



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks continued their decline yesterday as investors remained pessimistic. Market breadth was negative with 500 losers versus 348 gainers. The plantation sector was the top percentage gainer rebounding by 2.43% following Wednesday's steep sell-off. The energy sector was the top percentage loser falling by 1.11% amid the recent softening in crude oil prices. Kuala Lumpur Kepong (2445) was the top gainer rising by RM0.70 or 3.16% in line with strength in plantation counters. The FBM KLCI was flat at 1,431.05.

We expect a slight rebound in Malaysian stocks following gains on Wall Street overnight.

ECONOMICS

- **Fertiliser and worker shortages** to curb Malaysian palm oil output
- Govt will not interfere in **chicken demand-supply dynamics**, says minister

COMPANY

- Additional foreign carriers to boost aviation recovery, says **MAHB (5014)**
- **MN Holdings (0245)** bags four contracts worth a total RM27m
- **Tuju Setia (5297)** tendering for RM2.8bn worth of projects
- Recession concerns take glitter off jeweller **YXPM's (0250)** Bursa debut

EXPRESSO FOR THE DAY

- **Technical Watch – TAFI (7211)** – Entry Price RM0.49, Target Price RM0.54, Stop Loss RM0.42, Support RM0.47, Resistance RM0.57
- **Technical Watch – Chin Hin (5273)** – Entry Price RM3.41, Target Price RM3.75, Stop Loss RM2.92, Support RM3.24, Resistance RM3.94

Local		(%)
FBMKLCI	1,431.05	(0.0)
Volume (mil)	2,345	(14.1)
Value (RM mil)	1,560	(17.9)
Gainers	348	
Losers	500	
Unchanged	410	

Foreign		(%)
Dow Jones	30,677.4	0.6
Nasdaq CI	11,232.2	1.6
S&P 500	3,795.7	1.0
FTSE 100	7,020.5	(1.0)
Nikkei 225	26,171.3	0.1
Shanghai CI	3,320.1	1.6
HSI	21,273.9	1.3
STI	3,092.8	(0.0)

Most Active	RM	Chg
YXPM	0.270	-
HIBISCS	0.935	(0.055)
HSI-HA8	0.175	(0.075)
YONGTAI	0.090	0.000
DNEX	0.755	(0.015)

Top Gainer	RM	Chg
KLK	22.840	0.700
PETDAG	20.860	0.360
MPI	27.200	0.340
NESTLE	132.800	0.300
RVIEW	3.600	0.280

Top Loser	RM	Chg
PPB	15.140	(0.560)
PANAMY	26.460	(0.240)
KESM	6.290	(0.210)
HLBANK	20.400	(0.200)
SP500-HI3	3.030	(0.190)

Other Stats		(%)
USD/MYR	4.41	0.00
USD/RMB	6.70	(0.06)
Brent (USD/barrel)	110.05	(1.51)
Gold (USD/troy oz)	1,822.77	(0.81)
CPO (RM/metric t)	4,767.0	(5.53)



DAILY NEWSWATCH

ECONOMICS

A hoped-for recovery in **Malaysian palm oil output** in the second half of the year is looking unlikely as the world's second-biggest grower continues to struggle with shortages of fertilisers and workers. (The Edge)

Comments: A slow recovery in palm oil output is likely to support high CPO prices in the short-term. We think that the recent pullback in certain plantation counters is overdone as we expect profits at well-run plantation companies to remain strong.

The government will not interfere too much in the open market of chicken supply and demand dynamics, amid neighbouring countries looking into forging supply contracts with Singapore that could result in long-term market loss for Malaysian poultry business. (The Edge)

COMPANY

International traffic at airports operated by **Malaysia Airports Holdings Bhd (5014)** received a further boost with the addition of a new foreign carrier and the recommencement of five others last month, a statement from MAHB said. (The Edge)

Underground utilities and substation engineering specialist **MN Holdings Bhd (0245)** has bagged four new contracts for its substation engineering and underground utilities services and solutions business segments worth a combined RM27m. (The Edge)

Tuju Setia Bhd (5297) is tendering for RM2.8bn worth of projects to build high-rise and industrial buildings, as well as hospitals and healthcare facilities. (The Edge)

Global interest rate hike-driven recession concerns appeared to have taken the glitter off **YX Precious Metals Bhd (0250)**, which was listed on Bursa Malaysia's ACE Market on Thursday (June 23) after its share price closed below its IPO price of 28 sen. (The Edge)



TAFI Industries Berhad

Technical Watch - "BUY on Potential Reversal"

Bloomberg: TAFI MK | KLSE Stock Code: 7211

Main Market
Consumer Products and Services
Subsector – Household Goods

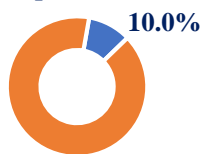
Current Price: RM0.49
Target Price: RM0.54

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 marubozu 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 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



Buys: 0
Holds: 0
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	126.5	126.5	115.1
P/B	2.7	2.2	1.2
P/CF	N/A	34.1	204.8
P/S	4.1	3.3	2.0

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

Company Overview

TAFI Industries Berhad is an investment holding company. The Company, through its subsidiaries, manufactures and markets furniture, invests in property, trades furniture, and holds investments.



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Entry Price	RM0.49
Market Cap (m)	RM185.9
52w high	RM1.49
52w low	RM0.29
Stop Loss	RM0.42
Immediate Support	RM0.47
Immediate Resistance	RM0.57 (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)	15,670,466.7



Chin Hin Group Berhad

Technical Watch - "BUY on Potential Continuation"

Bloomberg: CHIN MK | KLSE Stock Code: 5273

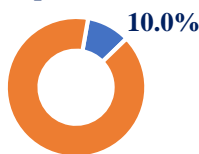
**Main Market
Industrial Products & Services
Subsector – Building Materials****Current Price: RM3.41****Target Price: RM3.75**

Investment Highlights

On an uptrend, the stock is currently trading below the MA20. We think that there is a potential continuation supported by a bullish marubozu, coupled with 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. 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: 0****Holds: 1****Sells: 0**

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	42.8	27.4	25.4
P/BV	2.5	1.7	1.6
P/CF	19.2	55.8	58.0
P/S	1.1	0.7	0.7

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

Company Overview

Chin Hin Group Berhad provides building materials and services. The Company offers steel mesh reinforcement, metal roofing systems, aerated autoclaved cement block, fire-rated doors, pre-cast concrete products, and cement. Chin Hin Group serves construction and building industries in Malaysia.

**Ronnie Tan**

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Entry Price	RM3.41
Market Cap (m)	RM3,016.9
52w high	RM4.00
52w low	RM1.18
Stop Loss	RM2.92
Immediate Support	RM3.24
Immediate Resistance	RM3.94 (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)	1,737,864.5



TECHNICAL ANALYSIS SCOREBOARD

Recommendation Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
26/5/2022	Genetec	0104	2.390	1.970	2.040	2.630	-4.8	-17.6	SL Triggered
26/5/2022	Bumi	5210	0.440	0.380	0.380	0.480	-5.0	-13.6	-
27/5/2022	Choobee	5797	2.360	1.920	2.020	2.600	0.0	-18.6	SL Triggered
27/5/2022	EPMB	7773	1.100	0.925	0.940	1.210	-2.1	-15.9	SL Triggered
30/5/2022	Jag	0024	0.390	0.345	0.320	0.430	-2.8	-11.5	-
30/5/2022	Padini	7052	3.200	3.210	2.800	3.520	0.0	0.3	-
31/5/2022	Hexind	0161	0.320	0.335	0.270	0.350	-2.9	4.7	-
31/5/2022	Myeg	0138	0.890	0.865	0.760	0.980	0.0	-2.8	-
1/6/2022	PIE	7095	3.050	3.030	2.610	3.360	-4.4	-0.7	-
1/6/2022	Hextar	5151	1.670	1.560	1.430	1.840	0.0	-6.6	-
2/6/2022	GentingBhd	3182	5.200	4.500	4.450	5.720	-2.4	-13.5	-
2/6/2022	Scientex	4731	3.710	3.500	3.170	4.080	0.3	-5.7	-
3/6/2022	Guan	5102	2.610	2.480	2.219	2.880	-0.8	-5.0	-
3/6/2022	Inari	0166	2.810	2.560	2.400	3.090	-3.4	-8.9	-
7/6/2022	Sedania	0178	0.460	0.420	0.390	0.500	-4.5	-8.7	SL Triggered
7/6/2022	Jtiasa	4383	0.760	0.620	0.650	0.830	-7.5	-18.4	-
8/6/2022	AEON	6599	1.530	1.360	1.310	1.680	-2.9	-11.1	-
8/6/2022	Bonia	9288	2.700	2.080	2.310	2.870	-5.9	-23.0	SL Triggered
9/6/2022	F&N	3689	22.550	19.820	17.530	20.500	0.4	-12.1	-
9/6/2022	PIE	7095	3.700	3.030	2.870	3.360	-4.4	-18.1	-
10/6/2022	Westports	5246	3.650	3.600	3.120	4.020	0.6	-1.4	-
10/6/2022	KFIMA	6491	2.810	2.530	2.400	3.090	2.0	-10.0	-
13/6/2022	DUFU	7233	2.860	2.730	2.450	3.150	-4.5	-4.5	-
13/6/2022	MISC	3816	7.150	7.060	6.110	7.870	-0.8	-1.3	-
14/6/2022	PublicBank	1295	4.480	4.400	3.830	4.930	-1.6	-1.8	-
14/6/2022	IOICORP	1961	4.060	3.730	3.470	4.470	-5.1	-8.1	-
15/6/2022	ToyoVen	7173	0.550	0.550	0.470	0.610	-4.3	0.0	TP Achieved
15/6/2022	FarmFresh	5306	1.600	1.580	1.370	1.760	1.9	-1.3	-
16/6/2022	HLIndustries	3301	8.860	8.610	7.580	9.750	-1.0	-2.8	-
16/6/2022	ChongBee	5797	2.010	1.920	1.720	2.210	0.0	-4.5	-
17/6/2022	PowerRoot	7237	1.660	1.650	1.420	1.830	-1.2	-0.6	-
17/6/2022	DutchLady	3026	33.200	33.100	28.390	36.520	1.3	-0.3	-
20/6/2022	F&N	3689	19.900	19.820	17.010	21.890	0.4	-0.4	-
20/6/2022	Nestle	4707	131.600	132.500	112.520	144.760	-1.5	0.7	-
21/6/2022	PIE	7095	3.170	3.030	2.710	3.490	-4.4	-4.4	-
21/6/2022	Sedania	0178	0.440	0.420	0.380	0.480	-4.5	-4.5	-
22/6/2022	DutchLady	3026	33.100	33.100	28.300	36.410	1.3	0.0	-
22/6/2022	Allianz	1163	12.800	12.800	10.940	14.080	0.8	0.0	-
23/6/2022	TAFI	7211	0.490	0.375	0.420	0.540	10.3	-23.5	-
23/6/2022	ChinHin	5273	3.410	3.200	2.920	3.750	0.0	-6.2	-

*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	11.200	0.89	8.0
Pharmaniaga Bhd	Consumer	0.595	0.05	7.7
UOA REIT	REIT	1.160	0.09	7.4
Al-'Aqar Healthcare REIT	REIT	1.190	0.09	7.3
Amanahraya REIT	REIT	0.625	0.04	7.1
Uchi Technologies Bhd	Industrial	3.030	0.20	6.6
Malayan Banking Bhd	Finance	8.560	0.56	6.5
Tambun Indah Land Bhd	Property	0.825	0.05	6.4
Magnum Bhd	Consumer	1.630	0.10	6.3
Matrix Concepts Holdings Bhd	Property	2.310	0.14	6.2
Capitaland Malaysia Trust	REIT	0.550	0.03	6.2
Malaysia Building Society Bhd	Finance	0.575	0.04	6.1
Hong Leong Industries Bhd	Industrial	8.620	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	2.3	13.0	11.5	12.4	12.2	9.6	
Property	(10.6)	13.8	11.2	12.2	12.2	9.5	
Plantation	6.1	94.6	8.9	43.3	8.9	12.9	
Consumer	(4.7)	25.6	11.7	21.4	11.7	16.6	
Technology	(36.7)	29.8	19.1	24.0	20.7	19.6	
Construction	(1.3)	22.2	14.3	18.0	14.3	11.1	
Energy	(3.6)	-	-	-	9.7	8.6	
Health care	(30.1)	52.6	8.3	30.4	8.3	21.0	
Ind Prod	(10.6)	38.6	9.9	23.7	9.9	10.9	
REIT	(0.2)	-	-	-	27.0	15.8	
Telco	(14.5)	25.1	21.8	23.4	21.8	16.1	
Transportations	(7.1)	-	-	-	-	15.6	
Utilities	(5.6)	-	-	-	14.3	12.1	

Source: Bloomberg



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