



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks were mixed with 443 gainers versus 440 losers as investors wait for more information. The plantation sector was the top percentage gainer surging by 1.08%, while the health care sector was the top percentage loser falling by 0.93%. Nestle (Malaysia) Berhad (4707) was the top gainer rising by RM0.80 or 0.61%. The FBM KLCI increased marginally by 0.09% to 1,555.93.

We expect Malaysian equities to decline in line with the sell-off on Wall Street overnight.

ECONOMICS

- **BNM** raises OPR to 2% from record low of 1.75%
- **China stocks** end higher as easing Covid-19 cases lift risk appetite
- **Indonesia's** flip-flops give Malaysia edge in top palm oil market India

COMPANY

- **Berjaya Food (5196)** 3Q net profit more than doubles, declares 1.5 sen dividend
- **Heineken's (3255)** 1Q profit leaps 54% to RM113.4m to kick off FY22
- **KPower (7130)** wins bid to develop SEDA's 40.4MW hydro power plants in Kelantan
- **Philip Morris** enters US smokeless market with US\$16 bn deal

EXPRESSO FOR THE DAY

- **Technical Watch – Maybank (1155)** – Entry Price RM9.08, Target Price RM9.99, Stop Loss RM7.76, Support RM8.75, Resistance RM9.12
- **Technical Watch – Genp (2291)** – Entry Price RM8.39, Target Price RM9.23, Stop Loss RM7.17, Support RM8.12, Resistance RM9.44

Local	Close	(%)
FBM KLCI	1,555.93	0.1
Volume (mil)	2,402	(12.7)
Value (RM mil)	1,908	(15.5)
Gainers	443	
Losers	440	
Unchanged	428	

Foreign		(%)
Dow Jones	31,834.1	(1.0)
Nasdaq CI	11,364.2	(3.2)
S&P 500	3,935.2	(1.6)
FTSE 100	7,347.7	1.4
Nikkei 225	26,213.6	0.2
Shanghai CI	3,058.7	0.8
HSI	19,824.6	1.0
STI	3,226.1	(0.3)

Most Active	RM	Chg
SERBADK	0.060	(0.015)
TECHNAX	0.115	0.000
CSH	0.125	0.010
WIDAD	0.360	0.000
MYEG	0.885	(0.015)

Top Gainer	RM	Chg
NESTLE	132.700	0.800
BKAWAN	27.900	0.500
MPI	29.700	0.400
GENP	8.480	0.320
HENGYUAN	6.730	0.310

Top Loser	RM	Chg
PETDAG	21.240	(0.420)
HEIM	23.320	(0.320)
HONGSENG	2.140	(0.260)
MSC	3.670	(0.220)
HSI-HA8	1.010	(0.160)

Other Stats		(%)
USD/MYR	4.38	(0.12)
USD/RMB	6.72	(0.19)
Brent (USD/barrel)	107.51	4.93
Gold (USD/troy oz)	1,852.40	0.77
CPO (RM/metric t)	7,045.0	0.49



DAILY NEWSWATCH

ECONOMICS

Bank Negara Malaysia's Monetary Policy Committee on Wednesday (May 11) increased the overnight policy rate by 25 basis points to 2% from a record low of 1.75% as global inflationary pressures have increased sharply and after taking into account that the sustained reopening of global economy and improvement in labour markets continue to support the recovery of economic activity from the impact of Covid-19-driven movement restrictions. (The Edge)

Comments: We think that the decision to raise rates is necessary to combat inflation. We expect at least one more increase in the overnight policy rate this year.

China stocks closed higher on Wednesday (May 11) as investors took comfort in signs of lower domestic Covid-19 infections, while US President Joe Biden's decision to consider eliminating Trump-era tariffs on Beijing further lifted risk appetite. (The Edge)

Indonesia's "unpredictable" palm oil export policies may help Malaysia emerge as the dominant supplier to India, the world's top buyer of the edible oil, industry sources said. (The Edge)

COMPANY

Berjaya Food Bhd's (5196) net profit for 3QFY22 more than doubled to RM31.58m from RM11.61 m in the same period last year in tandem with higher revenue recorded for 3QFY22. (The Edge)

Heineken Malaysia Bhd (3255) kicked off financial year 2022 strongly as net profit jumped 54% to RM113.38 m in 1QFY22 ended March 31, 2022 versus RM73.54 m in the same period last year. (The Edge)

KPower Bhd (7130) has been selected as one of the successful bidders under the feed-in tariff e-bidding exercise conducted by Sustainable Energy Development Authority for the development of small hydro power plants in Malaysia. (The Edge)

Fourteen years after splitting off its US business, **Philip Morris International Inc** is pushing back into that key market in a big way — this time, with cigarette alternatives. (The Edge)



Malayan Banking Bhd

Technical Watch - “BUY on Potential Upside”

Bloomberg: MAY MK | KLSE Stock Code: 1155

Main Market

Financial Services Subsector – Banking

Current Price: RM9.08

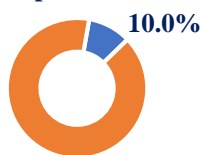
Target Price: RM9.99

Investment Highlights

On an uptrend, the stock is currently trading above the MA20, potentially breaking out of its resistance at the RM9.12 level. We think there is a potential upside supported by a bullish marubozu, rising momentum on the stock (RSI > 60), and potential interest rate hikes by BNM.

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



Buys: 14

Holds: 5

Sells: 1

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	11.4	10.4	9.1
P/B	1.0	1.0	1.0
P/CF	9.1	8.2	13.6
P/S	2.6	2.4	2.1

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

Company Overview

Malayan Banking Berhad operates as a bank. The Company provides financial services such as insurance, asset management, stock broking, nominee services, venture capital, leasing, and Internet banking. Malayan Banking Berhad serves customers in South East Asia.



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Entry Price	RM9.08
Market Cap (m)	RM108,687.7
52w high	RM9.12
52w low	RM7.87
Stop Loss	RM7.76
Immediate Support	RM8.75 (Previous low)
Immediate Resistance	RM9.12 (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)	14,155,455.9



Genting Plantations Berhad

Technical Watch - “BUY on Potential Reversal”

Bloomberg: GENP MK | KLSE Stock Code: 2291

Main Market Plantation

Subsector – Plantation

Current Price: RM8.39

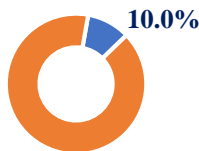
Target Price: RM9.23

Investment Highlights

On an uptrend, the stock is currently trading below the MA20, outside of the lower band (oversold) of the Bollinger bands. We think that there is a potential reversal supported by a tweezer top, while we expect momentum to recover moving forward (RSI > 35).

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

Potential Upside



Bloomberg Analyst Ratings



Buys: 9

Holds: 6

Sells: 2

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	28.5	36.1	30.8
P/BV	1.5	1.7	1.7
P/CF	18.5	25.8	24.1
P/S	2.9	3.5	4.2

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

Company Overview

Genting Plantations Berhad is an investment holding company which operates plantations. The Company, through its subsidiaries, also develops and invests in properties, processes fresh fruit bunches, trades rubber wood, provides palm oil mill management services, and operates golf course.



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Entry Price	RM8.39
Market Cap (m)	RM7,527.5
52w high	RM9.48
52w low	RM6.26
Stop Loss	RM7.17
Immediate Support	RM8.12 (Previous low)
Immediate Resistance	RM9.44 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Weak Momentum
Volume (4-Weeks Average)	2,103,312.3



TECHNICAL ANALYSIS SCOREBOARD

Recommendation Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
11/4/2022	Senheng	5305	0.880	0.815	0.750	0.960	0.6	-7.4	-
11/4/2022	Guh	3247	0.560	0.480	0.470	0.610	1.1	-14.3	SL Triggered
12/4/2022	Tomei	7230	1.140	1.030	0.970	1.250	-1.0	-9.6	SL Triggered
12/4/2022	Poh Kong	5080	0.920	0.805	0.780	1.010	0.0	-12.5	SL Triggered
13/4/2022	Epmb	7773	1.110	0.925	0.940	1.210	0.5	-16.7	SL Triggered
13/4/2022	Qes	0196	0.600	0.585	0.510	0.660	0.0	-2.5	-
14/4/2022	Pantech	5125	0.730	0.695	0.620	0.800	2.2	-4.8	-
14/4/2022	Senheng	5305	0.860	0.815	0.740	0.950	0.6	-5.2	-
15/4/2022	Armada	5210	0.450	0.410	0.380	0.500	-2.4	-8.9	SL Triggered
15/4/2022	Per maju	7080	0.100	0.085	0.090	0.110	0.0	-15.0	SL Triggered
18/4/2022	Subur	6904	2.000	1.970	1.710	2.200	2.1	-1.5	TP Achieved
18/4/2022	Solarvest	0215	0.980	0.790	0.830	1.070	3.3	-19.4	SL Triggered
20/4/2022	Technax	2739	0.110	0.120	0.090	0.120	4.3	9.1	TP Achieved
20/4/2022	Hexind	0161	0.380	0.380	0.320	0.420	1.3	0.0	-
21/4/2022	Greatec	0208	4.000	3.620	3.420	4.400	0.3	-9.5	SL Triggered
21/4/2022	Qes	0196	0.600	0.585	0.510	0.660	0.0	-2.5	-
22/4/2022	Pantech	5125	0.750	0.695	0.640	0.820	2.2	-7.3	-
22/4/2022	Cimb	1023	5.140	5.080	4.390	5.650	0.0	-1.2	-
25/4/2022	Ancom	0048	0.185	0.220	0.160	0.210	0.0	18.9	TP Achieved
25/4/2022	Mbsb	1171	0.660	0.625	0.560	0.720	0.8	-5.3	-
26/4/2022	Tdm	2054	0.320	0.285	0.270	0.350	1.8	-10.9	SL Triggered
26/4/2022	Rsawit	5113	0.280	0.245	0.240	0.310	2.1	-12.5	SL Triggered
27/4/2022	Caely	7154	0.450	0.380	0.380	0.490	1.3	-15.6	SL Triggered
27/4/2022	Greatec	0208	4.000	3.620	3.420	4.400	0.3	-9.5	SL Triggered
28/4/2022	Poh Huat	7088	1.530	1.510	1.310	1.680	2.0	-1.3	-
28/4/2022	Hengyuan	4324	4.750	6.600	4.060	5.230	2.8	38.9	TP Achieved
29/4/2022	Dsonic	5216	0.580	0.560	0.490	0.630	0.9	-3.4	-
29/4/2022	Padini	7052	3.380	3.370	2.890	3.720	0.0	-0.3	-
5/5/2022	GentingBhd	3182	4.630	4.560	4.500	5.090	0.0	-1.5	-
5/5/2022	SOP	5126	6.900	6.140	6.520	7.590	3.4	-11.0	SL Triggered
6/5/2022	SCGM	7247	2.340	2.320	2.000	2.810	1.3	-0.9	-
6/5/2022	Sedania	0178	0.470	0.440	0.400	0.560	1.1	-6.4	-
9/5/2022	Hibiscus	5199	1.400	1.350	1.200	1.680	0.0	-3.6	-
9/5/2022	AHB	7315	0.220	0.230	0.180	0.260	4.5	4.5	-
10/5/2022	Hengyuan	4324	6.730	6.600	5.750	8.080	2.8	-1.9	-
10/5/2022	Jadem	7043	0.900	0.910	0.770	1.080	-0.5	1.1	-
11/5/2022	Senheng	5305	0.800	0.815	0.680	0.880	0.6	1.9	-
11/5/2022	Jtiasa	4383	0.980	0.995	0.840	1.080	0.5	1.5	-
12/5/2022	Maybank	1155	9.080	9.080	7.760	9.990	0.9	0.0	-
12/5/2022	Genp	2291	8.390	8.390	7.170	9.230	2.8	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	(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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