



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks tumbled in line with the fall in Asian equity markets as investors remained fearful of a global recession. Market breadth was negative with 640 losers versus 255 gainers. Every sector finished in the red with the plantation sector being the top percentage loser plunging by 4.57% amid the recent retreat in CPO prices. Nestle (Malaysia) Berhad (4707) was the top loser declining by RM2.00 or 1.49%. The FBM KLCI fell by 1.84% to 1,431.10.

We expect global equities to remain volatile in the short-term amid fears of a global recession due to central banks being forced to raise interest rates at a rapid pace to combat inflation.

ECONOMICS

- **Currencies** tumble in Asia where rate hikes are slow to come
- **Malaysia steel mills** likely to remain competitive after electricity surcharge review, MISIF says
- **Poultry stocks** climb on news Malaysia will remove price cap

COMPANY

- **Jack Ma's Ant** to apply for key license as soon as this month
- **Kronologi (0176)** 1Q net profit slumps 45% to RM2.21m on higher costs
- **Reservoir Link Energy (0219)** to transfer listing to Main Market on June 27

EXPRESSO FOR THE DAY

- **Technical Watch – Dutch Lady (3026)** – Entry Price RM33.10, Target Price RM36.41, Stop Loss RM28.30, Support RM31.45, Resistance RM34.47
- **Technical Watch – Allianz (1163)** – Entry Price RM12.80, Target Price RM14.08, Stop Loss RM10.94, Support RM12.16, Resistance RM12.88

Local	Close	(%)
FBM KLCI	1,431.10	(1.8)
Volume (mil)	2,729	(2.4)
Value (RM'mil)	1,901	1.8
Gainers	255	
Losers	640	
Unchanged	381	

Foreign		(%)
Dow Jones	30,483.1	(0.2)
Nasdaq CI	11,053.1	(0.1)
S&P 500	3,759.9	(0.1)
FTSE 100	7,089.2	(0.9)
Nikkei 225	26,149.6	(0.4)
Shanghai CI	3,267.2	(1.2)
HSI	21,008.3	(2.6)
STI	3,093.3	(0.8)

Most Active	RM	Chg
TWL	0.065	(0.010)
MNC	0.015	0.000
HSI-HA8	0.250	0.100
LAYHONG	0.285	0.015
CYPARK	0.425	0.010

Top Gainer	RM	Chg
DLADY	33.100	0.420
HEIM	23.700	0.280
CARLSBG	22.020	0.220
HSI-HEB	1.560	0.170
SAB	3.710	0.160

Top Loser	RM	Chg
NESTLE	132.500	(2.000)
MPI	26.860	(1.920)
KLK	22.140	(1.300)
PETDAG	20.500	(0.560)
SIMEPLT	4.040	(0.380)

Other Stats		(%)
USD/MYR	4.41	0.22
USD/RMB	6.70	0.19
Brent (USD/barrel)	111.74	(2.54)
Gold (USD/troy oz)	1,837.72	0.26
CPO (RM/metric t)	5,064.5	(3.44)



DAILY NEWSWATCH

ECONOMICS

Asian currencies fell on Wednesday (June 22), highlighting the pressure wrought by a narrowing yield premium as the pace of policy tightening in the region lags that of the US. (The Edge)

Comments: We opine that weakening currencies coupled with high inflation will force Asian central banks to raise interest rates at a more rapid pace which could result in more headwinds for global equities in the short-term.

Malaysia steel mills are likely to remain competitive than their regional peers, even after the next electricity surcharge review by the end of this month, says Datuk Lim Hong Thye, president of the Malaysian Iron & Steel Industry Federation. (The Edge)

Shares in Malaysia's poultry firms gained as the government prepares to end price controls on chicken and chicken eggs from July 1 to ensure price stability in the long term. (The Edge)

COMPANY

Jack Ma's Ant Group Co. is poised to apply for a key financial license as soon as this month, according to people familiar with the matter, a sign that its lengthy overhaul following a squashed 2020 listing is getting closer to satisfying China's financial regulators. (The Edge)

Kronologi Asia Bhd's (0176) net profit for 1QFY23 slumped 45% to RM2.21m from RM4.02m a year earlier on increased operational costs and higher tax. (The Edge)

Reservoir Link Energy (0219) will transfer its listing status to the Main Market from the ACE Market effective Monday (June 27) according to Bursa Securities. (The Edge)



Dutch Lady Milk Industries Berhad

Technical Watch - "BUY on Potential Reversal"

Bloomberg: DLM MK | KLSE Stock Code: 3026

**Main Market
Consumer Products and Services
Subsector – Food & Beverages**

Current Price: RM33.10

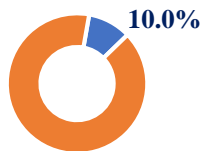
Target Price: RM36.41

Investment Highlights

On a trend reversal, the stock is currently trading below the MA20. We think there is a potential reversal supported by a bullish engulfing 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 and expect EMA and SMA to crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



**Buy: 1
Hold: 1
Sell: 0**

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	24.3	28.8	26.5
P/B	10.8	22.2	19.3
P/CF	17.3	33.6	26.9
P/S	2.0	2.9	3.1

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

Company Overview

Dutch Lady Milk Industries Berhad manufactures sweetened condensed milk, milk powder, dairy products, and fruit juice drinks.



Ronnie Tan

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Entry Price	RM33.10
Market Cap (m)	RM2,118.4
52w high	RM35.70
52w low	RM31.92
Stop Loss	RM28.30
Immediate Support	RM31.45
Immediate Resistance	RM34.47 (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)	5,619.3



Allianz Malaysia Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: ALLZ MK | KLSE Stock Code: 1163

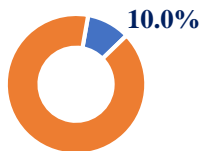
**Main Market
Financial Services
Subsector – Insurance****Current Price: RM12.80****Target Price: RM14.08**

Investment Highlights

On a sideways, the stock is currently trading above the MA20. We think that there is a potential upside supported by a bullish marubozu, coupled with 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 lower 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: 4****Holds: 1****Sells: 0**

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	4.7	5.8	6.1
P/BV	0.8	0.9	0.8
P/CF	5.4	8.2	17.1
P/S	0.4	0.5	0.5

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

Company Overview

Allianz Malaysia Berhad underwrites all classes of general insurance. Through its subsidiaries, the Company underwrites life insurance and investment linked business. Malaysia British Assurance also provides insurance broking and nominee services.

**Ronnie Tan**

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Entry Price	RM12.80
Market Cap (m)	RM2,277.9
52w high	RM13.50
52w low	RM12.18
Stop Loss	RM10.94
Immediate Support	RM12.16
Immediate Resistance	RM12.88 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Rising Momentum
Volume (4-Weeks Average)	5,079,704.8



TECHNICAL ANALYSIS SCOREBOARD

Recommendation Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
25/5/2022	Tambun	5191	1.020	0.840	0.870	1.120	1.8	-17.6	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	2.070	2.040	2.630	3.0	-13.4	-
26/5/2022	Bumi	5210	0.440	0.400	0.380	0.480	2.6	-9.1	-
27/5/2022	Choobee	5797	2.360	1.920	2.020	2.600	0.5	-18.6	SL Triggered
27/5/2022	EPMB	7773	1.100	0.945	0.940	1.210	0.5	-14.1	SL Triggered
30/5/2022	Jag	0024	0.390	0.355	0.320	0.430	2.9	-9.0	-
30/5/2022	Padini	7052	3.200	3.210	2.800	3.520	-3.3	0.3	-
31/5/2022	Hexind	0161	0.320	0.345	0.270	0.350	3.0	7.8	-
31/5/2022	Myeg	0138	0.890	0.865	0.760	0.980	3.6	-2.8	-
1/6/2022	PIE	7095	3.050	3.170	2.610	3.360	4.6	3.9	-
1/6/2022	Hextar	5151	1.670	1.560	1.430	1.840	1.3	-6.6	-
2/6/2022	GentingBhd	3182	5.200	4.610	4.450	5.720	2.0	-11.3	-
2/6/2022	Scientex	4731	3.710	3.490	3.170	4.080	0.6	-5.9	-
3/6/2022	Guan	5102	2.610	2.500	2.219	2.880	1.6	-4.2	-
3/6/2022	Inari	0166	2.810	2.650	2.400	3.090	1.9	-5.7	-
7/6/2022	Sedania	0178	0.460	0.440	0.390	0.500	8.6	-4.3	SL Triggered
7/6/2022	Jtiasa	4383	0.760	0.670	0.650	0.830	1.5	-11.8	-
8/6/2022	AEON	6599	1.530	1.400	1.310	1.680	2.2	-8.5	-
8/6/2022	Bonia	9288	2.700	2.210	2.310	2.870	0.5	-18.1	SL Triggered
9/6/2022	F&N	3689	22.550	19.740	17.530	20.500	-0.8	-12.5	-
9/6/2022	PIE	7095	3.700	3.170	2.870	3.360	4.6	-14.3	-
10/6/2022	Westports	5246	3.650	3.580	3.120	4.020	-0.6	-1.9	-
10/6/2022	KFIMA	6491	2.810	2.480	2.400	3.090	0.4	-11.7	-
13/6/2022	DUFU	7233	2.860	2.860	2.450	3.150	6.3	0.0	-
13/6/2022	MISC	3816	7.150	7.120	6.110	7.870	-0.8	-0.4	-
14/6/2022	PublicBank	1295	4.480	4.470	3.830	4.930	0.9	-0.2	-
14/6/2022	IOICORP	1961	4.060	3.930	3.470	4.470	-1.5	-3.2	-
15/6/2022	ToyoVen	7173	0.550	0.575	0.470	0.610	15.0	4.5	TP Achieved
15/6/2022	FarmFresh	5306	1.600	1.550	1.370	1.760	2.0	-3.1	-
16/6/2022	HLIndustries	3301	8.860	8.700	7.580	9.750	0.7	-1.8	-
16/6/2022	ChongBee	5797	2.010	1.920	1.720	2.210	0.5	-4.5	-
17/6/2022	PowerRoot	7237	1.660	1.670	1.420	1.830	1.8	0.6	-
17/6/2022	DutchLady	3026	33.200	32.680	28.390	36.520	1.1	-1.6	-
20/6/2022	F&N	3689	19.900	19.740	17.010	21.890	-0.8	-0.8	-
20/6/2022	Nestle	4707	131.600	134.500	112.520	144.760	2.2	2.2	-
21/6/2022	PIE	7095	3.170	3.170	2.710	3.490	4.6	0.0	-
21/6/2022	Sedania	0178	0.440	0.440	0.380	0.480	8.6	0.0	-
22/6/2022	DutchLady	3026	33.100	32.680	28.300	36.410	1.1	-1.3	-
22/6/2022	Allianz	1163	12.800	12.700	10.940	14.080	0.0	-0.8	-

*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	11.160	0.89	8.0
Pharmaniaga Bhd	Consumer	0.595	0.05	7.7
UOA REIT	REIT	1.150	0.09	7.5
Al-'Aqar Healthcare REIT	REIT	1.180	0.09	7.4
Amanahraya REIT	REIT	0.630	0.04	7.0
Uchi Technologies Bhd	Industrial	3.000	0.20	6.7
Malayan Banking Bhd	Finance	8.600	0.56	6.5
Tambun Indah Land Bhd	Property	0.825	0.05	6.4
Magnum Bhd	Consumer	1.640	0.10	6.2
Matrix Concepts Holdings Bhd	Property	2.330	0.14	6.1
Capitaland Malaysia Trust	REIT	0.555	0.03	6.1
Malaysia Building Society Bhd	Finance	0.575	0.04	6.1
Hong Leong Industries Bhd	Industrial	8.610	0.52	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	(8.7)	21.3	14.4	17.4	14.4	12.4	
Finance	2.6	13.0	11.5	12.4	12.3	9.6	
Property	(10.4)	13.8	11.2	12.2	12.2	9.5	
Plantation	3.6	94.6	8.7	43.3	8.7	12.8	
Consumer	(4.7)	25.6	11.6	21.4	11.6	16.4	
Technology	(36.6)	29.8	19.1	24.0	20.8	19.6	
Construction	(2.0)	22.2	14.2	18.0	14.2	11.0	
Energy	(2.5)	-	-	-	9.8	8.7	
Health care	(30.2)	52.6	8.3	30.4	8.3	20.9	
Ind Prod	(9.7)	38.6	10.0	23.7	10.0	11.0	
REIT	0.5	-	-	-	27.2	15.9	
Telco	(14.8)	25.1	21.7	23.4	21.7	16.0	
Transportations	(6.8)	-	-	-	-	15.6	
Utilities	(5.6)	-	-	-	14.3	12.1	

Source: Bloomberg



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