

25 May 2022

research@rakutentrade.my



Previous Day Highlights

Malaysian equities closed negatively in line with regional markets performance. The FBM KLCI was down 0.73% or 11.23 points to end at 1,531.30 with losers led by IHH, PBBANK and TOPGLOV. Market breadth was negative with 696 losers against 247 gainers. Total volume stood at 3.60bn shares valued at RM2.09bn.

Key regional indices ended broadly lower. The Nikkei 225 lost 0.94% to end at 26,748.14. HSI and SHCOMP skidded 1.75% and 2.41% to end at 20,112.10 and 3,070.93 respectively. STI declined 0.47% to close at 3,198.47.

Wall Street ended mixed on prevailing worries on aggressive moves to curb high inflation. The DJIA up 0.15% to end at 31,928.62. Meanwhile S&P 500 and NASDAQ lost 0.81% and 2.35% to end at 3,941.48 and 11,264.45.



News For The Day

Sime Darby's Q3 net profit, revenue drop on Covid-19 impact

Sime Darby's net profit fell 18.7% to RM244m for the 3QFY22 from RM300m in the previous financial year's corresponding quarter. The company's revenue for the quarter was down 4.1% at RM10.6bn from RM11.02bn a year ago. Sime Darby said the net profit for Q3 was lower due to the group's core businesses of industrial and motors being affected by Covid-19 related disruptions in both China and Australasia. – *NST*

KNM to sell Borsig for RM1 bn

KNM has entered into an agreement to sell its entire stake in Borsig GmbH, a German-based process equipment manufacturer, to GPR Siebzigste Verwaltungsgesellschaft mbH (GSV) for €220.8m (RM1.03bn) but is expected to make an estimated loss of RM491m from the disposal. – *The Edge Markets*

Pestech partners French company to explore green hydrogen projects

Pestech has signed a memorandum of understanding (MoU) with Hydrogène De France SA (HDF Energy) to collaborate on green hydrogen production from hydro power plants in Cambodia and Malaysia. – *The Star*

Pekat Group's net profit fell 2.2% to RM4.4m in Q1

Pekat Group Bhd's net profit fell 2.2% to RM4.4m in the 1QFY22, from RM4.5m a year ago due to higher staff-related expenses. The company's revenue rose 9.2% to RM45.49m in Q1 2022 from RM41.66m last year due to higher revenue from the trading segment. – *NST*

TSH's 1Q profit up six times over on stronger palm product prices, disposal gain

TSH's profit surged to RM101.86m for the 1QFY22, over 6.5 times the RM15.57m it recorded in the same quarter last year, thanks to higher palm product prices and gains from the disposal of an estate and palm oil mill, partially offset by lower sales volume. – *The Edge Markets*

Kelington Group's net profit rose 50% to RM8.30m in Q1

Kelington Group's net profit rose 50% to RM8.30m in the Q1FY22, from RM5.54m a year ago. The company's revenue also increased 65% to RM173.3m from RM104.8m, on the back of higher project completion in Malaysia, Singapore and China. – *NST*

Our Thoughts

Wall Street closed on a mixed note as uncertainties continued to reign over equities especially on technology stocks. The DJI Average was up 38 points as the blue chips made a late rally while the Nasdaq lost 271 points. There was also a flight of funds back to treasuries as the US 10-year yield eased to around the 2.75% from 2.85% yesterday. Back home, the FBM KLCI succumbed to some late selling activities again in line with the regional weaknesses. Though market undertone remains cautious, we reckon some bargain hunting activities to emerge soon. Therefore, we expect the index to trend within the 1,525-1,545 range today. Meanwhile, the crude palm oil surged past the RM7,000/tonne mark despite Indonesia's move to lift its export ban.



25 May 2022

 research@rakutentrade.my

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.

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained within does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This is not to be taken in substitution for the exercise of judgement by addressees and further shall not be re-distributed to any other third party. Rakuten Trade Sdn Bhd accepts no liability whatsoever for any direct or consequential loss arising from any use of the contents within or any solicitations of an offer to buy or sell any securities. Rakuten Trade Sdn Bhd and its associates, their directors, and/or employees may have positions in, and may affect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

Published:



Kenny Yee Shen Pin
Head of Research