



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks rose in line with strength in Asian equity markets. Market breadth was positive with 569 gainers versus 389 losers. The energy sector was the top percentage gainer leaping by 1.69% after the price of oil surged on Tuesday, while the financial services sector was the top percentage loser declining by 0.51%. Malaysian Pacific Industries (3867) was the top gainer rising by RM0.44 or 0.95%. The FBM KLCI decreased by 0.07% to 1,563.20.

We expect Malaysian stocks to increase on improving risk appetite as Omicron fears subside.

ECONOMICS

- **China's Omicron outbreak** is even worse news for global supply chains
- **Stocks up, dollar down;** U.S. inflation data surges as forecast
- **Tin price ends at historical high** of US\$40,400 per tonne

COMPANY

- **Hap Seng Land** seeking land opportunities amid downturn, receives Malaysia Book of Records award for highest indoor green wall
- **Netscon (0235)** bags RM90.4m ECRL subcontracts
- **Senheng New Retail** IPO's retail portion oversubscribed by 10.44 times
- **Vsolar (0066)** bags RM96m contract to supply parts for light rail vehicle overhaul job

EXPRESSO FOR THE DAY

- **Technical Watch – SCGM (7247)** – Entry Price RM2.20, Target Price RM2.50, Stop Loss RM2.05, Support RM2.10, Resistance RM2.50
- **Technical Watch – Fitters (9318)** – Entry Price RM0.335, Target Price RM0.370, Stop Loss RM0.320, Support RM0.330, Resistance RM0.375

Local	Close	(%)
FBMKLCI	1,563.20	(0.1)
Volume (mil)	3,366.2	(19.0)
Value (RM'mil)	1,908.8	(32.7)
Gainers	569	
Losers	389	
Unchanged	404	

Foreign		(%)
Dow Jones	36,290.3	0.1
Nasdaq CI	15,188.4	0.2
S&P 500	4,726.4	0.3
FTSE 100	7,551.7	0.8
Nikkei 225	28,765.7	1.9
Shanghai CI	3,597.4	0.8
HSI	24,402.2	2.8
STI	3,255.0	0.3

Most Active	RM	Chg
Smtrack	0.300	0.000
Mqtech	0.085	(0.030)
Trive	0.115	0.000
OCT	0.170	(0.015)
Sapnrg	0.050	0.000

Top Gainer	RM	Chg
MPI	47.000	0.440
Pmbtech-WA	9.700	0.400
Pmbtech	12.760	0.380
LPI	14.420	0.220
MSC	3.400	0.210

Top Loser	RM	Chg
SAM	22.780	(0.420)
Hsi-HA3	0.840	(0.400)
Hsi-HA9	0.600	(0.255)
Hsi-HMO	0.315	(0.205)
DIN040000223	102.200	(0.200)

Other Stats		(%)
USD/MYR	4.19	(0.12)
USD/RMB	6.36	(0.24)
WTI (USD/barrel)	84.67	1.13
Gold (USD/troy oz)	1,825.61	0.25
CPO (USD/metric t)	5266.0	(1.51)



DAILY NEWSWATCH

ECONOMICS

An Omicron outbreak in China is sending jitters through supply chains as manufacturers and shippers brace for disruption inside the world's-biggest trading nation if it can't contain the fast-spreading variant. (The Edge)

World stocks rose on Wednesday while U.S. Treasury yields and the dollar fell, after the latest U.S. inflation data showed price pressures surging but within expectations, apparently suggesting the Federal Reserve will not have to hike interest rates too aggressively. (The Edge)

Comments: We opine that the Federal Reserve will have to start raising rates soon to combat inflation. This uncertainty around the rate hikes could result in heightened volatility in global equities in the short-term.

The Kuala Lumpur Tin Market rose by US\$900 per tonne to end at a historical high of US\$40,400 per tonne on Wednesday (Jan 12) in its first recorded transaction in 2022. (The Edge)

COMPANY

Hap Seng Consolidated Bhd (3034), via its wholly owned subsidiary Hap Seng Land Sdn Bhd, has been actively seeking land acquisition opportunities, according to Hap Seng Consolidated Group Managing Director, Datuk Edward Lee Ming Foo. (The Edge)

Nestcon Bhd (0235) has bagged two subcontracts worth a combined RM90.4m for the construction and completion of subgrade works under the East Coast Rail Link project in Kota Bahru, Kelantan. (The Edge)

Senheng New Retail Bhd, which is slated to list on Bursa Malaysia on Jan 25, said its initial public offering shares offered to the Malaysian public were oversubscribed by 10.44 times. (The Edge)

Vsolar Group (0066) said it has accepted an RM96.27m job to procure and supply parts to RA Integration Links Sdn Bhd (RAIL) to complete an overhaul of 50 sets of six-car light rail vehicle on the Ampang light rail transit line. (The Edge)



TECHNICAL WATCH

SCGM (7247) – Current Price – RM2.22, Upside – 13%

Comments: Trading below the MA20, the stock recovered after a sell down, forming a tweezer top. Coupled with a potential reversal, 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	RM2.20	Moving Average (EMA)	Bearish
Target Price	RM2.50	Moving Average (SMA)	Bearish
Stop Loss	RM2.05	Bollinger Bands (Long Run)	More Volatile
Immediate Support	RM2.10	RSI	Weak Momentum
Resistance	RM2.50	Volume (4-Weeks Average)	355,990



TECHNICAL WATCH

FITTERS (9318) – Current Price – RM0.340, Upside – 10%

Comments: Trading above the MA20, on the upper band of the bollinger bands, the stock recovered from a sell down, forming a tweezer top. We think that there is a potential continuation, RSI recovered above 50 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	RM0.335	Moving Average (EMA)	Bullish
Target Price 1, Target Price 2	RM0.370	Moving Average (SMA)	Bearish
Stop Loss 1, Stop Loss 2	RM0.320	Bollinger Bands (Long Run)	More Volatile
Support 1, Support 2	RM0.330	RSI	Rising Momentum
Resistance 1, Resistance 2	RM0.375	Volume (4-Weeks Average)	4,879,150

**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
12/17/2021	Ataims	8176	0.670	0.620	0.650	0.935	0.0	-7.5	-
12/17/2021	VS	6963	1.300	1.290	1.220	1.650	0.8	-0.8	-
12/20/2021	HLT	0188	0.510	0.480	0.440	0.600	-2.0	-5.9	-
12/20/2021	NCT	0056	0.460	0.500	0.440	0.510	-1.0	8.7	Target Price Achieved
12/21/2021	Tafi	7211	2.030	2.500	1.830	2.400	7.3	23.2	Target Price Achieved
12/21/2021	MGRC	0155	0.870	1.060	0.725	1.000	0.0	21.8	Target Price Achieved
12/22/2021	Dufu	7233	4.210	4.000	3.900	4.580	0.3	-5.0	-
12/22/2021	MGRC	0155	0.980	1.060	0.725	1.160	0.0	8.2	Target Price Achieved
12/23/2021	Scope	0028	0.260	0.290	0.240	0.300	0.0	11.5	-
12/23/2021	Ataims	8176	0.720	0.620	0.655	0.800	0.0	-13.9	Stop Loss Triggered
12/24/2021	SCGM	7247	2.400	2.220	2.350	2.720	5.7	-7.5	-
12/24/2021	Genting Bhd	3182	4.600	4.710	4.400	5.100	0.2	2.4	-
12/27/2021	GUH	3247	0.620	0.610	0.535	0.700	3.4	-1.6	-
12/27/2021	Mcement	3794	2.600	2.340	2.400	3.000	3.5	-10.0	-
12/28/2021	MGRC	0155	1.150	1.060	1.100	1.300	0.0	-7.8	Stop Loss Triggered
12/28/2021	Dialog	7277	2.520	2.820	2.400	2.960	1.8	11.9	-
12/29/2021	Scope	0028	0.270	0.290	0.250	0.300	0.0	7.4	-
12/29/2021	Hongseng	0041	2.800	2.830	2.500	3.100	4.8	1.1	-
12/30/2021	Ajiya	7609	1.000	1.160	0.950	1.100	-0.9	16.0	Target Price Achieved
12/30/2021	Axiata	6888	3.850	3.830	3.600	4.150	-0.5	-0.5	-
12/31/2021	Pantech	5125	0.580	0.610	0.500	0.700	0.8	5.2	-
12/31/2021	MSM	5202	1.290	1.300	1.100	1.500	0.0	0.8	-
1/3/2022	Y&G	7003	1.280	1.250	1.150	1.500	0.0	-2.3	-
1/3/2022	Lambo	0018	0.085	0.095	0.070	0.100	0.0	11.8	Target Price Achieved
1/4/2022	Greatec	0208	6.950	5.930	6.500	7.510	0.9	-14.7	-
1/4/2022	Dnex	4456	0.800	0.865	0.750	0.900	-1.1	8.1	Target Price Achieved
1/5/2022	Atech	5302	2.680	2.480	2.500	2.900	-2.7	-7.5	-
1/5/2022	OMH	5298	2.950	2.780	2.850	3.250	-0.4	-5.8	-
1/6/2021	Jtiasa	4383	0.650	0.650	0.630	0.720	0.0	0.0	-
1/6/2021	Vinvest	0069	0.465	0.435	0.450	0.500	-4.4	-6.5	-
1/7/2021	QL	7084	4.950	5.010	4.750	5.450	0.8	1.2	-
1/7/2021	Padini	7052	2.900	3.010	2.750	3.200	0.3	3.8	-
1/10/2021	Hoover	7010	1.050	1.110	0.980	1.200	6.7	5.7	-
1/10/2021	GCB	5102	2.800	2.800	2.600	3.100	1.4	0.0	-
1/11/2021	Technax	2739	0.100	0.085	0.085	0.120	-5.6	-15.0	-
1/11/2021	Khind	7062	3.900	3.870	3.750	4.250	-0.8	-0.8	-
1/12/2021	DKSH	5908	5.000	5.080	4.900	5.500	1.2	1.6	-
1/12/2021	Ioicorp	1961	3.900	3.960	3.750	4.250	-0.5	1.5	-
1/13/2021	SCGM	7247	2.200	2.220	2.050	2.500	5.7	0.9	-
1/13/2021	Fitters	9318	0.335	0.345	0.320	0.370	1.5	3.0	-

*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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MERCURY SECURITIES SDN BHD

Registration No. 198401000672 (113193-W)

L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur

Telephone: (603) - 6203 7227 Website: www.mercurysecurities.com.my

Email: mercurykl@mersec.com.my
