



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks tumbled in line with the panic in global equity markets. Market breadth was broadly negative with 874 losers versus 209 gainers. Every sector finished in the red with the technology sector being the top percentage loser plunging by 4.44%. Nestle (Malaysia) Berhad (4707) was the top loser declining by RM0.70 or 0.53%. The FBM KLCI fell by 1.10% to 1,538.80.

We expect Malaysian equities to rebound following the recent sell-off.

ECONOMICS

- More than US\$200bn wiped off **cryptocurrency** market in a day

COMPANY

- **Gas Malaysia's (5209)** 1Q net profit grows 64% on higher gross profit, lower administrative expenses, JV companies' contribution
- **Greotech (0208)** 1Q net profit tumbles 37.99% to RM28.93m despite revenue rise
- **Kelington (0151)** unit bags RM80m contract in China
- **Pentamaster (7160)** 1Q net profit jumps 27% to RM20.4m on higher revenue
- **Sentral REIT (5123)** 1Q NPI declines 2.9% to RM30.51m

EXPRESSO FOR THE DAY

- **Technical Watch – Hengyuan (4324)** – Entry Price RM6.86, Target Price RM7.55, Stop Loss RM5.87, Support RM6.12, Resistance RM7.18
- **Technical Watch – Sedania (0178)** – Entry Price RM0.45, Target Price RM0.50, Stop Loss RM0.38, Support RM0.40, Resistance RM0.52

Local	Close	(%)
FBMKLCI	1,538.80	(1.1)
Volume (mil)	3,613	50.4
Value (RM mil)	2,506	31.3
Gainers	209	
Losers	874	
Unchanged	335	

Foreign		(%)
Dow Jones	31,730.3	(0.3)
Nasdaq CI	11,371.0	0.1
S&P 500	3,930.1	(0.1)
FTSE 100	7,233.3	(1.6)
Nikkei 225	25,748.7	(1.8)
Shanghai CI	3,055.0	(0.1)
HSI	19,380.3	(2.2)
STI	3,165.2	(1.9)

Most Active	RM	Chg
SERBADK	0.085	0.025
MNC	0.020	(0.005)
TECHNAX	0.115	0.000
DNEX	0.930	(0.080)
CSH	0.110	(0.015)

Top Gainer	RM	Chg
HEIM	24.000	0.680
SP500-HZ	1.660	0.360
BJFOOD	4.050	0.350
NDX-HI	1.620	0.330
SP500-HI3	2.800	0.310

Top Loser	RM	Chg
NESTLE	132.000	(0.700)
FANG-2XL	6.840	(0.640)
PETDAG	20.600	(0.640)
KLK	26.380	(0.520)
RAPID	11.500	(0.480)

Other Stats		(%)
USD/MYR	4.39	0.39
USD/RMB	6.79	0.96
Brent (USD/barrel)	107.45	(0.06)
Gold (USD/troy oz)	1,821.82	(1.65)
CPO (RM/metric t)	6,948.5	(1.83)



DAILY NEWSWATCH

ECONOMICS

A massive sell-off in cryptocurrencies wiped over US\$200 bn of wealth from the market in just 24 hours, according to estimates from price-tracking website CoinMarketCap. (The Edge)

COMPANY

Gas Malaysia Bhd (5209) reported a 64.15% increase in its first quarterly net profit ended March 31, 2022 to RM91.32 m from RM55.63 m a year ago, driven by higher gross profit, lower administrative expenses and higher contribution from the group's joint venture companies. (The Edge)

Greotech Technology Bhd (0208) said Thursday (May 12) that its net profit for 1QFY22 tumbled 37.99% to RM28.93 m, due to the decline in gross profit, share grant expenses and lesser net foreign exchange gain. (The Edge)

Kelington Group Bhd's (0151) wholly-owned unit, Kelington Engineering (Shanghai) Co Ltd, has bagged a contract to perform gas hook up works in Beijing, China. (The Edge)

Pentamaster Corp Bhd's (7160) net profit jumped by 27% in 1QFY22 to RM20.4 m from RM16.07 m a year ago, underpinned by higher revenue contribution from its automated test equipment segment. (The Edge)

Sentral Real Estate Investment Trust's (5123) net property income in 1QFY22 dropped by 2.9% to RM30.51 m from RM31.41 m in the same period last year. (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: RM6.86

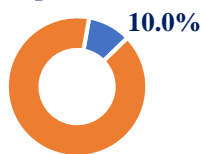
Target Price: RM7.55

Investment Highlights

On an uptrend, the stock is currently trading above the MA20, breaking out of its resistance at the RM6.87 level. We think there is a potential continuation supported by a bullish marubozu, rising momentum on the stock (RSI > 80), and high oil prices.

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	10.3	17.2	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	RM6.86
Market Cap (m)	RM2,058.0
52w high	RM7.18
52w low	RM3.65
Stop Loss	RM5.87
Immediate Support	RM6.12 (Previous low)
Immediate Resistance	RM7.18 (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



Sedania Innovator Berhad

Technical Watch - "BUY on Potential Continuation"

Bloomberg: SDNA MK | KLSE Stock Code: 0178

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

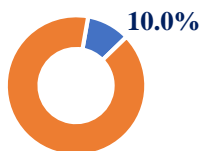
Current Price: RM0.45**Target Price: RM0.50**

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 bullish engulfing, strong momentum (RSI > 60).

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 and SMA to hold.

Potential Upside



Bloomberg Analyst Ratings



Buys: 0
Holds: 0
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	241.5	105.4	103.8
P/BV	4.2	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	RM0.45
Market Cap (m)	RM156.2
52w high	RM1.77
52w low	RM0.29
Stop Loss	RM0.38
Immediate Support	RM0.40 (Previous low)
Immediate Resistance	RM0.52 (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)	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
12/4/2022	Tomei	7230	1.140	1.020	0.970	1.250	-1.0	-10.5	SL Triggered
12/4/2022	Poh Kong	5080	0.920	0.805	0.780	1.010	-0.6	-12.5	SL Triggered
13/4/2022	Epmb	7773	1.110	0.910	0.940	1.210	-1.1	-18.0	SL Triggered
13/4/2022	Qes	0196	0.600	0.575	0.510	0.660	-2.5	-4.2	-
14/4/2022	Pantech	5125	0.730	0.690	0.620	0.800	-0.7	-5.5	-
14/4/2022	Senheng	5305	0.860	0.805	0.740	0.950	-0.6	-6.4	-
15/4/2022	Armada	5210	0.450	0.400	0.380	0.500	-1.2	-11.1	SL Triggered
15/4/2022	Per maju	7080	0.100	0.080	0.090	0.110	-5.9	-20.0	SL Triggered
18/4/2022	Subur	6904	2.000	1.980	1.710	2.200	-3.9	-1.0	TP Achieved
18/4/2022	Solarvest	0215	0.980	0.780	0.830	1.070	-2.5	-20.4	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	0.365	0.320	0.420	-3.9	-3.9	-
21/4/2022	Greatec	0208	4.000	3.460	3.420	4.400	-3.4	-13.5	SL Triggered
21/4/2022	Qes	0196	0.600	0.575	0.510	0.660	-2.5	-4.2	-
22/4/2022	Pantech	5125	0.750	0.690	0.640	0.820	-0.7	-8.0	-
22/4/2022	Cimb	1023	5.140	5.080	4.390	5.650	-0.4	-1.2	-
25/4/2022	Ancom	0048	0.185	0.215	0.160	0.210	0.0	16.2	TP Achieved
25/4/2022	Mbsb	1171	0.660	0.630	0.560	0.720	-1.6	-4.5	-
26/4/2022	Tdm	2054	0.320	0.280	0.270	0.350	0.0	-12.5	SL Triggered
26/4/2022	Rsawit	5113	0.280	0.245	0.240	0.310	-2.0	-12.5	SL Triggered
27/4/2022	Caely	7154	0.450	0.375	0.380	0.490	1.4	-16.7	SL Triggered
27/4/2022	Greatec	0208	4.000	3.460	3.420	4.400	-3.4	-13.5	SL Triggered
28/4/2022	Poh Huat	7088	1.530	1.460	1.310	1.680	-2.0	-4.6	-
28/4/2022	Hengyuan	4324	4.750	7.110	4.060	5.230	5.6	49.7	TP Achieved
29/4/2022	Dsonic	5216	0.580	0.550	0.490	0.630	0.0	-5.2	-
29/4/2022	Padini	7052	3.380	3.320	2.890	3.720	0.6	-1.8	-
5/5/2022	GentingBhd	3182	4.630	4.510	4.500	5.090	-0.9	-2.6	-
5/5/2022	SOP	5126	6.900	6.180	6.520	7.590	-0.3	-10.4	SL Triggered
6/5/2022	SCGM	7247	2.340	2.320	2.000	2.810	0.0	-0.9	-
6/5/2022	Sedania	0178	0.470	0.455	0.400	0.560	9.6	-3.2	-
9/5/2022	Hibiscus	5199	1.400	1.360	1.200	1.680	0.7	-2.9	-
9/5/2022	AHB	7315	0.220	0.220	0.180	0.260	2.3	0.0	-
10/5/2022	Hengyuan	4324	6.730	7.110	5.750	8.080	5.6	5.6	-
10/5/2022	Jadem	7043	0.900	0.925	0.770	1.080	1.1	2.8	-
11/5/2022	Senheng	5305	0.800	0.805	0.680	0.880	-0.6	0.6	-
11/5/2022	Jtiasa	4383	0.980	0.990	0.840	1.080	-2.9	1.0	-
12/5/2022	Maybank	1155	9.080	9.090	7.760	9.990	-0.1	0.1	-
12/5/2022	Genp	2291	8.390	8.520	7.170	9.230	0.5	1.5	-
13/5/2022	Hengyuan	4324	6.860	7.110	5.870	7.550	5.6	3.6	-
13/5/2022	Sedania	0178	0.450	0.455	0.380	0.500	9.6	1.1	-

*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	(0.7)	21.3	14.3	17.4	14.3	13.4	
Finance	7.9	13.0	11.5	12.4	12.5	10.2	
Property	(1.6)	13.8	4.9	10.8	4.9	10.6	
Plantation	26.0	94.6	11.9	43.9	11.9	16.9	
Consumer	0.5	25.6	11.6	21.4	11.6	17.1	
Technology	(33.4)	29.8	19.1	24.2	21.9	19.9	
Construction	6.8	22.2	13.6	17.9	13.6	11.5	
Energy	12.6	-	-	-	14.5	10.8	
Health care	(15.8)	52.6	7.6	30.1	7.6	23.5	
Ind Prod	(3.1)	38.6	11.4	23.9	11.4	9.5	
REIT	1.8	-	-	-	29.2	16.4	
Telco	(5.3)	25.1	25.1	25.1	25.1	18.8	
Transportations	(1.1)	-	-	-	-	16.4	
Utilities	0.3	-	-	-	14.5	12.7	

Source: Bloomberg

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