



**DAILY NEWSWATCH**

**MARKET REVIEW**

Malaysian stocks trended higher on rising investor optimism. Market breadth was positive with 592 gainers versus 378 losers. The construction sector was the top percentage gainer increasing by 1.35%, while the financial services and energy sectors were the only sectors to finish in the red. Malaysian Pacific Industries (3867) was the top gainer leaping by RM1.32 or 3.51%. The FBM KLCI rose by 0.27% to 1,603.30.

We expect a pullback in Malaysian equities on profit-taking following recent strength in the market.

**ECONOMICS**

- **CPO futures** end higher on bargain hunting
- **2022 GDP growth** forecast can be achieved following border reopening, says Mustapa

**COMPANY**

- **AME Elite (5293)** gets green light from SC for industrial REIT listing
- **Hibiscus Petroleum's (5199)** associate announces significant oil discovery in well next to its license offshore Western Australia
- **Kein Hing (7199)** posts best-ever quarterly profit and revenue in 3QFY22
- **VS Industry (6963)** 2Q net profit slides 30% to RM44.5m, declares 0.4 sen dividend

**EXPRESSO FOR THE DAY**

- **Technical Watch – Opcom (0035)** – Entry Price RM0.80, Target Price RM0.87, Stop Loss RM0.68, Support RM0.76, Resistance RM1.73
- **Technical Watch – Tafi (7211)** – Entry Price RM0.86, Target Price RM0.86, Stop Loss RM0.67, Support RM0.75, Resistance RM1.01

Local	Close	(%)
<b>FBMKLCI</b>	1,603.30	0.3
<b>Volume (mil)</b>	2,785.7	2.9
<b>Value (RM mil)</b>	2,216.2	4.8
<b>Gainers</b>	592	
<b>Losers</b>	378	
<b>Unchanged</b>	429	

Foreign		(%)
<b>Dow Jones</b>	34,861.2	0.4
<b>Nasdaq CI</b>	14,169.3	(0.2)
<b>S&amp;P 500</b>	4,543.1	0.5
<b>FTSE 100</b>	7,483.4	0.2
<b>Nikkei 225</b>	28,149.8	0.1
<b>Shanghai CI</b>	3,212.2	(1.2)
<b>HSI</b>	21,404.9	(2.5)
<b>STI</b>	3,413.7	0.4

Most Active	RM	Chg
<b>Dnex</b>	1.060	0.020
<b>AHB</b>	0.165	0.000
<b>Bslcorp</b>	0.200	(0.005)
<b>His-HM2</b>	0.285	0.070
<b>Sapnrg</b>	0.030	0.000

Top Gainer	RM	Chg
<b>MPI</b>	38.900	1.320
<b>Pmbtech-WA</b>	15.000	0.500
<b>Hsi-HM1</b>	1.900	0.380
<b>His-HMZ</b>	1.020	0.295
<b>Boxpak</b>	1.400	0.260

Top Loser	RM	Chg
<b>Hongseng-WA</b>	2.450	(0.430)
<b>Heim</b>	22.640	(0.260)
<b>Kesm</b>	8.850	(0.200)
<b>Chinaetf-MYR</b>	4.980	(0.170)
<b>Advpkg</b>	2.450	(0.160)

Other Stats		(%)
<b>USD/MYR</b>	4.21	(0.36)
<b>USD/RMB</b>	6.37	(0.03)
<b>WTI (USD/barrel)</b>	120.65	1.36
<b>Gold (USD/troy oz)</b>	1,958.29	0.03
<b>CPO (USD/metric t)</b>	6688.5	4.80



**DAILY NEWSWATCH**

**ECONOMICS**

**The crude palm oil futures** contract on Bursa Malaysia Derivatives rebounded from Thursday's loss to end the week higher due to bargain hunting activities, a dealer said. (The Edge)

*Comments: We expect profits from plantation companies to surge in the first quarter of 2022 on the back of elevated CPO prices. Investors should, however, avoid overpaying for plantation stocks by looking past current low PE ratios and focusing on the profitability of plantation companies in an environment of more normal CPO prices.*

**Malaysia** is on the right track to achieve its gross domestic product growth projection for this year with the reopening of its international borders starting next week. (The Edge)

**COMPANY**

**AME Elite Consortium Bhd (5293)** has obtained the approval from the Securities Commission Malaysia for the proposed establishment and listing of an industrial real estate investment trust (REIT), AME REIT, on the Bursa Malaysia Main Market. (The Edge)

3D Oil Ltd, an 11.68% associate of **Hibiscus Petroleum Bhd (5199)**, has announced a significant light oil discovery at an exploration well adjacent to its license in the Bedout sub-basin offshore Western Australia. (The Edge)

**Kein Hing International Bhd's (7199)** net profit jumped 56.12% to RM6.33m in 3QFY22, from RM4.05m a year ago on the back of its highest-ever revenue achieved and a one-off gain arising from the waiver of a loan granted to a subsidiary by a non-controlling interest amounting to RM1.31m. (The Edge)

**VS Industry Bhd (6963)** saw its net profit in 2QFY22 decline by 30% to RM44.49 million compared to RM63.79 million in the same period last year, underpinned by lower orders for printed circuit board assembly from key customers during the current quarter, coupled with disruption in the global supply chain which affected supply of components. (The Edge)

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# Opcom Holdings Bhd

## Technical Watch - "BUY on Potential Continuation"

Bloomberg: OHB MK | KLSE Stock Code: 0035

Ace Market  
Telecommunications & Media  
Subsector – Tele Equipment

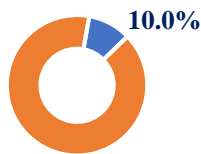
Current Price : RM0.80  
Target Price : RM0.87

### Investment Highlights

On a trend reversal, the stock is currently trading above the MA20. We think that there is a potential continuation supported by a rising momentum on the stock (RSI > 45), and higher volatility on the back of a widening bollinger bands.

With higher volatility, we think that prices could potentially trade higher with more downside risk for the week. Trading within 2SD, we project a 10% upside to the current price, with the potential to trade above the upper band of the bollinger bands before retracing subsequently.

### Potential Upside



### Bloomberg Analyst Ratings



### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	23.7	36.5	24.0
P/B	1.2	1.1	1.2
P/CF	17.2	24.0	19.4
P/S	1.6	1.4	1.2

\*CF – Cashflow per share, S – Sales per share

### Company Overview

Opcom Holdings Berhad is an investment holding company. The Company, through its subsidiaries, manufactures and supplies fiber optic cables and systems. Opcom Holdings also designs, integrates, installs and provides telecommunication systems and services.



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Entry Price	RM0.80
Market Cap (m)	RM221.9
52w high	RM1.79
52w low	RM0.41
Stop Loss	RM0.68
Immediate Support	RM0.76
Immediate Resistance	RM1.73
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run, price trading on the lower band.
RSI	Rising Momentum
Volume (4-Weeks Average)	21,123,938.1



# Tafi Industries Berhad

## Technical Watch - "BUY on Potential Continuation"

Bloomberg: TAFI MK | KLSE Stock Code: 7211

Main Market  
Consumer  
Subsector – Household Goods

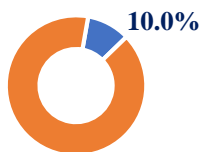
Current Price : RM0.79  
Target Price : RM0.86

### Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think that there is a potential continuation supported by an inverted hammer, strong momentum (RSI > 55), and higher volatility on the back of a widening bollinger bands.

With higher volatility, we think that prices could potentially trade higher with more downside risk for the week. Trading within 2SD, we project a 10% upside to the current price, with the potential to trade above the upper band of the bollinger bands before retracing subsequently.

### Potential Upside



### Bloomberg Analyst Ratings



**Buys: 0**  
**Holds: 0**  
**Sells: 0**

### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	82.2	82.2	106.2
P/BV	3.7	2.8	1.5
P/CF	N/A	34.1	197.8
P/S	3.4	2.8	1.7

\*CF – Cashflow per share, S – Sales per share

### Company Overview

TAFI Industries Berhad is an investment holding company. The Company, through its subsidiaries, manufactures and markets furniture, invests in property, trades furniture, and holds investments.



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Entry Price	RM0.79
Market Cap (m)	RM297.9
52w high	RM1.49
52w low	RM0.20
Stop Loss	RM0.67
Immediate Support	RM0.75
Immediate Resistance	RM1.01
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run, price trading outside on the lower band.
RSI	Rising Momentum
Volume (4-Weeks Average)	15,670,466.7



**TECHNICAL ANALYSIS SCOREBOARD**

Recommendation Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
1/3/2022	SCGM	7247	2.050	2.160	1.900	2.250	-0.9	5.4	-
1/3/2022	Dayang	5141	0.860	0.905	0.830	0.950	-0.5	5.2	-
2/3/2022	Tafi	7211	0.755	0.800	0.735	0.830	3.9	6.0	-
2/3/2022	PIE	7095	2.780	3.000	2.950	3.050	2.0	7.9	TP Achieved
3/3/2022	Rsawit	5113	0.290	0.245	0.280	0.325	-2.0	-15.5	Stop Loss Triggered
3/3/2022	TDM	2054	0.295	0.280	0.280	0.330	1.8	-5.1	-
4/3/2022	SOP	5126	6.650	5.770	6.500	7.320	1.4	-13.2	Stop Loss Triggered
4/3/2022	TSH	9095	1.700	1.680	1.600	1.870	3.1	-1.2	-
7/3/2022	Lctitan	5284	2.350	2.180	2.590	2.200	-0.5	-7.2	-
7/3/2022	Leonfuat	5232	0.835	0.805	0.920	0.815	-0.6	-3.6	-
8/3/2022	Tomei	7230	1.200	1.030	1.100	1.310	1.0	-14.2	Stop Loss Triggered
8/3/2022	Pohkong	5080	0.940	0.860	0.900	1.040	1.8	-8.5	-
9/3/2022	Coastal	5071	1.650	1.820	1.500	1.820	0.6	10.3	TP Achieved
9/3/2022	Mcement	3794	2.150	2.400	2.000	2.400	0.0	11.6	TP Achieved
10/3/2022	Unisem	5005	2.550	3.340	2.400	2.800	3.7	31.0	TP Achieved
10/3/2022	TSH	9095	1.700	1.680	1.600	1.870	3.1	-1.2	-
10/3/2022	FLBHD	5197	1.390	1.430	1.300	1.530	2.9	2.9	-
10/3/2022	SAM	9822	4.180	4.830	4.100	4.600	0.6	15.6	TP Achieved
14/3/2022	MYEG	0138	0.970	0.980	0.950	1.070	0.5	1.0	-
14/3/2022	MSM	5202	0.850	0.935	0.830	0.935	0.0	10.0	TP Achieved
15/3/2022	PUC	0007	0.130	0.140	0.120	0.145	-3.4	7.7	TP Achieved
15/3/2022	QL	7084	4.850	4.920	4.700	5.310	0.2	1.4	-
16/3/2022	Jtiasa	4383	0.920	1.060	0.900	1.010	3.9	15.2	TP Achieved
16/3/2022	Bursa	1818	6.350	6.950	6.200	6.980	-0.3	9.4	TP Achieved
17/3/2022	Hibiscus	5199	1.000	1.200	0.950	1.180	-1.6	20.0	TP Achieved
17/3/2022	Armada	5210	0.375	0.425	0.350	0.410	0.0	13.3	TP Achieved
18/3/2022	Senheng	5305	0.830	0.845	0.710	0.910	0.0	1.8	-
18/3/2022	FLBHD	5197	1.410	1.430	1.210	1.550	2.9	1.4	-
21/3/2022	TDM	2054	0.270	0.280	0.230	0.300	1.8	3.7	-
21/3/2022	RSAWIT	5113	0.240	0.245	0.200	0.260	-2.0	2.1	-
22/3/2022	Greatec	0208	4.230	4.850	3.620	4.650	3.0	14.7	TP Achieved
22/3/2022	D&O	7204	4.280	4.750	3.660	4.710	1.1	11.0	TP Achieved
23/3/2022	Greatec	0208	4.410	4.850	3.770	4.850	3.0	10.0	TP Achieved
23/3/2022	Jtiasa	4383	1.010	1.060	0.860	1.110	3.9	5.0	-
24/3/2022	Unisem	5005	3.200	3.340	2.740	3.520	3.7	4.4	-
24/3/2022	Penta	7160	4.090	3.930	3.500	4.500	-1.5	-3.9	-
25/3/2022	Revenue	0200	1.650	1.750	1.410	1.820	4.8	6.1	-
25/3/2022	Jadem	7043	0.780	0.770	0.660	0.850	0.0	-1.3	-
28/3/2022	Opcom	0035	0.800	0.790	0.680	0.870	-0.6	-1.3	-
28/3/2022	Tafi	7211	0.790	0.800	0.670	0.860	3.9	1.3	-

\*TP=Target Price

**STOCK SELECTION BASED ON DIVIDEND YIELD**

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
SHL Consolidated Bhd	Property	1.990	0.18	9.0
British American Tobacco Malay	Consumer	12.200	0.96	7.9
UOA REIT	REIT	1.120	0.09	7.7
Al-'Aqar Healthcare REIT	REIT	1.130	0.08	7.3
Tambun Indah Land Bhd	Property	0.790	0.05	6.6
Amanahraya REIT	REIT	0.680	0.04	6.5
Magnum Bhd	Consumer	1.890	0.12	6.5
Uchi Technologies Bhd	Industrial	3.090	0.20	6.3
Pharmaniaga Bhd	Consumer	0.850	0.05	6.2
Malaysia Building Society Bhd	Finance	0.580	0.04	6.2
Malayan Banking Bhd	Finance	8.760	0.54	6.2
YTL Power International Bhd	Utilities	0.605	0.04	6.0
AmFirst REIT	REIT	0.375	0.02	5.8
Capitaland Malaysia Trust	REIT	0.550	0.03	5.6
Hong Leong Industries Bhd	Industrial	9.450	0.52	5.5

Source: Bloomberg

**User guide:** Mercury Securities compile a list of **dividend stocks** for conservative long term passive investors looking for regular income while keeping the investment intact.

**Methodology:** The list below is made up of stocks that pay high dividend (Estimate dividend yield >4%) and paying dividend consistently (Paid dividend for the last 3 years)



**SECTORIAL VALUATION**

The chart below depicts the performance of the respective KLCI sectors over a five-year period including the current and forward P/E. The sector’s performance is ranked against each other based on absolute returns for that particular year. The user can track the historical performance of respective sectors and notice that the technology sector is the best performing sector over a five-year period between 2016 and 2020 with a compound annual growth rate. The user will also be able to identify sector value based on the current P/E and the corresponding 5-year high, low and average P/E. For example, finance sector PE is currently at 11.4 times against 5-year average P/E of 12.2 times, suggesting financials valuation is in line with the average of 12.2 times.

Index	Return (%)	Valuation P/E (X)					
		YTD	5 - Years			Current	1 Yr – Fwd
			High	Low	Avg		
KLCI	2.1	21.3	14.7	17.4	14.7	13.9	
Finance	7.5	13.0	11.5	12.4	12.3	10.2	
Property	0.3	13.8	4.9	10.8	4.9	11.5	
Plantation	23.2	94.6	11.7	43.9	11.7	16.8	
Consumer	0.1	25.6	19.9	23.0	19.9	17.0	
Technology	(18.4)	30.8	19.1	26.0	30.8	23.9	
Construction	2.0	22.2	14.1	18.0	14.1	11.4	
Energy	2.7	-	-	-	13.9	10.5	
Health care	(9.4)	52.6	7.1	29.8	7.1	25.5	
Ind Prod	0.7	38.6	11.4	24.0	11.4	9.7	
REIT	(4.0)	-	-	-	29.2	15.6	
Telco	1.0	26.2	25.1	25.6	26.2	19.6	
Transportations	(3.3)	-	-	-	-	16.5	
Utilities	(1.8)	-	-	-	14.4	12.5	

Source: Bloomberg



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