



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks declined yesterday as investors digested the volatility in global equity markets during the Labour Day and Hari Raya holidays. Market breadth was negative with 628 losers versus 380 gainers. The technology sector was the top percentage loser plunging by 2.41%, while the energy sector was the top percentage gainer surging by 3.67% as oil prices leaped on Wednesday. Nestle (Malaysia) Berhad (4707) was the top loser decreasing by RM2.00 or 1.50% in line with weakness in the general market. The FBM KLCI fell by 1.09% to 1,582.98.

We expect Malaysian equities to decline following steep losses on Wall Street overnight.

ECONOMICS

- **Malaysian** manufacturing sector returns to expansion
- **Shanghai stocks** end higher as central bank vows further policy support; Hong Kong falls

COMPANY

- **BMW** profit gets lift from Chinese joint venture, strong prices
- **Cahaya Mata Sarawak (2852)** to dispose of entire stakes in Sarawak alloy smelter, OM Samalaju to OM Holdings for RM521m
- **G3 Global (7184)**, HK-listed SenseTime bag RM118m job to develop airport security system for KLIA, klia2
- **Petronas Dagangan (5681)** and PETROS complete business transfer, operationalise Sarawak LPG business

EXPRESSO FOR THE DAY

- **Technical Watch – SCGM (7247)** – Entry Price RM2.34, Target Price RM2.81, Stop Loss RM2.00, Support RM2.22, Resistance RM2.43
- **Technical Watch – Sedania (0178)** – Entry Price RM0.47, Target Price RM0.56, Stop Loss RM0.40, Support RM0.45, Resistance RM0.57

Local	Close	(%)
FBMKLCI	1,582.98	(1.1)
Volume (mil)	2,682	(4.8)
Value (RM mil)	2,379	15.0
Gainers	380	
Losers	628	
Unchanged	421	

Foreign		(%)
Dow Jones	32,998.0	(3.1)
Nasdaq CI	12,317.7	(5.0)
S&P 500	4,146.9	(3.6)
FTSE 100	7,503.3	0.1
Shanghai CI	3,067.8	0.7
HSI	20,793.4	(0.4)
STI	3,343.6	(0.2)

Most Active	RM	Chg
PUC	0.060	(0.015)
TAWIN	0.135	(0.015)
PERMAJU	0.095	0.000
MNHLDG	0.220	(0.025)
SEDANIA	0.470	0.110

Top Gainer	RM	Chg
FANG-2XL	9.000	1.160
HENGYUAN	6.530	0.720
PETRONM	5.980	0.480
CARLSBG	22.440	0.300
OMH	2.920	0.170

Top Loser	RM	Chg
NESTLE	131.200	(2.000)
MPI	30.820	(0.880)
F&N	22.200	(0.800)
KLK	28.900	(0.560)
UTDPLT	15.260	(0.440)

Other Stats		(%)
USD/MYR	4.35	0.01
USD/RMB	6.66	0.72
Brent (USD/barrel)	110.90	0.69
Gold (USD/troy oz)	1,877.18	(0.21)
CPO (RM/metric t)	7,515.5	(1.18)



DAILY NEWSWATCH

ECONOMICS

The Malaysian manufacturing sector reported a renewed increase in growth momentum at the start of the second quarter of 2022. S&P Global said that although output levels remained subdued, incoming orders recovered strongly to register the sharpest rise since April 2014 amid improved client confidence. (The Edge)

Shanghai shares ended higher in a holiday-shortened week on Thursday (May 5), led by consumers stocks, after the central bank pledged support to ensure ample liquidity, though surveys showing a dip in China's economic activity weighed on sentiment. (The Edge)

COMPANY

BMW posted a rise in first-quarter profit on Thursday (May 5), boosted by a re-evaluation of the German carmaker's stake in its Chinese joint venture and strong pricing, and kept its 2022 outlook despite volatile prices of commodities and energy. (The Edge)

Diversified group Cahya Mata Sarawak Bhd (2852) is selling its entire 25% stakes in OM Materials (Sarawak) Sdn Bhd and OM Materials (Samalaju) Sdn Bhd to OM Materials (S) Pte Ltd for a combined US\$120m (RM521m) cash. (The Edge)

G3 Global Bhd (7184), a developer of artificial intelligence and other information technology-based solutions, has bagged an RM118.38m contract from Malaysia Airports Holdings Bhd to jointly develop with Hong Kong-listed software company SenseTime Group Ltd an airport integrated security and safety system for the Kuala Lumpur International Airport and klia2. (The Edge)

Petronas Dagangan Bhd (5681) and Petroleum Sarawak Bhd on Thursday (May 5) announced the completion of the business transfer and share subscription agreement for PETROSNiaga Sdn Bhd. (The Edge)



SCGM Bhd

Technical Watch - "BUY on Potential Continuation"

Bloomberg: SCGM MK | KLSE Stock Code: 7247

Main Market
Industrial Products
Subsector – Packaging Materials

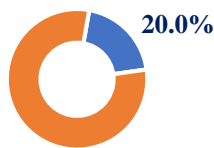
Current Price: RM2.34
Target Price: RM2.81

Investment Highlights

On an uptrend, the stock is currently trading above the MA20, breaking out of our ascending triangle. We think that the stock could potentially test its immediate resistance at the RM2.43 level before resuming its uptrend. Nevertheless, further upside for the week could be supported by a bullish marubozu, strong momentum on the stock (RSI > 65).

With lower volatility as seen from a contracting bollinger band, we think that prices could potentially trade with lower downside risk moving forward. Trading within 2SD, we project a 20% upside to the current price, expect EMA and SMA to hold moving forward.

Potential Upside



Bloomberg Analyst Ratings



Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	16.0	25.2	18.0
P/B	2.4	2.0	2.0
P/CF	11.0	49.4	30.8
P/S	1.9	1.6	1.6

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

Company Overview

SCGM Bhd is an investment holding company. The Company, through its subsidiary, manufactures and trades of plastic products, such as thermo-vacuum-formed plastic packaging and extrusion sheets.



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Entry Price	RM2.34
Market Cap (m)	RM450.6
52w high	RM2.83
52w low	RM1.96
Stop Loss	RM2.00
Immediate Support	RM2.22
Immediate Resistance	RM2.43 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	936,314.3



Sedania Innovator Berhad

Technical Watch - “BUY on Potential Continuation”

Bloomberg: SDNA MK | KLSE Stock Code: 0178

**Ace Market
Telco & Media
Subsector – Telco Equipments**

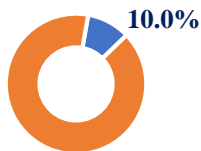
**Current Price: RM0.47
Target Price: RM0.56**

Investment Highlights

On a downtrend, the stock is currently trading above the MA20, breaking out of our descending triangle. We think that there is a potential continuation supported by a bullish marubozu, and strong momentum (RSI > 70).

With higher volatility, we think that prices could potentially trade with more downside risk. Trading within 2SD, we project a 10% upside to the current price, expect EMA to hold and SMA to potentially crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



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

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	247.6	106.9	104.4
P/BV	4.1	2.7	2.3
P/CF	612.2	372.0	232.6
P/S	4.3	3.3	3.9

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

Company Overview

Sedania Innovator Bhd provides ancillary services to mobile subscribers.



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Entry Price	RM0.47
Market Cap (m)	RM163.2
52w high	RM1.77
52w low	RM0.27
Stop Loss	RM0.40
Immediate Support	RM0.45
Immediate Resistance	RM0.57 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	5,079,704.8



TECHNICAL ANALYSIS SCOREBOARD

Recommendation Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
5/4/2022	Siab	0241	0.250	0.200	0.210	0.270	-7.0	-20.0	SL Triggered
5/4/2022	Tashin	0211	0.580	0.565	0.490	0.630	-0.9	-2.6	-
6/4/2022	Sedania	0178	0.390	0.470	0.330	0.430	30.6	20.5	SL Triggered
6/4/2022	Guh	3247	0.540	0.515	0.460	0.590	0.0	-4.6	-
7/4/2022	Kawan	7216	1.680	1.790	1.440	1.850	0.6	6.5	-
7/4/2022	Wzsatu	7245	0.210	0.210	0.180	0.230	0.0	0.0	-
8/4/2022	Smtrack	0169	0.100	0.075	0.080	0.110	0.0	-25.0	SL Triggered
8/4/2022	KAB	0193	0.550	0.520	0.470	0.610	0.0	-5.5	-
11/4/2022	Senheng	5305	0.880	0.825	0.750	0.960	-1.2	-6.3	-
11/4/2022	Guh	3247	0.560	0.515	0.470	0.610	0.0	-8.0	-
12/4/2022	Tomei	7230	1.140	1.100	0.970	1.250	0.0	-3.5	-
12/4/2022	Poh Kong	5080	0.920	0.860	0.780	1.010	-0.6	-6.5	-
13/4/2022	Epmb	7773	1.110	0.965	0.940	1.210	-3.5	-13.1	SL Triggered
13/4/2022	Qes	0196	0.600	0.590	0.510	0.660	3.5	-1.7	-
14/4/2022	Pantech	5125	0.730	0.745	0.620	0.800	-0.7	2.1	-
14/4/2022	Senheng	5305	0.860	0.825	0.740	0.950	-1.2	-4.1	-
15/4/2022	Armada	5210	0.450	0.440	0.380	0.500	2.3	-2.2	-
15/4/2022	Per maju	7080	0.100	0.095	0.090	0.110	0.0	-5.0	SL Triggered
18/4/2022	Subur	6904	2.000	2.180	1.710	2.200	-9.2	9.0	TP Achieved
18/4/2022	Solarvest	0215	0.980	0.840	0.830	1.070	-0.6	-14.3	SL Triggered
20/4/2022	Technax	2739	0.110	0.120	0.090	0.120	-4.0	9.1	TP Achieved
20/4/2022	Hexind	0161	0.380	0.395	0.320	0.420	5.3	3.9	-
21/4/2022	Greatec	0208	4.000	3.900	3.420	4.400	-3.2	-2.5	-
21/4/2022	Qes	0196	0.600	0.590	0.510	0.660	3.5	-1.7	-
22/4/2022	Pantech	5125	0.750	0.745	0.640	0.820	-0.7	-0.7	-
22/4/2022	Cimb	1023	5.140	5.110	4.390	5.650	-1.7	-0.6	-
25/4/2022	Ancom	0048	0.185	0.225	0.160	0.210	21.6	21.6	-
25/4/2022	Mbsb	1171	0.660	0.640	0.560	0.720	0.0	-3.0	-
26/4/2022	Tdm	2054	0.320	0.295	0.270	0.350	-3.3	-7.8	-
26/4/2022	Rsawit	5113	0.280	0.260	0.240	0.310	-3.7	-7.1	-
27/4/2022	Caely	7154	0.450	0.385	0.380	0.490	1.3	-14.4	SL Triggered
27/4/2022	Greatec	0208	4.000	3.900	3.420	4.400	-3.2	-2.5	-
28/4/2022	Poh Huat	7088	1.530	1.500	1.310	1.680	-3.2	-2.0	-
28/4/2022	Hengyuan	4324	4.750	6.530	4.060	5.230	12.4	37.5	TP Achieved
29/4/2022	Dsonic	5216	0.580	0.575	0.490	0.630	1.8	-0.9	-
29/4/2022	Padini	7052	3.380	3.450	2.890	3.720	0.6	2.1	-
5/5/2022	GentingBhd	3182	4.630	4.680	4.500	5.090	1.1	1.1	-
5/5/2022	SOP	5126	6.900	6.560	6.520	7.590	-5.1	-4.9	-
6/5/2022	SCGM	7247	2.340	2.340	2.000	2.810	4.0	0.0	-
6/5/2022	Sedania	0178	0.470	0.470	0.400	0.560	30.6	0.0	-

*TP=Target Price

**STOCK SELECTION BASED ON DIVIDEND YIELD**

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
AmFirst REIT	REIT	0.400	0.04	9.7
SHL Consolidated Bhd	Property	1.900	0.18	9.5
UOA REIT	REIT	1.150	0.09	7.5
British American Tobacco Malay	Consumer	12.900	0.95	7.4
Pharmaniaga Bhd	Consumer	0.730	0.05	7.3
Al-'Aqar Healthcare REIT	REIT	1.190	0.08	6.9
Magnum Bhd	Consumer	1.810	0.12	6.8
Uchi Technologies Bhd	Industrial	3.040	0.20	6.6
Amanahraya REIT	REIT	0.680	0.04	6.5
Malayan Banking Bhd	Finance	9.070	0.56	6.2
Tambun Indah Land Bhd	Property	0.900	0.05	5.8
Hong Leong Industries Bhd	Industrial	9.010	0.52	5.8
Matrix Concepts Holdings Bhd	Property	2.300	0.13	5.7
Malaysia Building Society Bhd	Finance	0.640	0.04	5.6
Capitaland Malaysia Trust	REIT	0.595	0.03	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	1.0	21.3	14.5	17.4	14.5	13.7	
Finance	7.4	13.0	11.5	12.4	12.4	10.1	
Property	1.7	13.8	5.0	10.8	5.0	11.1	
Plantation	33.8	94.6	12.7	44.1	12.7	17.8	
Consumer	1.8	25.6	11.8	21.4	11.8	16.9	
Technology	(27.9)	29.8	19.1	24.6	23.7	21.3	
Construction	9.0	22.2	14.6	18.1	14.6	11.7	
Energy	14.0	-	-	-	14.6	11.0	
Health care	(12.6)	52.6	7.2	29.9	7.2	24.2	
Ind Prod	3.0	38.6	12.1	24.1	12.1	10.3	
REIT	2.4	-	-	-	29.4	16.5	
Telco	(4.0)	25.4	25.1	25.2	25.4	19.0	
Transportations	1.9	-	-	-	-	16.9	
Utilities	0.9	-	-	-	14.6	12.8	

Source: Bloomberg



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