

**DAILY NEWSWATCH****MARKET REVIEW**

Malaysian stocks posted gains amid rising investor risk appetite. Market breadth was positive with 600 gainers versus 338 losers. The plantation sector was the top percentage gainer surging by 1.76% as CPO prices remained high, while the technology sector was the only sector to finish in the red. SAM Engineering & Equipment (M) Bhd (9822) was the top gainer leaping by RM1.20 or 5.06% after proposing a bonus issue. The FBM KLCI increased by 0.64% to 1,543.11.

We expect Malaysian stocks to decline following losses on Wall Street last Friday.

**ECONOMICS**

- **CPO** futures end marginally higher
- **SPAC** race heats up in Asia with first Singapore listings due

**COMPANY**

- **Lotte Chemical Titan (5284)** completes awards of key work packages for RM17bn Indonesia LINE expansion
- **MSM Malaysia (5202)** inks RM290m deal with the Coca-Cola Company to supply refined sugar for two years
- **PayPal** explores launch of own stablecoin in crypto push
- **Shell** pursues US\$7bn buyback 'at pace' despite LNG troubles
- **VS Industry (6963)** allocates RM150m capex for expansion

**EXPRESSO FOR THE DAY**

- **Technical Watch – Hoover (7010)** – Entry Price RM1.05, Target Price RM1.20, Stop Loss RM0.980, Support RM0.990, Resistance RM1.20
- **Technical Watch – GCB (5102)** – Entry Price RM2.80, Target Price RM3.10, Stop Loss RM2.60, Support RM2.70, Resistance RM3.10

Local	Close	(%)
<b>FBMKLCI</b>	1,543.11	0.6
<b>Volume (mil)</b>	4,140.9	44.5
<b>Value (RM'mil)</b>	1,903.9	0.0
<b>Gainers</b>	309	
<b>Losers</b>	649	
<b>Unchanged</b>	381	
Foreign		(%)
<b>Dow Jones</b>	36,231.7	(0.0)
<b>Nasdaq CI</b>	14,935.9	(1.0)
<b>S&amp;P 500</b>	4,677.0	(0.4)
<b>FTSE 100</b>	7,485.3	0.5
<b>Nikkei 225</b>	28,478.6	(0.0)
<b>Shanghai CI</b>	3,579.5	(0.2)
<b>HSI</b>	23,493.4	1.8
<b>STI</b>	3,205.3	0.7
Most Active	RM	Chg
<b>Smtrack</b>	0.280	0.020
<b>Kgroup</b>	0.015	0.000
<b>Pasukgb</b>	0.025	0.000
<b>Dnex</b>	0.845	0.005
<b>Bintai</b>	0.175	(0.020)
Top Gainer	RM	Chg
<b>Aeonc</b>	15.000	0.480
<b>Optimax-WA</b>	0.390	0.280
<b>QL</b>	5.050	0.260
<b>Hstech-HC</b>	1.160	0.210
<b>Hsi-HMN</b>	2.230	0.170
Top Loser	RM	Chg
<b>Genetec</b>	39.040	(1.460)
<b>MPI</b>	49.040	(0.960)
<b>PPB</b>	16.460	(0.500)
<b>Nestle</b>	132.700	(0.400)
<b>KLK</b>	21.540	(0.380)
Other Stats		(%)
<b>USD/MYR</b>	4.21	(0.15)
<b>USD/RMB</b>	6.38	(0.08)
<b>WTI (USD/barrel)</b>	81.75	(0.29)
<b>Gold (USD/troy oz)</b>	1,796.55	0.30
<b>CPO (USD/metric t)</b>	5331.0	1.63



## DAILY NEWSWATCH

### ECONOMICS

**CPO** futures contract on Bursa Malaysia Derivatives ended marginally higher today (Jan 7) on the strength in the soybean oil market as well as expectations of weak output. (The Edge)

**Blank-check companies** are set to make a debut in Singapore this month as the financial hub, which has struggled to attract new stock listings, gears up for competition from Hong Kong. (The Edge)

### COMPANY

**Lotte Chemical Titan Holdings Bhd (5284)** has completed the awards of key work packages for the expansion of the Lotte Chemical Indonesia New Ethylene (LINE) intergrated petrochemical facility in Merak, Cilegon, Banten Province, Indonesia. (The Edge)

*Comments: We think that Lotte Chemical Titan has an attractive valuation. Based on the consensus FY22 adjusted EPS of 22 sen, Lotte Chemical Titan is trading at a FY22 forward PER of 10.9x. Lotte Chemical Titan is also currently trading at a price/book ratio of approximately 0.43x.*

**MSM Malaysia Holdings Bhd (5202)** has secured a contract worth an estimated RM290m to supply refined sugar to The Coca-Cola Company for both domestic and international production. (The Edge)

**PayPal Holdings Inc** is exploring the launch of its own stablecoin as part of its cryptocurrency push, according to the company, which confirmed the development after evidence of the move was discovered inside its iPhone app. (The Edge)

**Royal Dutch Shell** said it will pursue its US\$7bn share buyback programme after selling its US shale business "at pace" as its liquefied natural gas production was hit once again by unplanned outages. (The Edge)

**VS Industry Bhd (6963)** is putting aside approximately RM150m in capital expenditure to expand and enhance its capacity and capabilities. (The Edge)

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**TECHNICAL WATCH**

**HOOVER (7010)** – Current Price – RM1.09, Upside – 14%

**Comments:** Trading above the MA20, the stock trends higher, forming a bullish marubozu candle. Coupled with a potential upside, RSI moving above 70, showing strong 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 14% upside to the current price, potentially trading overbought above the upper band of the bollinger bands before retracing. Moving forward, we expect buying volume to increase, trading within 2SD.



Entry Price	RM1.05	Moving Average (EMA)	Bullish
Target Price	RM1.20	Moving Average (SMA)	Bullish
Stop Loss	RM0.980	Bollinger Bands (Long Run)	More Volatile
Immediate Support	RM0.990	RSI	Rising Momentum
Resistance	RM1.20	Volume (4-Weeks Average)	241,145



**TECHNICAL WATCH**

**GCB (5102)** – Current Price – RM2.83, Upside – 10%

**Comments:** Trading above the MA20, outside of the upper band of the bollinger bands, the stock recovered from a sideways, forming a bullish candle. We think that there is a potential continuation, RSI recovered near 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 10% 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	RM2.80	Moving Average (EMA)	Bullish
Target Price 1, Target Price 2	RM3.10	Moving Average (SMA)	Bearish
Stop Loss 1, Stop Loss 2	RM2.60	Bollinger Bands (Long Run)	More Volatile
Support 1, Support 2	RM2.70	RSI	Rising Momentum
Resistance 1, Resistance 2	RM3.10	Volume (4-Weeks Average)	256,110

**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
12/14/2021	Airasia	5099	0.800	0.795	0.750	0.915	-2.5	-0.6	-
12/14/2021	QES	0196	0.630	0.685	0.700	0.700	0.7	8.7	-
12/15/2021	Cuscapi	0051	0.250	0.355	0.230	0.305	-2.7	42.0	Target Price Achieved
12/15/2021	HLT	0188	0.410	0.510	0.400	0.510	-1.0	24.4	Target Price Achieved
12/16/2021	MSM	5202	1.180	1.280	1.000	1.450	0.8	8.5	Target Price Achieved
12/16/2021	Scope	0028	0.310	0.285	0.290	0.380	0.0	-8.1	-
12/17/2021	Ataims	8176	0.670	0.640	0.650	0.935	-0.8	-4.5	-
12/17/2021	VS	6963	1.300	1.340	1.220	1.650	0.0	3.1	-
12/20/2021	HLT	0188	0.510	0.510	0.440	0.600	-1.0	0.0	-
12/20/2021	NCT	0056	0.460	0.515	0.440	0.510	-1.0	12.0	Target Price Achieved
12/21/2021	Tafi	7211	2.030	2.350	1.830	2.400	2.2	15.8	Target Price Achieved
12/21/2021	MGRC	0155	0.870	1.010	0.725	1.000	0.0	16.1	Target Price Achieved
12/22/2021	Dufu	7233	4.210	4.200	3.900	4.580	0.5	-0.2	-
12/22/2021	MGRC	0155	0.980	1.010	0.725	1.160	0.0	3.1	Target Price Achieved
12/23/2021	Scope	0028	0.260	0.285	0.240	0.300	0.0	9.6	-
12/23/2021	Ataims	8176	0.720	0.640	0.655	0.800	-0.8	-11.1	Stop Loss Triggered
12/24/2021	SCGM	7247	2.400	2.290	2.350	2.720	-2.1	-4.6	-
12/24/2021	Genting Bhd	3182	4.600	4.650	4.400	5.100	-1.1	1.1	-
12/27/2021	GUH	3247	0.620	0.625	0.535	0.700	-0.8	0.8	-
12/27/2021	Mcement	3794	2.600	2.380	2.400	3.000	-0.8	-8.5	-
12/28/2021	MGRC	0155	1.150	1.010	1.100	1.300	0.0	-12.2	Stop Loss Triggered
12/28/2021	Dialog	7277	2.520	2.700	2.400	2.960	1.1	7.1	-
12/29/2021	Scope	0028	0.270	0.285	0.250	0.300	0.0	5.6	-
12/29/2021	Hongseng	0041	2.800	2.690	2.500	3.100	-2.9	-3.9	-
12/30/2021	Ajiya	7609	1.000	1.120	0.950	1.100	-1.8	12.0	Target Price Achieved
12/30/2021	Axiata	6888	3.850	3.840	3.600	4.150	-0.5	-0.3	-
12/31/2021	Pantech	5125	0.580	0.595	0.500	0.700	0.0	2.6	-
12/31/2021	MSM	5202	1.290	1.280	1.100	1.500	0.8	-0.8	-
1/3/2022	Y&G	7003	1.280	1.300	1.150	1.500	1.6	1.6	-
1/3/2022	Lambo	0018	0.085	0.095	0.070	0.100	5.6	11.8	Target Price Achieved
1/4/2022	Greatec	0208	6.950	6.580	6.500	7.510	-0.6	-5.3	-
1/4/2022	Dnex	4456	0.800	0.870	0.750	0.900	3.0	8.7	-
1/5/2022	Atech	5302	2.680	2.810	2.500	2.900	8.5	4.9	-
1/5/2022	OMH	5298	2.950	2.860	2.850	3.250	0.7	-3.1	-
1/6/2021	Jtiasa	4383	0.650	0.655	0.630	0.720	-1.5	0.8	-
1/6/2021	Vinvest	0069	0.465	0.455	0.450	0.500	-2.2	-2.2	-
1/7/2021	QL	7084	4.950	4.960	4.750	5.450	-1.8	0.2	-
1/7/2021	Padini	7052	2.900	2.940	2.750	3.200	-2.0	1.4	-
1/10/2021	Hoover	7010	1.050	1.100	0.980	1.200	18.3	4.8	-
1/10/2021	GCB	5102	2.800	2.830	2.600	3.100	0.4	1.1	-

\*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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Published and printed by:

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