



DAILY NEWSWATCH

MARKET REVIEW

Despite gains in select heavyweights, market breadth was negative with 642 losers versus 343 gainers. The financial services sector was the top percentage gainer rising by 0.80%, while the technology sector was the top percentage loser plunging by 2.43%. Greatech Technology was a major loser falling by RM0.39 or 6.58% in line with the weakness in technology stocks. The FBM KLCI increased by 0.40% to 1,569.51.

We expect Malaysian stocks to decline following the steep sell-off on Wall Street overnight.

ECONOMICS

- **MPOB: CPO** price to average at RM3,800 a tonne in 2022 on improved production

COMPANY

- **Asia Poly (0105)** buys Keng Imports & Exports for RM24m
- **Cheetah Holdings (7209)** ups stake in Lambo Group to 19.64%
- **Jentayu Sustainables (5673)** declares special dividend of 30 sen
- **Sime Darby Plantation (5285)** warns labour shortage may get worse for plantation companies in 1Q
- **TSMC** to boost chip spending in 2022, as full orderbook drives record profit

EXPRESSO FOR THE DAY

- **Technical Watch – AME (5293)** – Entry Price RM1.85, Target Price RM2.10, Stop Loss RM1.65, Support RM1.70, Resistance RM1.90
- **Technical Watch – Systech (0050)** – Entry Price RM0.280, Target Price RM0.300, Stop Loss RM0.255, Support RM0.265, Resistance RM0.350

Local	Close	(%)
FBMKLCI	1,569.51	0.4
Volume (mil)	3,456.5	2.7
Value (RM'mil)	2,141.7	12.2
Gainers	343	
Losers	642	
Unchanged	398	

Foreign		(%)
Dow Jones	36,113.6	(0.5)
Nasdaq CI	14,806.8	(2.5)
S&P 500	4,659.0	(1.4)
FTSE 100	7,563.9	0.2
Nikkei 225	28,489.1	(1.0)
Shanghai CI	3,555.3	(1.2)
HSI	24,429.8	0.1
STI	3,257.3	0.1

Most Active	RM	Chg
PHB	0.010	0.000
AHB	0.200	(0.080)
Mqtech	0.080	(0.005)
Vsolar	0.015	0.000
Smtrack	0.290	(0.010)

Top Gainer	RM	Chg
Panamy	29.780	0.660
DIN040000223	105.000	0.500
F&N	24.700	0.300
Hlbank	20.000	0.300
Petgas	17.160	0.280

Top Loser	RM	Chg
SAM	21.880	(0.900)
Greatec	5.540	(0.390)
Pmbtech-WA	9.400	(0.300)
D&O	5.220	(0.240)
MI	2.490	(0.220)

Other Stats		(%)
USD/MYR	4.18	(0.22)
USD/RMB	6.36	0.02
WTI (USD/barrel)	84.47	(0.24)
Gold (USD/troy oz)	1,821.12	(0.20)
CPO (USD/metric t)	5278.0	0.23



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ECONOMICS

Crude palm oil price is expected to average at RM3,800 per tonne in 2022 on improved palm oil production, in line with the performance of other major vegetable oils prices amid the recovery in production and stock, the Malaysian Palm Oil Board (MPOB) said. (The Edge)

Comments: While we expect a pullback in CPO prices we think that prices will remain healthy, which will allow well-run plantation companies to generate commendable profits. We are reiterating our bullish view on the plantation sector.

COMPANY

Asia Poly Holdings Bhd (0105), via its unit Asia Poly Industrial Sdn Bhd, is buying the entire stake or 1.11 million shares in investment holding company Keng Imports & Exports Sdn Bhd (KIESB) for RM24.02m. Currently, KIESB holds ownership of an industrial land located in Kapar, Klang measuring 18,364 square metres. (The Edge)

Cheetah Holdings Bhd (7209) has upped its stake in Lambo Group Bhd to 19.64% after acquiring 23 million shares in the latter from the open market between Jan 6 to Jan 11 for RM2.16m. (The Edge)

Jentayu Sustainables Bhd (5673), formerly known as Ipmuda Bhd, has declared a special cash dividend of 30 sen per share. The dividend is payable on Feb 10, with Jan 27 as the ex-date, the group's filing on Thursday (Jan 13) showed. (The Edge)

Until job vacancies in oil palm plantations are filled, the labour shortage situation will likely get worse for plantation companies in 1Q22 before the situation improves, **Sime Darby Plantation Bhd (5285)** said. (The Edge)

TSMC posted on Thursday a 16.4% rise in fourth-quarter profit to a record, thanks to huge global demand for semiconductors, and said it expected to spend at least a third more than last year to make advanced chips. (The Edge)



TECHNICAL WATCH

AME (5293) – Current Price – RM1.86, Upside – 13%

Comments: Trading above the MA20, the stock recovered after a sell down, forming a bullish engulfing. Coupled with a potential continuation, RSI moving above 30, showing rising momentum.

With higher volatility justified by the expansion of the bollinger bands, we think that prices could potentially trade higher with more downside risk for the week. We project a 13% upside to the current price, potentially trading above the upper band of the bollinger bands before retracing. Moving forward, we expect buying volume to increase, trading within 2SD.



Entry Price	RM1.85	Moving Average (EMA)	Bullish
Target Price	RM2.10	Moving Average (SMA)	Bullish
Stop Loss	RM1.65	Bollinger Bands (Long Run)	More Volatile
Immediate Support	RM1.70	RSI	Rising Momentum
Resistance	RM1.90	Volume (4-Weeks Average)	437,715



TECHNICAL WATCH

SYSTECH (0050) – Current Price – RM0.280, Upside – 9%

Comments: Trading above the MA20, on the upper band of the bollinger bands, the stock recovered from a sideways, forming a bullish marubozu. We think that there is a potential continuation, RSI recovered above 70 with increasing momentum.

With higher volatility justified by the expansion of the bollinger bands, we think that prices could potentially trade higher with more downside risk for the week. We project an 9% upside to the current price, potentially trading overbought before expecting a retracement. Moving forward, we expect buying volume to increase, trading within 2SD.



Entry Price	RM0.275	Moving Average (EMA)	Bullish
Target Price 1, Target Price 2	RM0.300	Moving Average (SMA)	Bullish
Stop Loss 1, Stop Loss 2	RM0.255	Bollinger Bands (Long Run)	More Volatile
Support 1, Support 2	RM0.265	RSI	Rising Momentum
Resistance 1, Resistance 2	RM0.350	Volume (4-Weeks Average)	1,503,580

**MERCURY SECURITIES SDN BHD**

Registration No. 198401000672 (113193-W)

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TECHNICAL ANALYSIS SCOREBOARD

Recommendation Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/ Loss from TP (%)	Remark
12/20/2021	HLT	0188	0.510	0.480	0.440	0.600	0.0	-5.9	-
12/20/2021	NCT	0056	0.460	0.505	0.440	0.510	1.0	9.8	Target Price Achieved
12/21/2021	Tafi	7211	2.030	2.450	1.830	2.400	-2.0	20.7	Target Price Achieved
12/21/2021	MGRC	0155	0.870	1.140	0.725	1.000	7.5	31.0	Target Price Achieved
12/22/2021	Dufu	7233	4.210	3.850	3.900	4.580	-3.8	-8.6	-
12/22/2021	MGRC	0155	0.980	1.140	0.725	1.160	7.5	16.3	Target Price Achieved
12/23/2021	Scope	0028	0.260	0.275	0.240	0.300	-5.2	5.8	-
12/23/2021	Ataims	8176	0.720	0.595	0.655	0.800	-4.0	-17.4	Stop Loss Triggered
12/24/2021	SCGM	7247	2.400	2.230	2.350	2.720	0.5	-7.1	-
12/24/2021	Genting Bhd	3182	4.600	4.670	4.400	5.100	-0.8	1.5	-
12/27/2021	GUH	3247	0.620	0.615	0.535	0.700	0.8	-0.8	-
12/27/2021	Mcement	3794	2.600	2.340	2.400	3.000	0.0	-10.0	-
12/28/2021	MGRC	0155	1.150	1.140	1.100	1.300	7.5	-0.9	Stop Loss Triggered
12/28/2021	Dialog	7277	2.520	2.900	2.400	2.960	2.8	15.1	-
12/29/2021	Scope	0028	0.270	0.275	0.250	0.300	-5.2	1.9	-
12/29/2021	Hongseng	0041	2.800	2.750	2.500	3.100	-2.8	-1.8	-
12/30/2021	Ajiya	7609	1.000	1.160	0.950	1.100	0.0	16.0	Target Price Achieved
12/30/2021	Axiata	6888	3.850	3.830	3.600	4.150	0.0	-0.5	-
12/31/2021	Pantech	5125	0.580	0.610	0.500	0.700	0.0	5.2	-
12/31/2021	MSM	5202	1.290	1.260	1.100	1.500	-3.1	-2.3	-
1/3/2022	Y&G	7003	1.280	1.220	1.150	1.500	-2.4	-4.7	-
1/3/2022	Lambo	0018	0.085	0.090	0.070	0.100	-5.3	5.9	Target Price Achieved
1/4/2022	Greatec	0208	6.950	5.540	6.500	7.510	-6.6	-20.3	-
1/4/2022	Dnex	4456	0.800	0.855	0.750	0.900	-1.2	6.9	Target Price Achieved
1/5/2022	Atech	5302	2.680	2.350	2.500	2.900	-5.2	-12.3	-
1/5/2022	OMH	5298	2.950	2.780	2.850	3.250	0.0	-5.8	-
1/6/2021	Jtiasa	4383	0.650	0.660	0.630	0.720	1.5	1.5	-
1/6/2021	Vinvest	0069	0.465	0.435	0.450	0.500	0.0	-6.5	-
1/7/2021	QL	7084	4.950	5.030	4.750	5.450	0.4	1.6	-
1/7/2021	Padini	7052	2.900	3.000	2.750	3.200	-0.3	3.4	-
1/10/2021	Hoover	7010	1.050	N/A	0.980	1.200	NA	NA	-
1/10/2021	GCB	5102	2.800	2.730	2.600	3.100	-2.5	-2.5	-
1/11/2021	Technax	2739	0.100	0.085	0.085	0.120	0.0	-15.0	-
1/11/2021	Khind	7062	3.900	3.780	3.750	4.250	-2.3	-3.1	-
1/12/2021	DKSH	5908	5.000	5.000	4.900	5.500	-1.6	0.0	-
1/12/2021	Ioicorp	1961	3.900	3.950	3.750	4.250	-0.3	1.3	-
1/13/2021	SCGM	7247	2.200	2.230	2.050	2.500	0.5	1.4	-
1/13/2021	Fitters	9318	0.335	0.335	0.320	0.370	-2.9	0.0	-
1/14/2021	AME	5293	1.850	1.880	1.650	2.100	4.4	1.6	-
1/14/2021	Systech	0050	0.275	0.280	0.255	0.300	12.0	1.8	-

*TP=Target Price



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STOCK SELECTION BASED ON DIVIDEND YIELD

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
SHL Consolidated Bhd	Property	1.980	0.18	9.1
Amanahraya REIT	REIT	0.665	0.06	8.5
UOA REIT	REIT	1.150	0.09	7.5
Al-'Aqar Healthcare REIT	REIT	1.160	0.08	7.1
Pharmaniaga Bhd	Consumer	0.750	0.05	6.9
British American Tobacco Malay	Consumer	14.020	0.95	6.8
YTL Power International Bhd	Utilities	0.625	0.04	6.7
Malayan Banking Bhd	Finance	8.310	0.54	6.5
Malaysia Building Society Bhd	Finance	0.545	0.03	6.2
Hong Leong Industries Bhd	Industrial	9.200	0.52	5.7
Uchi Technologies Bhd	Industrial	3.130	0.17	5.6
AmFirst REIT	REIT	0.390	0.02	5.6
UOA Development Bhd	Property	1.680	0.09	5.5
Matrix Concepts Holdings Bhd	Property	2.220	0.12	5.4
Sunway REIT	REIT	1.410	0.07	5.2

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	(1.2)	21.3	14.2	17.3	14.2	13.9	
Finance	0.9	13.0	11.5	12.4	12.2	9.7	
Property	1.0	13.8	4.6	10.7	4.6	11.0	
Plantation	1.6	94.6	11.3	43.8	11.3	18.0	
Consumer	0.4	25.6	20.1	23.1	20.1	15.9	
Technology	1.1	40.0	19.1	27.8	40.0	29.7	
Construction	0.7	22.2	4.7	16.1	4.7	11.0	
Energy	2.1	-	-	-	13.4	11.3	
Health care	(1.7)	52.6	6.2	29.4	6.2	24.9	
Ind Prod	(0.2)	38.6	14.4	24.5	14.4	13.2	
REIT	(0.5)	-	-	-	27.4	16.2	
Telco	(1.8)	27.3	25.1	26.2	27.3	19.6	
Transportations	1.6	-	-	-	-	16.5	
Utilities	0.7	-	-	-	14.2	12.3	

Source: Bloomberg



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