

16 March 2023



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Previous Day Highlights

FBM KLCI rebounded as bargain-hunting activities emerged after a 5-day sell down. The benchmark index gained 0.72% or 10.10 points to close at 1,403.93. Gainers were led by TENAGA, PETGAS and MAXIS. Market breadth was positive with 604 advancers against 289 decliners. Total volume stood at 3.13bn shares valued at RM2.34bn.

Key regional indices closed higher following the positive cues from Wall Street overnight. STI surged 1.38% to end at 3,172.92 whereas Nikkei 225 close flattish with 0.03% higher at 27,229.48. Meanwhile, HSI and SHCOMP jumped 1.52% and 0.55% to close at 19,539.87 and 3,263.31 respectively.

Wall Street ended mostly lower as US bank fears continue to spread over to Europe with concerns on troubled Credit Suisse. The DJIA and S&P 500 were down 0.87% and 0.70% to end at 31,874.57 and 3,891.93 respectively, while Nasdaq closed flat at 11,434.05.

Our Thoughts

Wall Street closed off lows after a choppy session sparked by the banking crisis that is spreading to Europe with Credit Suisse being the latest to be hit by liquidity squeeze. However, reports of pump priming by its shareholders eased fears as bargain hunting emerged. US inflation for February that came in within expectation further injected some confidence that the Fed will be more lenient with interest rates hike next week. As such, the DJI Average lost 281 points while the Nasdaq added 6 points as the US 10-year yield ended lower at 3.46%. In Hong Kong, stocks rebounded as the benchmark HSI gained 292 points on improved China's economic activity for 1Q2023 coupled with the easing worries on the US banking crisis. Back home, the FBM KLCI also rebounded amid some caution as it closed above the 1,400 mark from broad-based buying. Nonetheless, we reckon regional equities to face with some headwinds today as most major futures are trading on a mixed note at time of writing. In view of this, we believe the local bourse may not be spared as the index may break below the 1,400 again with 1,385/90 as the immediate support. However, we advocate investors to accumulate on weakness. Meanwhile, crude oil prices were also affected by the banking crisis as the Brent crude declined to a 52-week low at below US\$74/barrel.



News For The Day

Scientex 2QFY23 net profit rises 13.5% to RM106.3m

Scientex registered healthy bottom line growth in 2QFY7/23, with 13.5% YoY growth in net profit to RM106.3m from RM93.7m while revenue inched up 2.8% YoY to RM978.39m from RM952m. The positive earnings were due to a better product mix with consumer packaging, improved property sales, and steady construction progress. -NST

Favelle Favco wins two contracts worth RM95m

Construction crane manufacturer Favelle Favco (FFB) has secured two contracts with a combined value of about RM95m. First contract for the supply of a tower crane, awarded by Samsung Heavy Industries Co Ltd. The crane is expected to be delivered by 2QFY24. Second contract is for the supply of an offshore crane, awarded by Malaysia Marine and Heavy Engineering SB. It will be delivered on a staggered basis from 1QFY24 to 2QFY24. -The Edge Markets

Artroniq wins US\$10m (RM44.8m) blockchain R&D contract from Cambodian bank

Artroniq has accepted a letter of award from Cambodian-based Panda Commercial Bank PLC for a research and development (R&D) blockchain based financial services contract valued at US\$10m (RM44.8m). The contract is for a period of two years, starting from March 15 2023 to March 31, 2025. - The Edge Markets

Berjaya Land buys 0.61% equity interest in 7-Eleven for RM12.1m

Berjaya Land (BLand) has acquired 6.73m ordinary shares representing about 0.61% equity interest in 7-Eleven Malaysia Holdings (SEM) for RM12.1m cash. BLand said its 100%-owned subsidiary, Berjaya Vacation Club had acquired SEM shares from a non-related party and True Ascend SB, a company controlled by Tan Sri Vincent Tan Chee Yioun respectively, via direct business transactions. Following the acquisitions, BLand and its subsidiaries now hold a total of about 68.64m SEM shares representing about 6.18% equity interest in SEM. -The Star

Haily wins RM32.7m construction contract in Kulai

Haily Group has secured a RM32.66m construction contract from Nice Frontier SB to build 186 residential units for the Bandar Putra township within Iskandar Malaysia. Nice Frontier is a member of IOI Properties Group. "This contract, which is the third job clinched by the group this year, brings the total contract value of its ongoing projects to RM657.87m," the construction specialist said. -The Star



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All buy calls are based on the research team's judgement. Investing is risky and trading is at your own risk. We advise investors to:

- read and understand the contents of the disclosure document or any relevant agreement or contract before investing;
- understand the risks involved in relation to the product or service;
- compare and consider the fees, charges and costs involved; and
- make your own risk assessment and seek professional advice, where necessary.

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