



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks declined sharply yesterday as investors remained pessimistic. Market breadth was broadly negative with 747 losers versus 200 gainers. Every sector finished in the red with the energy sector being the top percentage loser plunging by 3.93% following the sharp drop in crude oil prices last Friday. Malaysian Pacific Industries (3867) was the top loser decreasing by RM0.98 or 3.32% in line with weakness in the general market. The FBM KLCI fell by 1.06% to 1,441.24.

We expect global equities to remain volatile in the short-term amid fears of persistently high inflation forcing central banks across the world to raise rates at a more rapid pace.

ECONOMICS

- Deep sell-off in **Malaysian bonds** after brief respite — RAM

COMPANY

- **BFood (5196)**: Klang Valley's first Paris Baguette outlet to be opened by end-2022
- Cybersecurity solutions specialist **Infoline Tec** aims to raise RM23.68m from IPO for strategic expansion
- **Kelington (0151)** secures RM62m contract for gas hook-up works in Shanghai
- **Kerjaya Prospek (7161)** bags building project worth RM154.68m
- **SFP Tech (0251)** active, surges on ACE Market debut
- **Tuju Setia (5297)** unit secures RM257m construction project in Kajang

EXPRESSO FOR THE DAY

- **Technical Watch – Fraser & Neave Holdings Berhad (3689)** – Entry Price RM19.90, Target Price RM21.89, Stop Loss RM17.01, Support RM18.91, Resistance RM20.48
- **Technical Watch – Nestle (M) Berhad (4707)** – Entry Price RM131.60, Target Price RM144.76, Stop Loss RM112.52, Support RM125.02, Resistance RM140.00

Local	Close	(%)
FBMKLCI	1,441.24	(1.1)
Volume (mil)	2,623	(14.2)
Value (RM'mil)	1,691	(44.0)
Gainers	200	
Losers	747	
Unchanged	350	
Foreign		(%)
Dow Jones	29,888.8	(0.1)
Nasdaq CI	10,798.4	1.4
S&P 500	3,674.8	0.2
FTSE 100	7,121.8	1.5
Nikkei 225	25,771.2	(0.7)
Shanghai CI	3,315.4	(0.0)
HSI	21,163.9	0.4
STI	3,096.4	(0.1)
Most Active	RM	Chg
SFPTECH	0.670	-
DNEX	0.765	(0.045)
CYPARK	0.370	0.030
SAPNRG	0.040	(0.005)
MNC	0.015	0.000
Top Gainer	RM	Chg
NESTLE	131.600	0.400
F&N	19.900	0.200
AMWAY	5.200	0.180
MEIFUS50	1.820	0.120
PETGAS	16.140	0.100
Top Loser	RM	Chg
MPI	28.520	(0.980)
BKAWAN	22.700	(0.520)
DLADY	32.320	(0.460)
PETRONM	5.450	(0.430)
HENGYUAN	4.340	(0.410)
Other Stats		(%)
USD/MYR	4.40	(0.05)
USD/RMB	6.69	(0.36)
Brent (USD/barrel)	114.13	0.89
Gold (USD/troy oz)	1,838.74	(0.04)



DAILY NEWSWATCH

ECONOMICS

Malaysian bonds saw a deep sell-off in the first half of June 2022 after a brief respite in May 2022 as investors were spooked in early June by an acceleration in the most-recent US inflation print, which led to expectation of more aggressive US interest rate hikes to fight rising consumer prices, according to RAM Rating Services Bhd on Monday. (The Edge)

COMPANY

Berjaya Food Bhd (5196) said on Monday that its 50:50 joint venture with Paris Baguette Singapore plans to open the first Paris Baguette outlet in the Klang Valley by the end of 2022. (The Edge)

IT infrastructure and cybersecurity solutions specialist **Infoline Tec Group Bhd**, which is slated to list on the ACE Market of Bursa Malaysia on July 13, aims to raise about RM23.68m from the IPO exercise, to enhance its capabilities and strengthen its market position to meet growing demand for IT solutions. (The Edge)

Kelington Group Bhd (0151) has secured a contract worth RMB94m (about RM62m) from China's largest semiconductor foundry to perform gas hook-up works in Shanghai, China. (The Edge)

Kerjaya Prospek Group Bhd (7161) has bagged a contract worth RM154.68m for a residential development project in Kuala Lumpur. (The Edge)

SFP Tech Holdings Bhd (0251) made a strong debut on the ACE Market of Bursa Malaysia with an opening price of 60 sen, representing a premium of 30 sen or 100% above its initial public offering price of 30 sen. (The Edge)

Tuju Setia Bhd (5297) on Monday (June 20) said its wholly-owned Pembinaan Tuju Setia Sdn Bhd has secured a construction contract worth RM257m for a mixed project in Kajang, Selangor. (The Edge)



FRASER & NEAVE HOLDINGS BERHAD

Technical Watch - "BUY on Potential Reversal"

Bloomberg: FNH MK | KLSE Stock Code: 3689

Main Market
Consumer Products & Services
Subsector – F & B

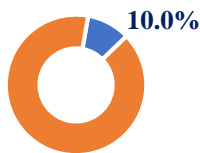
Current Price: RM19.90
Target Price: RM21.89

Investment Highlights

On a downtrend, the stock is currently trading below the MA20. We think there is a potential reversal supported by a tweezer bottom and a strong momentum on the stock (RSI > 50).

With lower volatility as seen from a contracting 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: 6
Hold: 0
Sell: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	24.9	28.0	24.1
P/B	3.5	4.2	3.8
P/CF	22.3	24.6	22.2
P/S	2.4	2.6	2.1

*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.



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Entry Price	RM19.90
Market Cap (m)	RM7,298.9
52w high	RM28.82
52w low	RM19.24
Stop Loss	RM17.01
Immediate Support	RM18.91
Immediate Resistance	RM20.48 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	145,500.9



Nestle (M) Berhad

Technical Watch - "BUY on Potential Reversal"

Bloomberg: NESZ MK | KLSE Stock Code: 4707

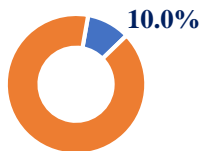
**Main Market
Consumer Products & Services
Subsector – F&B****Current Price: RM131.60****Target Price: RM144.76**

Investment Highlights

On a downtrend, the stock is currently trading below the MA20. We think that there is a potential reversal supported by an inverted hammer coupled with a strong momentum on the stock (RSI > 50).

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: 1****Hold: 7****Sell: 6**

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	55.1	49.2	36.7
P/BV	50.8	44.8	31.3
P/CF	36.6	36.7	27.6
P/S	5.6	5.5	4.4

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

Company Overview

Nestle (Malaysia) Berhad is an investment holding company. The Company, through its subsidiaries, markets and sells powdered milk and drinks, liquid milk and juices, instant coffee, and instant noodles. Nestle also manufactures and provides packaging for culinary and chocolate-based food products and trades flavoring ingredients.

**Ronnie Tan**

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Entry Price	RM131.60
Market Cap (m)	RM30,860.2
52w high	RM140.00
52w low	RM130.50
Stop Loss	RM112.52
Immediate Support	RM125.02
Immediate Resistance	RM140.00 (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)	68,063.3



TECHNICAL ANALYSIS SCOREBOARD

Recommendation Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
23/5/2022	Caely	7154	0.410	0.320	0.350	0.450	-11.1	-22.0	-
23/5/2022	Flbhd	5197	1.520	1.260	1.300	1.670	0.0	-17.1	SL Triggered
24/5/2022	GentingBhd	3182	4.900	4.530	4.190	5.390	-0.7	-7.6	-
24/5/2022	GOB	1147	0.310	0.270	0.260	0.340	-5.3	-12.9	SL Triggered
25/5/2022	Tambun	5191	1.020	0.825	0.870	1.120	-1.2	-19.1	SL Triggered
25/5/2022	SCGM	7247	2.400	2.260	2.050	2.640	-0.4	-5.8	-
26/5/2022	Genetec	0104	2.390	2.010	2.040	2.630	-3.4	-15.9	-
26/5/2022	Bumi	5210	0.440	0.390	0.380	0.480	-4.9	-11.4	-
27/5/2022	Choobee	5797	2.360	1.910	2.020	2.600	-3.5	-19.1	SL Triggered
27/5/2022	EPMB	7773	1.100	0.935	0.940	1.210	-0.5	-15.0	SL Triggered
30/5/2022	Jag	0024	0.390	0.345	0.320	0.430	0.0	-11.5	-
30/5/2022	Padini	7052	3.200	3.270	2.800	3.520	-3.0	2.2	-
31/5/2022	Hexind	0161	0.320	0.335	0.270	0.350	-1.5	4.7	-
31/5/2022	Myeg	0138	0.890	0.835	0.760	0.980	-1.8	-6.2	-
1/6/2022	PIE	7095	3.050	3.050	2.610	3.360	-0.7	0.0	-
1/6/2022	Hextar	5151	1.670	1.540	1.430	1.840	-1.3	-7.8	-
2/6/2022	GentingBhd	3182	5.200	4.530	4.450	5.720	-0.7	-12.9	-
2/6/2022	Scientex	4731	3.710	3.480	3.170	4.080	-3.1	-6.2	-
3/6/2022	Guan	5102	2.610	2.460	2.219	2.880	-1.6	-5.7	-
3/6/2022	Inari	0166	2.810	2.600	2.400	3.090	-1.1	-7.5	-
7/6/2022	Sedania	0178	0.460	0.405	0.390	0.500	-1.2	-12.0	SL Triggered
7/6/2022	Jtiasa	4383	0.760	0.660	0.650	0.830	0.8	-13.2	-
8/6/2022	AEON	6599	1.530	1.390	1.310	1.680	-2.8	-9.2	-
8/6/2022	Bonia	9288	2.700	2.220	2.310	2.870	-7.1	-17.8	SL Triggered
9/6/2022	F&N	3689	22.550	19.800	17.530	20.500	0.5	-12.2	-
9/6/2022	PIE	7095	3.700	3.050	2.870	3.360	-0.7	-17.6	-
10/6/2022	Westports	5246	3.650	3.590	3.120	4.020	0.0	-1.6	-
10/6/2022	KFIMA	6491	2.810	2.490	2.400	3.090	0.8	-11.4	-
13/6/2022	DUFU	7233	2.860	2.700	2.450	3.150	-1.5	-5.6	-
13/6/2022	MISC	3816	7.150	7.180	6.110	7.870	-2.8	0.4	-
14/6/2022	PublicBank	1295	4.480	4.440	3.830	4.930	-1.1	-0.9	-
14/6/2022	IOICORP	1961	4.060	3.970	3.470	4.470	-1.7	-2.2	-
15/6/2022	ToyoVen	7173	0.550	0.500	0.470	0.610	-10.7	-9.1	TP Achieved
15/6/2022	FarmFresh	5306	1.600	1.520	1.370	1.760	-1.9	-5.0	-
16/6/2022	HLIndustries	3301	8.860	8.640	7.580	9.750	-1.6	-2.5	-
16/6/2022	ChongBee	5797	2.010	1.910	1.720	2.210	-3.5	-5.0	-
17/6/2022	PowerRoot	7237	1.660	1.670	1.420	1.830	0.0	0.6	-
17/6/2022	DutchLady	3026	33.200	32.320	28.390	36.520	-1.4	-2.7	-
20/6/2022	F&N	3689	19.900	19.800	17.010	21.890	0.5	-0.5	-
20/6/2022	Nestle	4707	131.600	131.600	112.520	144.760	0.3	0.0	-

*TP=Target Price

**STOCK SELECTION BASED ON DIVIDEND YIELD**

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
AmFirst REIT	REIT	0.380	0.04	10.2
SHL Consolidated Bhd	Property	1.900	0.18	9.5
British American Tobacco Malay	Consumer	11.500	0.89	7.8
Pharmaniaga Bhd	Consumer	0.600	0.05	7.7
UOA REIT	REIT	1.160	0.09	7.4
Al-'Aqar Healthcare REIT	REIT	1.170	0.09	7.4
Amanahraya REIT	REIT	0.625	0.04	7.1
Uchi Technologies Bhd	Industrial	3.000	0.20	6.7
Malayan Banking Bhd	Finance	8.660	0.56	6.4
Tambun Indah Land Bhd	Property	0.825	0.05	6.4
Magnum Bhd	Consumer	1.610	0.10	6.3
Malaysia Building Society Bhd	Finance	0.575	0.04	6.1
Capitaland Malaysia Trust	REIT	0.560	0.03	6.1
Hong Leong Industries Bhd	Industrial	8.640	0.52	6.0
Matrix Concepts Holdings Bhd	Property	2.380	0.14	6.0

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	(7.9)	21.3	14.5	17.4	14.5	12.5	
Finance	3.4	13.0	11.5	12.4	12.4	9.7	
Property	(10.1)	13.8	11.2	12.3	12.3	9.6	
Plantation	8.4	94.6	9.1	43.4	9.1	13.2	
Consumer	(5.0)	25.6	11.5	21.4	11.5	16.3	
Technology	(36.4)	29.8	19.1	24.0	20.8	19.7	
Construction	(1.2)	22.2	14.4	18.0	14.4	11.2	
Energy	(1.6)	-	-	-	9.9	8.8	
Health care	(29.6)	52.6	8.4	30.5	8.4	20.9	
Ind Prod	(9.5)	38.6	10.1	23.7	10.1	11.0	
REIT	0.4	-	-	-	27.1	15.9	
Telco	(14.7)	25.1	21.6	23.3	21.6	16.0	
Transportations	(7.2)	-	-	-	-	15.6	
Utilities	(5.9)	-	-	-	14.3	12.1	

Source: Bloomberg



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