



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks fell on lingering investor pessimism. Market breadth was negative with 524 losers versus 388 gainers. The health care sector was the top percentage loser declining by 1.17% due to weakness in glove counters, while the transportation and logistics sector was the top percentage gainer increasing by 0.88%. Nestle (Malaysia) Berhad (4707) was the top loser decreasing by RM1.20 or 0.90%. The FBM KLCI dipped by 0.14% to 1,523.86.

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

ECONOMICS

- **BNM** says not to be aggressive with OPR
- **DOSM: Malaysia's trade value** surpassed RM2 trillion in 2021, fastest growth since 1994
- **Oil price** jumps to 13-week high on rising US gasoline demand

COMPANY

- **Gamuda (5398)** finalises four highway disposal draft agreement for proceeds of RM4.5 bn
- **LGMS (0249)** among most active stocks after ACE Market debut
- **SFP Tech's** IPO shares oversubscribed by 41.61 times

EXPRESSO FOR THE DAY

- **Technical Watch – Fraser & Neave (3689)** – Entry Price RM22.55, Target Price RM20.50, Stop Loss RM17.53, Support RM19.48, Resistance RM21.49
- **Technical Watch – Pie Industrial (7095)** – Entry Price RM3.70, Target Price RM3.36, Stop Loss RM2.87, Support RM3.19, Resistance RM3.26

Local	Close	(%)
FBMKLCI	1,523.86	(0.1)
Volume (mil)	3,261	24.5
Value (RM'mil)	1,964	10.6
Gainers		
Losers		
Unchanged		
Foreign		(%)
Dow Jones	32,910.9	(0.8)
Nasdaq CI	12,086.3	(0.7)
S&P 500	4,115.8	(1.1)
FTSE 100	7,593.0	(0.1)
Nikkei 225	28,234.3	1.0
Shanghai CI	3,263.8	0.7
HSI	22,014.6	2.2
STI	3,225.8	(0.2)
Most Active	RM	Chg
DYNACIA	0.145	(0.025)
LGMS	0.845	-
BCMALL	0.025	0.000
MNC	0.020	0.005
HSI-HA8	0.225	(0.100)
Top Gainer	RM	Chg
F&N	20.500	0.700
DLADY	33.600	0.700
HSI-HEF	0.580	0.245
RAPID	12.180	0.220
CHINAETF-MYR	5.550	0.200
Top Loser	RM	Chg
NESTLE	132.600	(1.200)
PPB	16.000	(0.560)
PEIDAG	21.100	(0.540)
HSI-HEB	1.320	(0.370)
TEXCHEM	3.530	(0.350)
Other Stats		(%)
USD/MYR	4.39	(0.00)
USD/RMB	6.68	0.20
Brent (USD/barrel)	123.58	2.50
Gold (USD/troy oz)	1,853.36	0.05
CPO (RM/metric t)	6,753.5	(0.26)



DAILY NEWSWATCH

ECONOMICS

Malaysia's monetary policy will remain unaggressive in future, with adjustments based on the economic growth and inflation, according to Bank Negara Malaysia deputy governor Datuk Abdul Rasheed Ghaffour. (The Edge)

Malaysia's trade value recorded a new achievement in 2021, surpassing RM2 trillion — the fastest growth since 1994, according to the Department of Statistics Malaysia. (The Edge)

Oil prices jumped over 2% to a 13-week high on Wednesday as U.S. demand for gasoline keeps rising despite record pump prices, while expectations that China's oil demand will increase faced growing supply concerns in several countries, including Iran. (The Star)

COMPANY

Gamuda Bhd's (5398) four Klang Valley highway concession holding companies have agreed and finalised the terms and conditions of a draft share sale and purchase agreement with Amanat Lebuhraya Rakyat Bhd, recently established as a private, not-for-profit entity. Under the finalised draft agreement, the four highways will be disposed to Amanat Lebuhraya Rakyat for an aggregate RM4.477 bn, with Gamuda's portion amounting to RM2.347 bn. (The Edge)

LGMS Bhd (0249) emerged as one of the most actively traded stocks on Bursa Malaysia in Wednesday's early morning session, following its debut on the ACE Market. In a statement, the independent provider of professional cybersecurity services said it has raised gross proceeds of up to RM45.7m from the initial public offering price of RM0.50 per IPO share. (The Edge)

SFP Tech Holdings Bhd, which is set to be listed on Bursa Malaysia's ACE Market on June 20, said its shares made available for the public has been oversubscribed by 41.61 times. (The Edge)



Fraser & Neave Bhd

Technical Watch - "BUY on Potential Reversal"

Bloomberg: FNH MK | KLSE Stock Code: 3689

Main Market
Consumer Products & Services
Subsector – Food & Beverages

Current Price: RM22.55

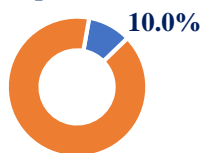
Target Price: RM20.50

Investment Highlights

On a downtrend, the stock is currently trading below the MA20. We think there is a potential reversal supported by a bullish marubozu, and a rising momentum on the stock (RSI > 40).

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 the 2SD, we project a 10% upside to the current price, expect EMA and SMA to crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 6
Holds: 0
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	25.8	29.8	26.9
P/B	3.7	4.5	4.3
P/CF	23.0	26.1	25.1
P/S	2.5	2.8	2.3

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

Company Overview

Fraser & Neave Holdings Berhad is an investment holding company which provides management services. The Company, through its subsidiaries, manufactures and sells glass containers, soft drinks, and dairy products. Fraser & Neave also operates in property development and investment.



Ronnie Tan

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Entry Price	RM20.50
Market Cap (m)	RM7,519.0
52w high	RM28.82
52w low	RM19.24
Stop Loss	RM17.53
Immediate Support	RM19.48
Immediate Resistance	RM 23.45 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	145,500.9



PIE Industrial Berhad

Technical Watch - “BUY on Potential Breakout”

Bloomberg: PIE MK | KLSE Stock Code: 7095

Main Market
Industrial Products & Services
Subsector – Industrial Materials

Current Price: RM3.70

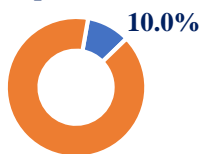
Target Price: RM3.36

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think that there is a potential upside supported by a bullish marubozu, coupled with a rising momentum on the stock (RSI > 70).

With higher volatility as seen from an expanding bollinger band, 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 moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 2

Holds: 0

Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	22.0	17.3	15.0
P/BV	2.2	1.8	1.7
P/CF	10.4	33.0	23.3
P/S	1.3	1.1	1.0

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

Company Overview

P.I.E. Industrial Berhad is an investment holding company which provides management services. Through its subsidiaries, the Company has operation in contract manufacturing services, manufactures raw wires and cables, and trades personal computer peripheral products.



Ronnie Tan

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Entry Price	RM3.36
Market Cap (m)	RM1,290.4
52w high	RM4.25
52w low	RM2.16
Stop Loss	RM2.87
Immediate Support	RM3.19
Immediate Resistance	RM3.26 (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)	986,723.8



TECHNICAL ANALYSIS SCOREBOARD

Recommendation Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
11/5/2022	Senheng	5305	0.800	0.640	0.680	0.880	#REF!	-20.0	SL Triggered
11/5/2022	Jtiasa	4383	0.980	0.740	0.840	1.080	-0.7	-24.5	SL Triggered
12/5/2022	Maybank	1155	9.080	8.840	7.760	9.990	0.0	-2.6	-
12/5/2022	Genp	2291	8.390	7.300	7.170	9.230	-2.0	-13.0	-
13/5/2022	Hengyuan	4324	6.860	6.240	5.870	7.550	-1.0	-9.0	-
13/5/2022	Sedania	0178	0.450	0.455	0.380	0.500	-3.2	1.1	SL Triggered
17/5/2022	MPI	3867	31.60	33.200	27.02	34.76	0.3	5.1	-
17/5/2022	Siab	0241	0.200	0.185	0.170	0.220	-5.1	-7.5	-
18/5/2022	Sapura	5218	0.070	0.045	0.060	0.080	-10.0	-35.7	TP Achieved
18/5/2022	Dsonic	5216	0.570	0.575	0.490	0.630	-0.9	0.9	-
19/5/2022	GentingBhd	3182	4.620	5.340	3.950	5.080	2.5	15.6	-
19/5/2022	Penta	7160	3.690	3.830	3.150	4.060	0.8	3.8	-
20/5/2022	GentingBhd	3182	4.880	5.340	4.650	5.350	2.5	9.4	-
20/5/2022	Hengyuan	4324	7.230	6.240	6.180	7.950	-1.0	-13.7	SL Triggered
23/5/2022	Caely	7154	0.410	0.390	0.350	0.450	-2.5	-4.9	-
23/5/2022	Flbhd	5197	1.520	1.420	1.300	1.670	-0.7	-6.6	-
24/5/2022	GentingBhd	3182	4.900	5.340	4.190	5.390	2.5	9.0	-
24/5/2022	GOB	1147	0.310	0.320	0.260	0.340	1.6	3.2	SL Triggered
25/5/2022	Tambun	5191	1.020	0.935	0.870	1.120	2.2	-8.3	-
25/5/2022	SCGM	7247	2.400	2.350	2.050	2.640	0.0	-2.1	-
26/5/2022	Genetec	0104	2.390	2.370	2.040	2.630	0.4	-0.8	-
26/5/2022	Bumi	5210	0.440	0.450	0.380	0.480	1.1	2.3	-
27/5/2022	Choobee	5797	2.360	2.190	2.020	2.600	1.4	-7.2	-
27/5/2022	EPMB	7773	1.100	1.020	0.940	1.210	-2.9	-7.3	-
30/5/2022	Jag	0024	0.390	0.350	0.320	0.430	-2.8	-10.3	-
30/5/2022	Padini	7052	3.200	3.630	2.800	3.520	0.8	13.4	-
31/5/2022	Hexind	0161	0.320	0.355	0.270	0.350	-4.1	10.9	-
31/5/2022	Myeg	0138	0.890	0.915	0.760	0.980	0.0	2.8	-
1/6/2022	PIE	7095	3.050	3.360	2.610	3.360	5.0	10.2	-
1/6/2022	Hextar	5151	1.670	1.610	1.430	1.840	-0.6	-3.6	-
2/6/2022	GentingBhd	3182	5.200	5.340	4.450	5.720	2.5	2.7	-
2/6/2022	Scientex	4731	3.710	3.600	3.170	4.080	-0.8	-3.0	-
3/6/2022	Guan	5102	2.610	2.570	2.219	2.880	-1.5	-1.5	-
3/6/2022	Inari	0166	2.810	2.760	2.400	3.090	-1.1	-1.8	-
7/6/2022	Sedania	0178	0.460	0.455	0.390	0.500	-3.2	-1.1	-
7/6/2022	Jtiasa	4383	0.760	0.740	0.650	0.830	-0.7	-2.6	-
8/6/2022	AEON	6599	1.530	1.560	1.310	1.680	0.0	2.0	-
8/6/2022	Bonia	9288	2.700	2.690	2.310	2.870	-1.1	-0.4	-
9/6/2022	F&N	3689	22.550	20.500	17.530	20.500	3.5	-9.1	-
9/6/2022	PIE	7095	3.700	3.360	2.870	3.360	5.0	-9.2	-

*TP=Target Price

**STOCK SELECTION BASED ON DIVIDEND YIELD**

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
AmFirst REIT	REIT	0.385	0.04	10.0
SHL Consolidated Bhd	Property	1.980	0.18	9.1
British American Tobacco Malay	Consumer	12.220	0.91	7.4
UOA REIT	REIT	1.180	0.09	7.3
Al-'Aqar Healthcare REIT	REIT	1.210	0.09	7.2
Pharmaniaga Bhd	Consumer	0.640	0.05	7.2
Uchi Technologies Bhd	Industrial	3.090	0.20	6.5
Amanahraya REIT	REIT	0.650	0.04	6.8
Malayan Banking Bhd	Finance	8.840	0.56	6.3
Matrix Concepts Holdings Bhd	Property	2.460	0.14	5.8
Capitaland Malaysia Trust	REIT	0.585	0.03	5.8
Magnum Bhd	Consumer	1.760	0.10	5.8
Malaysia Building Society Bhd	Finance	0.600	0.03	5.8
Hong Leong Industries Bhd	Industrial	9.120	0.52	5.7
Globetronics Technology BHD	Technology	1.260	0.07	5.2

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)				
		5 - Years			Current	1 Yr – Fwd
		High	Low	Avg		
KLCI	(2.8)	21.3	14.6	17.4	14.6	13.2
Finance	6.5	13.0	11.5	12.5	12.7	10.0
Property	(4.6)	13.8	11.2	12.4	13.0	10.4
Plantation	19.2	94.6	10.0	43.6	10.0	14.6
Consumer	0.7	25.6	12.1	21.5	12.1	17.3
Technology	(28.6)	29.8	19.1	24.5	23.4	22.2
Construction	5.6	22.2	15.2	18.2	15.2	11.8
Energy	14.3	-	-	-	11.6	10.0
Health care	(20.5)	52.6	7.9	30.2	7.9	22.6
Ind Prod	(3.2)	38.6	10.7	23.8	10.7	11.7
REIT	3.5	-	-	-	28.6	16.5
Telco	(8.6)	25.1	23.0	24.1	23.0	17.1
Transportations	0.2	-	-	-	-	17.0
Utilities	0.7	-	-	-	15.2	12.9

Source: Bloomberg



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