



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks declined sharply in line with the sell-off in global equity markets. Market breadth was broadly negative with 1083 losers versus 138 gainers. Every sector finished in the red with the technology sector being the top percentage loser plunging by 5.67%. Malaysian Pacific Industries (3867) was the top loser declining by RM1.62 or 5.07% in line with weakness in technology counters. The FBM KLCI fell by 1.95% to 1,464.83.

We expect Malaysian stocks to fall as global equity markets are gripped by fear.

ECONOMICS

- **European bond rout** deepens as bets on half-point ECB hikes build
- **UK economy shrinks** unexpectedly as Covid-19 testing winds down

COMPANY

- **Bermaz Auto (5248)** 4Q net profit grows nearly 18%, declares dividend of 4.5 sen
- **Coastal Contract (5071)** wins new and extended charter contracts worth RM252m
- **Pharmaniaga (7081)** in 'very serious' talks with IDB for Covid-19 vaccine deal
- Higher raw material, freight costs pull **Scientex (4731)** 3Q net profit down 20% y-o-y; four sen dividend declared

EXPRESSO FOR THE DAY

- **Technical Watch – Public Bank Berhad (1295)** – Entry Price RM4.48, Target Price RM4.93, Stop Loss RM3.83, Support RM4.26, Resistance RM4.57
- **Technical Watch – IOI Corp Bhd (1961)** – Entry Price RM4.06, Target Price RM4.47, Stop Loss RM3.47, Support RM3.86, Resistance RM4.40

Local	Close	(%)
FBMKLCI	1,464.83	(1.9)
Volume (mil)	3,265	44.3
Value (RM mil)	2,265	33.8
Gainers	138	
Losers	1,083	
Unchanged	253	

Foreign		(%)
Dow Jones	30,516.7	(2.8)
Nasdaq CI	10,809.2	(4.7)
S&P 500	3,749.6	(3.9)
FTSE 100	7,205.8	(1.5)
Nikkei 225	26,987.4	(3.0)
Shanghai CI	3,255.6	(0.9)
HSI	21,067.6	(3.4)
STI	3,139.4	(1.3)

Most Active	RM	Chg
FINTEC	0.010	(0.005)
BCMALL	0.025	0.000
SAPNRG	0.050	0.000
TOPGLOV	1.030	(0.100)
HSI-HA8	0.380	0.160

Top Gainer	RM	Chg
SP500-H13	2.960	0.590
SP500-H11	1.480	0.350
HSI-HEJ	1.330	0.280
SP500-H15	1.160	0.280
HSI-HB6	0.950	0.235

Top Loser	RM	Chg
MPI	30.320	(1.620)
BKAWAN	25.200	(1.300)
HFLG	18.420	(0.780)
F&N	19.720	(0.780)
KLK	24.200	(0.780)

Other Stats		(%)
USD/MYR	4.42	0.37
USD/RMB	6.75	0.68
Brent (USD/barrel)	122.27	0.21
Gold (USD/troy oz)	1,819.26	(2.80)
CPO (RM/metric t)	6,089.0	(6.90)



DAILY NEWSWATCH

ECONOMICS

A sell-off in European government bond markets gathered momentum on Monday as traders priced in a more aggressive pace of tightening from the European Central Bank, with traders now wagering on two half-point hikes by October. (The Edge)

The UK economy shrank in April at the sharpest pace in more than a year as the government wound down Covid-19 testing, raising the risk that the economy contracts in the second quarter. (The Edge)

COMPANY

Bermaz Auto Bhd's (5248) net profit for 4QFY22 grew 17.8% to RM78.7m from RM66.83m in the same period last year largely due to higher profit contribution from Mazda's domestic operations plus positive contribution from Peugeot's operations. (The Edge)

Coastal Contracts Bhd (5071) has secured a charter contract for a vessel and the extension of an existing charter contract for a liftboat, for a total value of RM252m. (The Edge)

Pharmaniaga Bhd (7081) is in "very serious" discussions with the Islamic Development Bank with regards to a Covid-19 vaccine distribution deal for the Organization of Islamic Cooperation countries in Africa, according to its group managing director Datuk Zulkarnain Md Eusope. (The Edge)

Scientex Bhd's (4731) net profit for 3QFY22 fell 19.6% to RM88.33m from RM109.88m a year earlier amid rising raw material prices and freight costs in the consuming packaging products. (The Edge)



Public Bank Berhad

Technical Watch - "BUY on Potential Reversal"

Bloomberg: PBK MK | KLSE Stock Code: 1295

Main Market

Financial Services Subsector – Banking

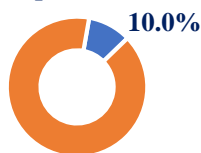
Current Price: RM4.48**Target Price: RM4.93**

Investment Highlights

On a sideways trend, the stock is currently trading below the MA20. We think there is a potential reversal supported by a bullish hammer, and a rising momentum on the stock (RSI > 35).

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: 11
Sells: 3**

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	14.3	13.7	12.8
P/B	1.6	1.8	2.0
P/CF	3.7	11.8	14.5
P/S	4.0	3.8	3.6

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

Company Overview

Public Bank Berhad provides a range of banking and financial services which include leasing and factoring, stock and futures broking, financing for the purchase of licensed public vehicles, and other financial services. The Group's overseas operations include branches in Hong Kong, Sri Lanka, Laos, Cambodia, and Vietnam.

**Ronnie Tan**

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Entry Price	RM4.48
Market Cap (m)	RM86,959.9
52w high	RM4.79
52w low	RM3.88
Stop Loss	RM3.83
Immediate Support	RM4.26
Immediate Resistance	RM4.57 (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)	33,038,940.0



IOI Corporation Bhd

Technical Watch - "BUY on Potential Reversal"

Bloomberg: IOI MK | KLSE Stock Code: 1961

Main Market
Plantation
Subsector – Plantation

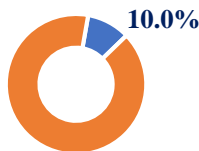
Current Price: RM4.06
Target Price: RM4.47

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 spinning top, 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



Buys: 9

Holds: 9

Sells: 1

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	25.9	30.9	31.9
P/BV	2.6	2.8	3.1
P/CF	28.5	24.7	19.8
P/S	2.5	3.0	2.5

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

Company Overview

IOI Corporation Berhad cultivates and processes oil palm and rubber. The Company also, through its subsidiaries, operates in property development and investment, provides landscape services, and sells ornamental plants and turfing grass. IOI Corporation also manufactures industrial and medical gases, and provides building, engineering, and construction services.



Ronnie Tan

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Entry Price	RM4.06
Market Cap (m)	RM25,224.7
52w high	RM4.76
52w low	RM3.54
Stop Loss	RM3.47
Immediate Support	RM3.86
Immediate Resistance	RM4.40 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	8,569,856.5



TECHNICAL ANALYSIS SCOREBOARD

Recommendation Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
17/5/2022	MPI	3867	31.60	30.320	27.02	34.76	-5.1	-4.1	-
17/5/2022	Siab	0241	0.200	0.165	0.170	0.220	-8.3	-17.5	SL Triggered
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	0.530	0.490	0.630	-3.6	-7.0	-
19/5/2022	GentingBhd	3182	4.620	4.730	3.950	5.080	-2.7	2.4	-
19/5/2022	Penta	7160	3.690	3.620	3.150	4.060	-3.2	-1.9	-
20/5/2022	GentingBhd	3182	4.880	4.730	4.650	5.350	-2.7	-3.1	-
20/5/2022	Hengyuan	4324	7.230	5.260	6.180	7.950	-9.3	-27.2	SL Triggered
23/5/2022	Caely	7154	0.410	0.380	0.350	0.450	0.0	-7.3	-
23/5/2022	Flbhd	5197	1.520	1.320	1.300	1.670	-3.6	-13.2	SL Triggered
24/5/2022	GentingBhd	3182	4.900	4.730	4.190	5.390	-2.7	-3.5	-
24/5/2022	GOB	1147	0.310	0.280	0.260	0.340	-3.4	-9.7	SL Triggered
25/5/2022	Tambun	5191	1.020	0.880	0.870	1.120	-5.4	-13.7	SL Triggered
25/5/2022	SCGM	7247	2.400	2.300	2.050	2.640	-2.1	-4.2	-
26/5/2022	Genetec	0104	2.390	2.090	2.040	2.630	-6.3	-12.6	-
26/5/2022	Bumi	5210	0.440	0.415	0.380	0.480	-2.4	-5.7	-
27/5/2022	Choobee	5797	2.360	2.040	2.020	2.600	-5.6	-13.6	-
27/5/2022	EPMB	7773	1.100	0.970	0.940	1.210	-3.0	-11.8	-
30/5/2022	Jag	0024	0.390	0.345	0.320	0.430	-1.4	-11.5	-
30/5/2022	Padini	7052	3.200	3.370	2.800	3.520	-2.9	5.3	-
31/5/2022	Hexind	0161	0.320	0.340	0.270	0.350	-2.9	6.3	-
31/5/2022	Myeg	0138	0.890	0.880	0.760	0.980	-3.3	-1.1	-
1/6/2022	PIE	7095	3.050	3.200	2.610	3.360	-3.0	4.9	-
1/6/2022	Hextar	5151	1.670	1.570	1.430	1.840	-2.5	-6.0	-
2/6/2022	GentingBhd	3182	5.200	4.730	4.450	5.720	-2.7	-9.0	-
2/6/2022	Scientex	4731	3.710	3.470	3.170	4.080	-3.3	-6.5	-
3/6/2022	Guan	5102	2.610	2.480	2.219	2.880	-1.6	-5.0	-
3/6/2022	Inari	0166	2.810	2.600	2.400	3.090	-4.4	-7.5	-
7/6/2022	Sedania	0178	0.460	0.435	0.390	0.500	-11.2	-5.4	-
7/6/2022	Jtiasa	4383	0.760	0.680	0.650	0.830	-4.2	-10.5	-
8/6/2022	AEON	6599	1.530	1.490	1.310	1.680	-4.5	-2.6	-
8/6/2022	Bonia	9288	2.700	2.520	2.310	2.870	-4.5	-6.7	-
9/6/2022	F&N	3689	22.550	19.960	17.530	20.500	-2.6	-11.5	-
9/6/2022	PIE	7095	3.700	3.200	2.870	3.360	-3.0	-13.5	-
10/6/2022	Westports	5246	3.650	3.460	3.120	4.020	0.3	-5.2	-
10/6/2022	KFIMA	6491	2.810	2.590	2.400	3.090	-9.1	-7.8	-
13/6/2022	DUFU	7233	2.860	2.670	2.450	3.150	-7.9	-6.6	-
13/6/2022	MISC	3816	7.150	7.010	6.110	7.870	-2.6	-2.0	-
14/6/2022	PublicBank	1295	4.480	4.480	3.830	4.930	-1.1	0.0	-
14/6/2022	IOICORP	1961	4.060	4.060	3.470	4.470	-0.7	0.0	-

*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	1.890	0.18	9.5
British American Tobacco Malay	Consumer	11.860	0.89	7.5
UOA REIT	REIT	1.160	0.09	7.4
Al-'Aqar Healthcare REIT	REIT	1.200	0.09	7.3
Pharmaniaga Bhd	Consumer	0.615	0.05	7.5
Uchi Technologies Bhd	Industrial	3.000	0.20	6.7
Amanahraya REIT	REIT	0.640	0.04	6.9
Malayan Banking Bhd	Finance	8.680	0.56	6.4
Matrix Concepts Holdings Bhd	Property	2.370	0.14	6.0
Capitaland Malaysia Trust	REIT	0.570	0.03	6.0
Magnum Bhd	Consumer	1.710	0.10	6.0
Malaysia Building Society Bhd	Finance	0.580	0.04	6.0
Hong Leong Industries Bhd	Industrial	8.860	0.52	5.9
Globetronics Technology BHD	Technology	1.220	0.07	5.4

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	(6.6)	21.3	14.7	17.4	14.7	12.7	
Finance	3.9	13.0	11.5	12.4	12.4	9.8	
Property	(7.3)	13.8	11.2	12.3	12.6	10.0	
Plantation	12.7	94.6	9.5	43.5	9.5	13.7	
Consumer	(2.9)	25.6	11.8	21.4	11.8	14.2	
Technology	(33.8)	29.8	19.1	24.1	21.6	20.5	
Construction	0.7	22.2	14.5	18.1	14.5	11.3	
Energy	6.9	-	-	-	10.8	9.4	
Health care	(25.6)	52.6	8.9	30.7	8.9	22.3	
Ind Prod	(6.9)	38.6	10.3	23.7	10.3	11.3	
REIT	1.0	-	-	-	27.9	16.0	
Telco	(12.3)	25.1	22.1	23.6	22.1	16.4	
Transportations	(4.5)	-	-	-	-	16.2	
Utilities	(3.7)	-	-	-	14.6	12.4	

Source: Bloomberg



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