



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks declined sharply yesterday in line with weakness in most Asian equity markets. Market breadth was broadly negative with 732 losers versus 231 gainers. Every sector finished in the red with the plantation sector being the top percentage loser falling by 2.22%. Nestle (4707) was the top loser decreasing by RM2.20 or 1.62% in line with weakness in the general market. The FBM KLCI dived by 1.50% to 1,459.05.

We expect Malaysian equities to increase in line with the sharp rebound on Wall Street overnight.

ECONOMICS

- **China rally** stands out as global stocks fret over Fed hikes
- **China's solar industry** reels as material cost nears decade-high
- **As yen tumbles**, Japan's automakers take cost burden off their suppliers

COMPANY

- **Baidu** in talks to sell majority stake in iQIYI, China's answer to Netflix — sources
- **Berjaya Food (5196)** to announce JV with Paris Baguette Singapore
- **GFM (0039)** bags RM367.2m five-year facilities management contract for Istana Negara
- **Orgabio** to raise RM30m via IPO on ACE Market, to list on July 5

EXPRESSO FOR THE DAY

- **Technical Watch – Toyo Venture Holdings Bhd (7173)** – Entry Price RM0.55, Target Price RM0.61, Stop Loss RM0.47, Support RM0.52, Resistance RM0.85
- **Technical Watch – Farm Fresh Bhd (5306)** – Entry Price RM1.60, Target Price RM1.76, Stop Loss RM1.37, Support RM1.52, Resistance RM1.73

Local	Close	(%)
FBMKLCI	1,459.05	(1.5)
Volume (mil)	2,426	(10.9)
Value (RM'mil)	1,821	(13.8)
Gainers	231	
Losers	732	
Unchanged	381	

Foreign		(%)
Dow Jones	30,668.5	1.0
Nasdaq CI	11,099.2	2.5
S&P 500	3,790.0	1.5
FTSE 100	7,273.4	1.2
Nikkei 225	26,326.2	(1.1)
Shanghai CI	3,305.4	0.5
HSI	21,308.2	1.1
STI	3,105.9	(0.1)

Most Active	RM	Chg
SAPNRG	0.050	0.005
MQTECH	0.040	(0.005)
UNITRAD	0.285	(0.015)
HSI-HA8	0.275	(0.080)
MNC	0.015	(0.005)

Top Gainer	RM	Chg
DLADY	33.160	0.460
F&N	20.120	0.240
CHINAETF-MYR	5.430	0.130
HSI-CJM	0.660	0.110
CIHLDG	2.880	0.100

Top Loser	RM	Chg
NESTLE	133.200	(2.200)
KLK	24.000	(0.700)
PEIDAG	20.400	(0.660)
BKAWAN	24.040	(0.600)
BLDPLNT	9.030	(0.460)

Other Stats		(%)
USD/MYR	4.41	(0.16)
USD/RMB	6.71	(0.39)
Brent (USD/barrel)	118.51	(2.20)
Gold (USD/troy oz)	1,833.82	1.40
CPO (RM/metric t)	5,909.0	(2.62)



DAILY NEWSWATCH

ECONOMICS

Chinese stocks rallied to the highest in three months, extending their recent outperformance over global peers, as the country's growth-focused policy lures investors seeking a reprieve from the widespread market meltdown. (The Edge)

The cost of a key material for solar panels in China is nearing its highest level in a decade, squeezing profits even as companies ramp up production to meet the world's growing renewable power needs. (The Edge)

For decades, Japan's powerful automakers had a playbook to deal with deflation: press suppliers for lower prices on everything from seat belts to wire harnesses and promise volume. Now, with inflation biting around the world, Toyota Motor Corp, Nissan Motor Corp and others are shouldering more of the burden of soaring raw materials prices, or extending other help to hard-hit parts makers, executives say. (The Edge)

COMPANY

China's Internet search engine giant Baidu Inc is in talks to sell its controlling stake in iQIYI Inc, China's answer to Netflix, in a deal that could value all of iQIYI at about US\$7 bn (about RM30.93 bn), two people with knowledge of the matter said. (The Edge)

Berjaya Food Bhd (5196), which operates the Starbucks and Kenny Rogers' Roasters franchise in Malaysia, is set to announce a joint venture with international bakery operator Paris Baguette Singapore. (The Edge)

GFM Services Bhd (0039) has secured a letter of acceptance from the Public Works Department (JKR) to provide facilities management services for Istana Negara, Kuala Lumpur. In a statement on Wednesday (June 15), the group said the RM367.2m contract will span a period of five years from June 15, 2022 until June 14, 2027. (The Edge)

ACE Market-bound instant beverage premix manufacturer Orgabio Holdings Bhd is seeking to raise RM29.97m from its initial public offering for business expansion in its direct selling segment and export market after seeing strong demand for the past four years. (The Edge)



Toyo Ventures Holdings Bhd

Technical Watch - "BUY on Potential Reversal"

Bloomberg: TOYOVEN MK | KLSE Stock Code: 7173

Main Market
Industrial Products & Services
Subsector – Chemicals

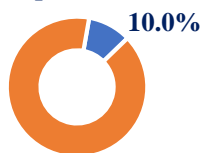
Current Price: RM0.55
Target Price: RM0.61

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



Buy: 0
Hold: 0
Sell: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	N/A	N/A	N/A
P/B	1.5	1.5	1.5
P/CF	N/A	N/A	N/A
P/S	1.6	1.6	1.6

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

Company Overview

Toyo Ventures Holdings Bhd is a Malaysia based investment holding company engaged in manufacturing business, and operation of power plant business. The group's two business segments are Manufacturing segment, which contributes majorly to the revenue of the company, and trading an investment holding segment.



Ronnie Tan

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Entry Price	RM0.55
Market Cap (m)	RM58.9
52w high	RM2.98
52w low	RM0.42
Stop Loss	RM0.47
Immediate Support	RM0.52
Immediate Resistance	RM0.85 (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)	56,215.8



Farm Fresh Berhad

Technical Watch - "BUY on Potential Reversal"

Bloomberg: FFB MK | KLSE Stock Code: 5306

Main Market
Consumer Products & Services
Subsector – Food & Beverages

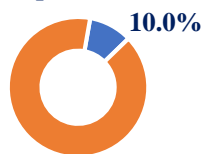
Current Price: RM1.60
Target Price: RM1.76

Investment Highlights

On a downtrend, the stock is currently trading below the MA20. We think that there is a potential reversal supported by a morning star 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: 6
Holds: 1
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	44.0	44.0	44.0
P/BV	6.2	6.2	6.2
P/CF	72.7	72.7	72.7
P/S	6.0	6.0	6.0

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

Company Overview

Farm Fresh Berhad provides dairy products. The Company offers a wide variety of milk and flavored yogurt. Farm Fresh serves customers in Malaysia.



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Entry Price	RM1.60
Market Cap (m)	RM2,972.7
52w high	RM1.86
52w low	RM1.50
Stop Loss	RM1.37
Immediate Support	RM1.52
Immediate Resistance	RM1.73 (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)	N/A



TECHNICAL ANALYSIS SCOREBOARD

Recommendation Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
18/5/2022	Sapura	5218	0.070	0.045	0.060	0.080	0.0	-35.7	TP Achieved
18/5/2022	Dsonic	5216	0.570	0.500	0.490	0.630	-3.8	-12.3	-
19/5/2022	GentingBhd	3182	4.620	4.670	3.950	5.080	-1.7	1.1	-
19/5/2022	Penta	7160	3.690	3.610	3.150	4.060	-0.3	-2.2	-
20/5/2022	GentingBhd	3182	4.880	4.670	4.650	5.350	-1.7	-4.3	-
20/5/2022	Hengyuan	4324	7.230	5.020	6.180	7.950	-7.9	-30.6	SL Triggered
23/5/2022	Caely	7154	0.410	0.425	0.350	0.450	14.9	3.7	-
23/5/2022	Flbhd	5197	1.520	1.250	1.300	1.670	-2.3	-17.8	SL Triggered
24/5/2022	GentingBhd	3182	4.900	4.670	4.190	5.390	-1.7	-4.7	-
24/5/2022	GOB	1147	0.310	0.305	0.260	0.340	7.0	-1.6	SL Triggered
25/5/2022	Tambun	5191	1.020	0.860	0.870	1.120	-1.1	-15.7	SL Triggered
25/5/2022	SCGM	7247	2.400	2.290	2.050	2.640	-0.4	-4.6	-
26/5/2022	Genetec	0104	2.390	2.070	2.040	2.630	-3.7	-13.4	-
26/5/2022	Bumi	5210	0.440	0.420	0.380	0.480	0.0	-4.5	-
27/5/2022	Choobee	5797	2.360	2.000	2.020	2.600	-1.5	-15.3	-
27/5/2022	EPMB	7773	1.100	0.970	0.940	1.210	-1.5	-11.8	-
30/5/2022	Jag	0024	0.390	0.350	0.320	0.430	0.0	-10.3	-
30/5/2022	Padini	7052	3.200	3.300	2.800	3.520	0.0	3.1	-
31/5/2022	Hexind	0161	0.320	0.345	0.270	0.350	-1.4	7.8	-
31/5/2022	Myeg	0138	0.890	0.865	0.760	0.980	-1.7	-2.8	-
1/6/2022	PIE	7095	3.050	3.150	2.610	3.360	-2.5	3.3	-
1/6/2022	Hextar	5151	1.670	1.570	1.430	1.840	-0.6	-6.0	-
2/6/2022	GentingBhd	3182	5.200	4.670	4.450	5.720	-1.7	-10.2	-
2/6/2022	Scientex	4731	3.710	3.560	3.170	4.080	0.3	-4.0	-
3/6/2022	Guan	5102	2.610	2.540	2.219	2.880	-0.4	-2.7	-
3/6/2022	Inari	0166	2.810	2.620	2.400	3.090	-0.7	-6.8	-
7/6/2022	Sedania	0178	0.460	0.415	0.390	0.500	-6.7	-9.8	-
7/6/2022	Jtiasa	4383	0.760	0.670	0.650	0.830	-4.3	-11.8	-
8/6/2022	AEON	6599	1.530	1.430	1.310	1.680	-2.7	-6.5	-
8/6/2022	Bonia	9288	2.700	2.520	2.310	2.870	-1.9	-6.7	-
9/6/2022	F&N	3689	22.550	19.980	17.530	20.500	0.5	-11.4	-
9/6/2022	PIE	7095	3.700	3.150	2.870	3.360	-2.5	-14.9	-
10/6/2022	Westports	5246	3.650	3.490	3.120	4.020	-0.6	-4.4	-
10/6/2022	KFIMA	6491	2.810	2.540	2.400	3.090	-2.3	-9.6	-
13/6/2022	DUFU	7233	2.860	2.720	2.450	3.150	-2.9	-4.9	-
13/6/2022	MISC	3816	7.150	7.090	6.110	7.870	-0.8	-0.8	-
14/6/2022	PublicBank	1295	4.480	4.480	3.830	4.930	-0.7	0.0	-
14/6/2022	IOICORP	1961	4.060	4.090	3.470	4.470	-0.5	0.7	-
15/6/2022	ToyoVen	7173	0.550	0.545	0.470	0.610	19.8	-0.9	-
15/6/2022	FarmFresh	5306	1.600	1.590	1.370	1.760	3.2	-0.6	-

*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	1.900	0.18	9.5
British American Tobacco Malay	Consumer	11.680	0.89	7.7
Pharmaniaga Bhd	Consumer	0.610	0.05	7.5
UOA REIT	REIT	1.170	0.09	7.4
Al-'Aqar Healthcare REIT	REIT	1.210	0.09	7.2
Amanahraya REIT	REIT	0.635	0.04	7.0
Uchi Technologies Bhd	Industrial	3.040	0.20	6.6
Malayan Banking Bhd	Finance	8.630	0.56	6.5
Tambun Indah Land Bhd	Property	0.860	0.05	6.2
Capitaland Malaysia Trust	REIT	0.560	0.03	6.1
Magnum Bhd	Consumer	1.680	0.10	6.1
Malaysia Building Society Bhd	Finance	0.580	0.04	6.0
Matrix Concepts Holdings Bhd	Property	2.390	0.14	6.0
Hong Leong Industries Bhd	Industrial	8.800	0.52	5.9

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	(6.8)	21.3	14.6	17.4	14.6	12.6	
Finance	4.0	13.0	11.5	12.4	12.4	9.7	
Property	(8.6)	13.8	11.2	12.3	12.5	9.8	
Plantation	12.7	94.6	9.5	43.4	9.5	13.7	
Consumer	(3.2)	25.6	11.7	21.4	11.7	16.6	
Technology	(34.5)	29.8	19.1	24.1	21.4	20.2	
Construction	(0.5)	22.2	14.4	18.0	14.4	11.1	
Energy	6.0	-	-	-	10.7	9.4	
Health care	(27.3)	52.6	8.7	30.6	8.7	21.6	
Ind Prod	(7.6)	38.6	10.3	23.7	10.3	11.2	
REIT	1.4	-	-	-	27.4	16.1	
Telco	(13.2)	25.1	21.9	23.5	21.9	16.3	
Transportations	(5.1)	-	-	-	-	15.9	
Utilities	(4.6)	-	-	-	14.4	12.3	

Source: Bloomberg

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