central Bank should raise interest rates this year if the inflation outlook warranted it. Germany’s Xetra Dax closed up 1% and London’s FTSE 100 gained 0.5%.

Back home, Bursa Malaysia ended mixed on Tuesday with the barometer index easing 0.09% after going through a choppy trading day, with buying interests spotted mainly in plantation and oil and gas counters, while the broader market was slightly positive on mild buying support. At 5pm, the benchmark FBM KLCI was 1.35 points weaker at 1,585.81 from 1,587.16 at Monday’s close. Hong Kong’s Hang Seng index gained 3%. It began to rally last week when Chinese vice-premier Liu He made a rare intervention to pledge state support for the economy and capital markets. Elsewhere, Japan’s Nikkei 225 rose 1.5%. China’s Shanghai Composite advanced 0.2%.

TECHNICAL OUTLOOK

FBM KLCI: 1585.81 (-1.35; -0.09%)

Resistance: 1600, 1622, 1652

Support: 1580, 1551, 1515

FBM KLCI Daily Chart



The local benchmark dropped another 1.35 points to end at 1585.81 yesterday. Nevertheless, market breadth remained positive as gainers outpaced decliners 504 and 403. At this juncture, the FBM KLCI is anticipated to trend sideways between the 1580 and 1600 marks in the near term, with slight bullish bias. Support levels for the index are at 1580, 1551 and 1515, while the resistance levels are at 1600, 1622 and 1652.

**ECONOMIC MONITOR** (Announcements over next 7 days)

<u>Date</u>	<u>Economic Release</u>	<u>Period</u>	<u>Consensus</u>	<u>Previous</u>
23-Mar-22	Euro-Zone Consumer Confidence	Mar	-12.9	-8.8
23-Mar-22	US New Home Sales	Feb	810K	801K
24-Mar-22	Euro-Zone Markit PMI Manufacturing	Mar	56.0	58.2
24-Mar-22	Euro-Zone Markit PMI Services	Mar	54.3	55.5
24-Mar-22	US Initial Jobless Claims	19-Mar	210K	214K
24-Mar-22	US Markit PMI Manufacturing	Mar	56.6	57.3
25-Mar-22	Malaysia CPI YoY	Feb	2.4%	2.3%
25-Mar-22	China BoP Current Account Balance	4Q	--	USD119.4bn
25-Mar-22	Euro-Zone M3 Money Supply YoY	Feb	6.3%	6.4%

CORPORATE MONITOR**RESULTS**

<u>Company</u>	<u>Financial Quarter</u>	<u>Date</u>
Gamuda	2QFY22	23 Mar 2022

COMPANY VISITS / BRIEFING

<u>Company</u>	<u>Date</u>	<u>Time</u>
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IPO LISTING

<u>Company</u>	<u>Listing Sought</u>	<u>Issue Price (RM/Share)</u>	<u>No. Of Shares</u>		<u>Closing Application Date</u>		<u>Listing Date</u>
			<u>Public Issue</u>	<u>Offer For Sale</u>	<u>Retail</u>	<u>Institutional</u>	
Pappajack Berhad	ACE Market	0.30	40,080,000	--	18 Mar 2022	18 Mar 2022	01 Apr 2022

OFF-MARKET TRANSACTIONS (>1,000,000)

22-Mar-2022

<u>Company</u>	<u>Volume</u>	<u>Value (RM)</u>	<u>Average Price (RM)</u>
RGT	3,000,000	1,200,000	0.40
Hextar Global	2,200,000	2,790,000	1.27
RGT WB	14,000,000	3,920,000	0.28
Hong Seng Consolidated	4,675,900	12,460,000	2.66
Microlink Solutions	61,000,000	34,160,000	0.56

CORPORATE MONITOR

ENTITLEMENTS

<u>Company</u>	<u>Particulars</u>	<u>Gross DPS (RM)</u>	<u>Announcement Date</u>	<u>Ex-Date</u>	<u>Lodgement Date</u>	<u>Payment Date</u>
Petra Energy	Interim dividend of 2 sen per share	0.020	18-Feb	21-Mar	22-Mar	15-Apr
Apex Equity Holdings	Interim dividend of 1 sen per share	0.010	21-Feb	21-Mar	22-Mar	6-Apr
Apex Equity Holdings	Special Cash dividend of 9 sen per share	0.090	21-Feb	21-Mar	22-Mar	6-Apr
PMB Technology	Interim dividend of 5 sen per share	0.050	24-Feb	21-Mar	22-Mar	5-Apr
MMS Ventures	2nd Interim dividend of 1 sen per share	0.010	25-Feb	21-Mar	22-Mar	20-Apr
Sunway	2nd Interim dividend of 1.5 sen per share	0.015	25-Feb	21-Mar	22-Mar	14-Apr
Lotte Chemical	Final dividend of 21 sen per share	0.210	3-Mar	21-Mar	22-Mar	13-Apr
Titan Holding						
Ranhill Utilities	Third interim dividend via share dividend distribution on the basis of half (0.5) share for every one hundred (100) existing ordinary shares held	--	25-Feb	21-Mar	--	--
Matrix Concepts Holdings	3rd Interim dividend of 3.75 sen per share	0.038	23-Feb	22-Mar	23-Mar	7-Apr
Alpha Ocean Resources	Interim dividend of 0.62 sen per share	0.006	23-Feb	22-Mar	23-Mar	7-Apr
AWC	Interim dividend of 0.5 sen per share	0.005	24-Feb	22-Mar	23-Mar	5-Apr
Lagenda Properties	2nd Interim dividend of 3.5 sen per share	0.035	22-Feb	24-Mar	25-Mar	11-Apr
Unisem M	Final dividend of 2 sen per share	0.020	25-Feb	24-Mar	25-Mar	8-Apr
Bintulu Port Holdings	4th Interim dividend of 3 sen per share	0.030	25-Feb	24-Mar	25-Mar	14-Apr
SP Setia Group	Final dividend of 0.65 sen per share	0.007	11-Mar	24-Mar	25-Mar	15-Apr
CIMB Group Holdings	2nd Interim dividend of 12.55 sen per share	0.126	28-Feb	25-Mar	28-Mar	25-Apr
Cekd	Interim dividend of 1 sen per share	0.010	11-Mar	25-Mar	28-Mar	15-Apr

TE- Tax Exempt



RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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Published and printed by:

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