



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks declined in line with weakness in Asian equity markets. Market breadth was broadly negative with 826 losers versus 183 gainers. Every sector finished in the red with the plantation sector being the top percentage loser plunging by 3.30%. Kuala Lumpur Kepong (2445) was the top loser decreasing by RM0.70 or 2.50% in line with weakness in plantation counters. The FBM KLCI fell by 0.97% to 1,549.18.

We expect Malaysian stocks to fall following panic selling on Wall Street overnight.

ECONOMICS

- **Asian currencies**, stocks fall as China lockdowns stoke growth worries
- **Moody's: Malaysia's economy** to expand 1.1% in 1Q22, OPR to stay at 1.75% on Wednesday

COMPANY

- **Econpile (5253)** bags RM37.36m contract for substructure works in Pantai Dalam development
- **Hyundai** plans US EV plant, in talks with Georgia — sources
- **Pensonic (9997)** sells land with factory in Penang to paper pulp maker for RM15.8m
- **Uzma (7250)** bags RM101.8m EPCC job for LSS plant in Bestari Jaya, Selangor

EXPRESSO FOR THE DAY

- **Technical Watch – Hengyuan (4324)** – Entry Price RM6.73, Target Price RM8.08, Stop Loss RM5.75, Support RM6.50, Resistance RM6.81
- **Technical Watch – Jadem (7043)** – Entry Price RM0.90, Target Price RM1.08, Stop Loss RM0.77, Support RM0.85, Resistance RM0.93

Local	Close	(%)
FBMKLCI	1,549.18	(1.0)
Volume (mil)	3,218	3.5
Value (RM mil)	2,034	(16.6)
Gainers	183	
Losers	826	
Unchanged	333	

Foreign		(%)
Dow Jones	32,245.7	(2.0)
Nasdaq CI	11,623.3	(4.3)
S&P 500	3,991.2	(3.2)
FTSE 100	7,216.6	(2.3)
Nikkei 225	26,319.3	(2.5)
Shanghai CI	3,004.1	0.1
HSI	20,002.0	(3.8)
STI	3,275.1	(0.5)

Most Active	RM	Chg
SERBADK	0.110	(0.240)
TECHNAX	0.115	(0.005)
SERBADK-WA	0.030	(0.040)
XOX-WC	0.005	0.000
EURO	0.190	(0.035)

Top Gainer	RM	Chg
PEIDAG	21.640	0.620
HENGYUAN	6.690	0.350
HARISON	5.990	0.310
SP500-HZ	1.250	0.170
NDX-HI	1.270	0.140

Top Loser	RM	Chg
KLK	27.300	(0.700)
BKAWAN	27.640	(0.620)
CARLSBG	21.660	(0.500)
GENP	8.510	(0.470)
NESTLE	131.400	(0.400)

Other Stats		(%)
USD/MYR	4.39	0.42
USD/RMB	6.73	0.96
Brent (USD/barrel)	105.94	(5.74)
Gold (USD/troy oz)	1,854.17	(1.57)
CPO (RM/metric t)	7,057.5	(0.47)



DAILY NEWSWATCH

ECONOMICS

Asian markets were in a sea of red on Monday as stricter lockdowns in China and US rate hike plans stoke global growth worries, while inflation in Indonesia accelerated to a four-year high. (The Edge)

Moody's Analytics projected that Malaysia's economy grew 1.1% quarter-on-quarter in the first quarter of 2022, following the 6.6% expansion in 4Q21. (The Edge)

COMPANY

Econpile Holdings Bhd (5253) said it has bagged a contract worth RM37.36m for substructure works in Pantai Dalam, Kuala Lumpur, in a bourse filing on Monday (May 9). (The Edge)

Hyundai Motor Co plans to announce a new electric-vehicle manufacturing plant in the United States and has been in discussions to build a facility in Georgia, near existing plants for the Hyundai and Kia brands, the Korean automaker and people with knowledge of its plans told Reuters. (The Edge)

Pensonic Holdings Bhd (9997) is selling a piece of land in Seberang Perai Tengah, Penang, that has a factory built on it to paper pulp manufacturer HZ Green Pulp Sdn Bhd for RM15.8m, as part of its asset rationalisation to unlock and realise the higher value of its landed assets, to improve the group's overall financial position. (The Edge)

Uzma Bhd (7250) has bagged an engineering, procurement, construction and commissioning provision contract worth RM101.8m for the development of a 29.99MWac large scale solar photovoltaic plant project in Bestari Jaya, Selangor. (The Edge)



Hengyuan Refining Company Berhad

Technical Watch - "BUY on Potential Continuation"

Bloomberg: HYR MK | KLSE Stock Code: 4324

Main Market
Energy

Subsector – Oil & Gas Producers

Current Price: RM6.73

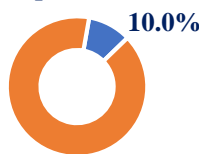
Target Price: RM8.08

Investment Highlights

On an uptrend, the stock is currently trading above the MA20, breaking out of its resistance at the RM6.67 level. We think there is a potential continuation supported by a bullish marubozu, high oil prices, strong momentum on the stock (RSI > 85).

With higher volatility as seen from an expanding bollinger band, we think that prices could potentially trade with higher downside risk moving forward. Trading within 2SD, we project a 10% 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	10.2	17.1	13.7
P/B	0.6	0.9	1.3
P/CF	4.9	5.0	13.3
P/S	0.1	0.2	0.1

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

Company Overview

Hengyuan Refining Company Berhad (HRC) refines and manufactures petroleum products. The Company offers products such as liquefied petroleum gas (LPG), naphtha, gasoline, gasoil, and jet kerosene. HRC serves customers in Malaysia.



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Entry Price	RM6.73
Market Cap (m)	RM2,019.0
52w high	RM6.80
52w low	RM3.65
Stop Loss	RM5.75
Immediate Support	RM6.50 (Half of the marubozu candle on 9/5/2022)
Immediate Resistance	RM6.81 (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)	944,627.7



Jade Marvel Group Berhad

Technical Watch - “BUY on Potential Continuation”

Bloomberg: JMR MK | KLSE Stock Code: 7043

**Main Market
Industrial Products
Subsector – Building Materials**

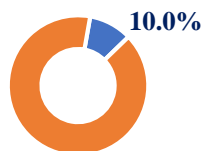
**Current Price: RM0.90
Target Price: RM1.08**

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think that there is a potential continuation supported by a tweezer top, strong momentum (RSI > 55).

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

Potential Upside



Bloomberg Analyst Ratings



Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	25.1	70.3	52.8
P/BV	1.7	1.5	1.3
P/CF	38.8	291.8	190.5
P/S	6.7	6.9	4.5

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

Company Overview

The company is involved in the sector of Manufacturing, Property Development, Construction, and Investment. Its primary business operation comprises manufacturing and distribution of asphalt premix and aggregates the road work and other engineering related works.



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Entry Price	RM0.90
Market Cap (m)	RM289.8
52w high	RM0.94
52w low	RM0.31
Stop Loss	RM0.77
Immediate Support	RM0.85 (Previous low)
Immediate Resistance	RM0.93 (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)	12,851,214.3



TECHNICAL ANALYSIS SCOREBOARD

Recommendation Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
6/4/2022	Sedania	0178	0.390	0.485	0.330	0.430	3.2	24.4	SL Triggered
6/4/2022	Guh	3247	0.540	0.500	0.460	0.590	-2.9	-7.4	-
7/4/2022	Kawan	7216	1.680	1.750	1.440	1.850	-2.2	4.2	-
7/4/2022	Wzsatu	7245	0.210	0.205	0.180	0.230	-2.4	-2.4	-
8/4/2022	Smtrack	0169	0.100	0.070	0.080	0.110	-6.7	-30.0	SL Triggered
8/4/2022	KAB	0193	0.550	0.510	0.470	0.610	-1.9	-7.3	-
11/4/2022	Senheng	5305	0.880	0.810	0.750	0.960	-1.8	-8.0	-
11/4/2022	Guh	3247	0.560	0.500	0.470	0.610	-2.9	-10.7	-
12/4/2022	Tomei	7230	1.140	1.080	0.970	1.250	-1.8	-5.3	-
12/4/2022	Poh Kong	5080	0.920	0.835	0.780	1.010	-2.9	-9.2	-
13/4/2022	Epmb	7773	1.110	0.980	0.940	1.210	1.6	-11.7	SL Triggered
13/4/2022	Qes	0196	0.600	0.580	0.510	0.660	-1.7	-3.3	-
14/4/2022	Pantech	5125	0.730	0.720	0.620	0.800	-3.4	-1.4	-
14/4/2022	Senheng	5305	0.860	0.810	0.740	0.950	-1.8	-5.8	-
15/4/2022	Armada	5210	0.450	0.430	0.380	0.500	-2.3	-4.4	-
15/4/2022	Permaju	7080	0.100	0.095	0.090	0.110	0.0	-5.0	SL Triggered
18/4/2022	Subur	6904	2.000	2.100	1.710	2.200	-3.7	5.0	TP Achieved
18/4/2022	Solarvest	0215	0.980	0.800	0.830	1.070	-4.8	-18.4	SL Triggered
20/4/2022	Technax	2739	0.110	0.120	0.090	0.120	0.0	9.1	TP Achieved
20/4/2022	Hexind	0161	0.380	0.390	0.320	0.420	-1.3	2.6	-
21/4/2022	Greatec	0208	4.000	3.710	3.420	4.400	-4.9	-7.3	-
21/4/2022	Qes	0196	0.600	0.580	0.510	0.660	-1.7	-3.3	-
22/4/2022	Pantech	5125	0.750	0.720	0.640	0.820	-3.4	-4.0	-
22/4/2022	Cimb	1023	5.140	5.120	4.390	5.650	0.2	-0.4	-
25/4/2022	Ancom	0048	0.185	0.215	0.160	0.210	-4.4	16.2	TP Achieved
25/4/2022	Mbsb	1171	0.660	0.635	0.560	0.720	-0.8	-3.8	-
26/4/2022	Tdm	2054	0.320	0.290	0.270	0.350	-1.7	-9.4	-
26/4/2022	Rsawit	5113	0.280	0.260	0.240	0.310	0.0	-7.1	-
27/4/2022	Caely	7154	0.450	0.375	0.380	0.490	-2.6	-16.7	SL Triggered
27/4/2022	Greatec	0208	4.000	3.710	3.420	4.400	-4.9	-7.3	-
28/4/2022	Poh Huat	7088	1.530	1.480	1.310	1.680	-1.3	-3.3	-
28/4/2022	Hengyuan	4324	4.750	6.340	4.060	5.230	-2.9	33.5	TP Achieved
29/4/2022	Dsonic	5216	0.580	0.575	0.490	0.630	0.0	-0.9	-
29/4/2022	Padini	7052	3.380	3.440	2.890	3.720	-0.3	1.8	-
5/5/2022	GentingBhd	3182	4.630	4.620	4.500	5.090	-1.3	-0.2	-
5/5/2022	SOP	5126	6.900	6.460	6.520	7.590	-1.5	-6.4	-
6/5/2022	SCGM	7247	2.340	2.380	2.000	2.810	1.7	1.7	-
6/5/2022	Sedania	0178	0.470	0.485	0.400	0.560	3.2	3.2	-
9/5/2022	Hibiscus	5199	1.400	1.400	1.200	1.680	3.7	0.0	-
9/5/2022	AHB	7315	0.220	0.215	0.180	0.260	7.5	-2.3	-

*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	(0.2)	21.3	14.3	17.4	14.3	13.5	
Finance	7.1	13.0	11.5	12.4	12.4	10.1	
Property	1.1	13.8	5.0	10.8	5.0	11.0	
Plantation	30.2	94.6	12.4	44.0	12.4	17.4	
Consumer	0.8	25.6	11.6	21.4	11.6	16.8	
Technology	(29.7)	29.8	19.1	24.4	23.1	20.7	
Construction	7.2	22.2	13.6	17.9	13.6	11.5	
Energy	13.1	-	-	-	14.5	11.0	
Health care	(13.9)	52.6	7.1	29.8	7.1	23.8	
Ind Prod	0.7	38.6	11.8	24.0	11.8	10.1	
REIT	2.4	-	-	-	29.4	16.5	
Telco	(5.1)	25.1	25.1	25.1	25.1	18.8	
Transportations	0.9	-	-	-	-	16.7	
Utilities	0.8	-	-	-	14.6	12.8	

Source: Bloomberg

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