



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks fell last Friday in line with weakness in Asian equity markets. Market breadth was broadly negative with 667 losers versus 254 gainers. Every sector finished in the red with the health care sector being the top percentage loser plunging by 2.47%. Petronas Dagangan (5681) was the top loser declining by RM0.66 or 3.04% in line with weakness in the general market. The FBM KLCI decreased by 1.04% to 1,493.95.

We expect Malaysian stocks to fall following steep losses on Wall Street last Friday.

ECONOMICS

- **Oil** falls as US inflation data surges, China imposes lockdowns
- **US annual inflation** posts largest gain in nearly 41 years as food, gasoline prices soar
- **Wall St** suffers biggest weekly loss since January after hot CPI data

COMPANY

- EPF buys **Bursa (1818)** shares as price falls to lowest in three months
- **Hua Yang (5062)** proposes 1-for-4 rights issue with warrants to raise up to RM17.6m
- **Reservoir Link's (0219)** unit wins three-year job from **Hibiscus Petroleum (5199)**

EXPRESSO FOR THE DAY

- **Technical Watch – Dufu (7233)** – Entry Price RM2.86, Target Price RM3.15, Stop Loss RM2.45, Support RM2.72, Resistance RM2.82
- **Technical Watch – MISC Bhd (3816)** – Entry Price RM7.15, Target Price RM7.87, Stop Loss RM6.11, Support RM6.79, Resistance RM7.385

Local	Close	(%)
FBMKLCI	1,493.95	(1.0)
Volume (mil)	2,262	(21.6)
Value (RM mil)	1,693	(17.8)
Gainers	254	
Losers	667	
Unchanged	400	

Foreign		(%)
Dow Jones	31,392.8	(2.7)
Nasdaq CI	11,340.0	(3.5)
S&P 500	3,900.9	(2.9)
FTSE 100	7,317.5	(2.1)
Nikkei 225	27,824.3	(1.5)
Shanghai CI	3,284.8	1.4
HSI	21,806.2	(0.3)
STI	3,181.7	(0.9)

Most Active	RM	Chg
BORNOIL	0.025	0.000
HSI-HA8	0.220	0.000
LGMS	0.755	0.040
MQTECH	0.050	(0.005)
MNC	0.015	0.000

Top Gainer	RM	Chg
DIN040000223	101.300	0.300
SP500-HZ	0.950	0.285
RAPID	12.700	0.240
NDX-HI	1.270	0.220
QUALITY	1.390	0.210

Top Loser	RM	Chg
PETDAG	21.060	(0.600)
MPI	31.940	(0.440)
CARLSBG	22.380	(0.400)
HENGYUAN	5.800	(0.400)
PETRONM	6.990	(0.350)

Other Stats		(%)
USD/MYR	4.40	0.19
USD/RMB	6.71	0.25
Brent (USD/barrel)	122.01	(0.86)
Gold (USD/troy oz)	1,871.60	1.28
CPO (RM/metric t)	6,573.5	(1.07)



DAILY NEWSWATCH

ECONOMICS

Oil prices fell on Friday (June 10) after US consumer prices rose more than expected and China imposed new Covid-19 lockdown measures. (The Edge)

US consumer prices accelerated in May as gasoline prices hit a record high and the cost of food soared, leading to the largest annual increase in nearly 40-1/2 years, suggesting that the Federal Reserve could continue with its 50 basis points interest rate hikes through September to combat inflation. (The Edge)

US stocks posted their biggest weekly percentage declines since January and ended sharply lower on the day on Friday (June 10) as a steeper-than-expected rise in US consumer prices in May fuelled fears of more aggressive interest rate hikes by the US Federal Reserve. (The Edge)

COMPANY

The Employees Provident Fund has raised its stake in **Bursa Malaysia Bhd (1818)** to 9.54% after buying more shares in the local bourse regulator and operator in recent days on the open market as Bursa's share price fell to its lowest in about three months. (The Edge)

Hua Yang Bhd (5062) has proposed to undertake a renounceable rights issue of up to 88 million new shares coupled with free warrants to raise up to RM17.6m. (The Edge)

Reservoir Link Energy Bhd's (0219) 60%-owned unit has secured a three-year contract from Hibiscus Petroleum Bhd (5199) to provide services in relation to identifying opportunities for wells production enhancement and rejuvenation. (The Edge)



Dufu Technology Corp Bhd

Technical Watch - “BUY on Potential Continuation”

Bloomberg: DUFU MK | KLSE Stock Code: 7233

Main Market
Industrial Products & Services
Subsector – Industrial Materials

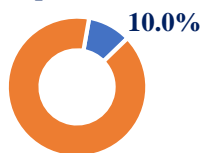
Current Price: RM2.86
Target Price: RM3.15

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential continuation supported by a bullish engulfing, and a strong momentum on the stock (RSI > 60).

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

Potential Upside



Bloomberg Analyst Ratings



Buy: 0
Hold: 0
Sell: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	32.1	20.4	16.7
P/B	6.3	4.0	2.3
P/CF	33.6	23.1	13.3
P/S	5.9	3.7	2.1

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

Company Overview

Dufu Technology Corp Bhd. designs, develops, and manufactures precision machining components, steel molds and stamping components as well as provides marketing and engineering support services.



Ronnie Tan

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Entry Price	RM2.86
Market Cap (m)	RM1,513.4
52w high	RM4.82
52w low	RM2.02
Stop Loss	RM2.45
Immediate Support	RM2.72
Immediate Resistance	RM 2.82 (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)	2,728,276.0



MISC Berhad

Technical Watch - "BUY on Potential Reversal"

Bloomberg: MISC MK | KLSE Stock Code: 3816

Main Market Transportation & Logistics Subsector – Logistic Services

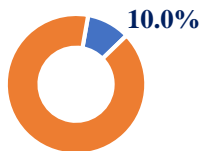
Current Price: RM7.15
Target Price: RM7.87

Investment Highlights

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

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 crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buy: 9
Hold: 7
Sell: 1

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	17.8	19.5	17.4
P/BV	0.9	0.9	1.0
P/CF	8.0	6.7	10.7
P/S	3.2	3.4	3.2

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

Company Overview

MISC Berhad owns ships and operates shipping and related services. Through its subsidiaries, the Company provides trucking, warehousing, and forwarding service, containers and prime movers repair, and container haulage. MISC Berhad also has operation in trucking and launch operator.



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Entry Price	RM7.15
Market Cap (m)	RM31,915.8
52w high	RM7.92
52w low	RM6.33
Stop Loss	RM6.11
Immediate Support	RM6.79
Immediate Resistance	RM7.40 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	2,986,579.8



TECHNICAL ANALYSIS SCOREBOARD

Recommendation Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
12/5/2022	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	-
10/6/2022	Dufu	7233	2.86	2.900	2.45	3.15	5.5	1.4	-
10/6/2022	MISC	3816	7.15	7.200	6.11	7.87	1.3	0.7	-

*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	11.920	0.91	7.6
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	3.070	0.20	6.5
Amanahraya REIT	REIT	0.645	0.04	6.9
Malayan Banking Bhd	Finance	8.780	0.56	6.4
Matrix Concepts Holdings Bhd	Property	2.390	0.14	6.0
Capitaland Malaysia Trust	REIT	0.580	0.03	5.9
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	8.910	0.52	5.8
Globetronics Technology BHD	Technology	1.270	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	(4.3)	21.3	15.0	17.5	15.0	13.0
Finance	5.8	13.0	11.5	12.5	12.7	9.9
Property	(5.4)	13.8	11.2	12.4	12.9	10.3
Plantation	16.2	94.6	9.8	43.5	9.8	14.2
Consumer	(0.7)	25.6	12.0	21.4	12.0	14.5
Technology	(29.9)	29.8	19.1	24.4	22.9	21.7
Construction	3.9	22.2	15.0	18.2	15.0	11.6
Energy	12.4	-	-	-	11.4	9.9
Health care	(21.8)	52.6	9.4	31.0	9.4	22.6
Ind Prod	(4.7)	38.6	10.6	23.8	10.6	11.5
REIT	3.1	-	-	-	28.5	16.4
Telco	(10.2)	25.1	22.6	23.9	22.6	16.8
Transportations	(1.7)	-	-	-	-	16.6
Utilities	(1.4)	-	-	-	14.9	12.7

Source: Bloomberg

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