



**DAILY NEWSWATCH**

**MARKET REVIEW**

Malaysian stocks were mixed with 462 gainers versus 523 losers. The technology sector was the top percentage loser plunging by 3.05%, while the health care sector was the top percentage gainer rising by 1.48%. SAM Engineering & Equipment (M) Bhd (9822) was the top loser falling by RM1.82 or 7.31% on profit-taking following the recent run-up in the stock. The FBM KLCI increased by 0.46% to 1,550.17.

We expect Malaysian stocks to move higher on rising investor optimism on the ability of the country to recover from the COVID-19 pandemic.

**ECONOMICS**

- **MPOB: CPO stocks fall** in December 2021 on lower production, export
- **November Industrial Production** Index up 9.4% — DOSM

**COMPANY**

- **ACE Market-bound Coraza** IPO's Malaysian public portion oversubscribed by 132.5 times
- **Land & General (3174)** buys land in Puchong Jaya for RM68m
- **Muhibbah Engineering (5703)** plans to raise up to RM128m via rights issue for revolving credit facilities' repayment
- **Tencent** said to be near deal for smartphone maker in major metaverse push
- **TSMC** sales set sixth quarterly record on elevated chip demand

**EXPRESSO FOR THE DAY**

- **Technical Watch – Technax (2739)** – Entry Price RM0.100, Target Price RM0.120, Stop Loss RM0.085, Support RM0.090, Resistance RM0.105
- **Technical Watch – Khind (7062)** – Entry Price RM3.90, Target Price RM4.25, Stop Loss RM3.75, Support RM3.80, Resistance RM4.25

Local	Close	(%)
<b>FBMKLCI</b>	1,550.17	0.5
<b>Volume (mil)</b>	6,667.1	61.0
<b>Value (RM'mil)</b>	2,378.4	24.9
<b>Gainers</b>	462	
<b>Losers</b>	523	
<b>Unchanged</b>	399	

Foreign		(%)
<b>Dow Jones</b>	36,068.9	(0.4)
<b>Nasdaq CI</b>	14,942.8	0.0
<b>S&amp;P 500</b>	4,670.3	(0.1)
<b>FTSE 100</b>	7,445.3	(0.5)
<b>Nikkei 225</b>	28,478.6	NA
<b>Shanghai CI</b>	3,593.5	0.4
<b>HSI</b>	23,746.5	1.1
<b>STI</b>	3,227.1	0.7

Most Active	RM	Chg
<b>Fintec</b>	0.015	0.005
<b>Kgroup</b>	0.015	0.000
<b>Trive</b>	0.130	0.050
<b>Mqtech</b>	0.120	0.015
<b>XOX</b>	0.030	0.005

Top Gainer	RM	Chg
<b>Aeocr</b>	15.380	0.460
<b>Nestle</b>	132.400	0.400
<b>Harta</b>	6.100	0.250
<b>Woodlan</b>	1.150	0.250
<b>HLFG</b>	17.840	0.220

Top Loser	RM	Chg
<b>SAM</b>	23.080	(1.820)
<b>MPI</b>	47.900	(0.720)
<b>Vitrox</b>	19.120	(0.540)
<b>Heim</b>	21.180	(0.520)
<b>Carlsbg</b>	20.260	(0.500)

Other Stats		(%)
<b>USD/MYR</b>	4.20	(0.17)
<b>USD/RMB</b>	6.38	(0.03)
<b>WTI (USD/barrel)</b>	80.87	(1.08)
<b>Gold (USD/troy oz)</b>	1,801.36	0.29
<b>CPO (USD/metric t)</b>	5336.0	0.09



## DAILY NEWSWATCH

### ECONOMICS

**Malaysian crude palm oil stocks** for December 2021 fell 11.89% to 830,339 tonnes from 942,354 tonnes in the previous month on lower production and export, the Malaysian Palm Oil Board (MPOB) said. (The Edge)

*Comments: We opine that the low inventory levels will continue to support high CPO prices, which will in turn support strong profits at well-run plantation companies. We are reiterating our bullish view on the plantation sector.*

**The Industrial Production Index** increased 9.4% year-on-year in November 2021, said the Department of Statistics Malaysia (DOSM). (The Edge)

### COMPANY

**Coraza Integrated Technology Bhd** said the Malaysian public portion of its initial public offering was oversubscribed by 132.5 times. (The Edge)

**Land & General Bhd (3174)** is buying a 3.55-acre leasehold land within the main commercial centre of Bandar Puchong Jaya for RM68.04m. (The Edge)

**Muhibbah Engineering (M) Bhd (5703)** is planning to raise up to RM128.46m through a rights issue for partial repayment of the group's revolving credit facilities and its working capital. (The Edge)

**Tencent Holdings Ltd** is nearing a deal to acquire Chinese gaming handset maker Black Shark, a move that could help the tech behemoth further its ambitions for the metaverse, people with knowledge of the matter said. (The Edge)

**Taiwan Semiconductor Manufacturing Co** reported a sixth straight quarter of record sales, buoyed by unrelenting demand by Apple Inc and other customers for chips produced by the world's largest foundry. (The Edge)

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**TECHNICAL WATCH**

**TECHNAX (2739)** – Current Price – RM0.105, Upside – 20%

**Comments:** Trading above the MA20, the stock trends higher, forming a bullish marubozu candle. Coupled with a potential upside, RSI moving above 60, 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 20% 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	RM0.100	Moving Average (EMA)	Bullish
Target Price	RM0.120	Moving Average (SMA)	Bullish
Stop Loss	RM0.085	Bollinger Bands (Long Run)	More Volatile
Immediate Support	RM0.090	RSI	Rising Momentum
Resistance	RM0.105	Volume (4-Weeks Average)	7,820,300



**TECHNICAL WATCH**

**KHIND (7062)** – Current Price – RM3.95, Upside – 8%

**Comments:** Trading above the MA20, outside of the upper band of the bollinger bands, the stock recovered from a sideways, forming a trend reversal. 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 8% 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	RM3.90	Moving Average (EMA)	Bullish
Target Price 1, Target Price 2	RM4.25	Moving Average (SMA)	Bearish
Stop Loss 1, Stop Loss 2	RM3.75	Bollinger Bands (Long Run)	More Volatile
Support 1, Support 2	RM3.80	RSI	Rising Momentum
Resistance 1, Resistance 2	RM4.25	Volume (4-Weeks Average)	30,035

**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
12/15/2021	Cuscap	0051	0.250	0.360	0.230	0.305	1.4	44.0	Target Price Achieved
12/15/2021	HLT	0188	0.410	0.520	0.400	0.510	2.0	26.8	Target Price Achieved
12/16/2021	MSM	5202	1.180	1.320	1.000	1.450	3.1	11.9	Target Price Achieved
12/16/2021	Scope	0028	0.310	0.290	0.290	0.380	1.8	-6.5	-
12/17/2021	Ataims	8176	0.670	0.630	0.650	0.935	-1.6	-6.0	-
12/17/2021	VS	6963	1.300	1.300	1.220	1.650	-3.0	0.0	-
12/20/2021	HLT	0188	0.510	0.520	0.440	0.600	2.0	2.0	-
12/20/2021	NCT	0056	0.460	0.515	0.440	0.510	0.0	12.0	Target Price Achieved
12/21/2021	Tafi	7211	2.030	2.370	1.830	2.400	0.9	16.7	Target Price Achieved
12/21/2021	MGRC	0155	0.870	1.040	0.725	1.000	3.0	19.5	Target Price Achieved
12/22/2021	Dufu	7233	4.210	4.010	3.900	4.580	-4.5	-4.8	-
12/22/2021	MGRC	0155	0.980	1.040	0.725	1.160	3.0	6.1	Target Price Achieved
12/23/2021	Scope	0028	0.260	0.290	0.240	0.300	1.8	11.5	-
12/23/2021	Ataims	8176	0.720	0.630	0.655	0.800	-1.6	-12.5	Stop Loss Triggered
12/24/2021	SCGM	7247	2.400	2.273	2.350	2.720	0.0	-5.3	-
12/24/2021	Genting Bhd	3182	4.600	4.660	4.400	5.100	0.2	1.3	-
12/27/2021	GUH	3247	0.620	0.610	0.535	0.700	-2.4	-1.6	-
12/27/2021	Mcement	3794	2.600	2.300	2.400	3.000	-3.4	-11.5	-
12/28/2021	MGRC	0155	1.150	1.040	1.100	1.300	3.0	-9.6	Stop Loss Triggered
12/28/2021	Dialog	7277	2.520	2.700	2.400	2.960	0.0	7.1	-
12/29/2021	Scope	0028	0.270	0.290	0.250	0.300	1.8	7.4	-
12/29/2021	Hongseng	0041	2.800	2.740	2.500	3.100	1.9	-2.1	-
12/30/2021	Ajiya	7609	1.000	1.080	0.950	1.100	-3.6	8.0	Target Price Achieved
12/30/2021	Axiata	6888	3.850	3.800	3.600	4.150	-1.0	-1.3	-
12/31/2021	Pantech	5125	0.580	0.595	0.500	0.700	0.0	2.6	-
12/31/2021	MSM	5202	1.290	1.320	1.100	1.500	3.1	2.3	-
1/3/2022	Y&G	7003	1.280	1.270	1.150	1.500	-2.3	-0.8	-
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	6.210	6.500	7.510	-5.6	-10.6	-
1/4/2022	Dnex	4456	0.800	0.885	0.750	0.900	1.7	10.6	Target Price Achieved
1/5/2022	Atech	5302	2.680	2.570	2.500	2.900	-8.5	-4.1	-
1/5/2022	OMH	5298	2.950	2.830	2.850	3.250	-1.0	-4.1	-
1/6/2021	Jtiasa	4383	0.650	0.655	0.630	0.720	0.0	0.8	-
1/6/2021	Vinvest	0069	0.465	0.495	0.450	0.500	8.8	6.5	-
1/7/2021	QL	7084	4.950	4.930	4.750	5.450	-0.6	-0.4	-
1/7/2021	Padini	7052	2.900	3.010	2.750	3.200	2.4	3.8	-
1/10/2021	Hoover	7010	1.050	1.050	0.980	1.200	-4.5	0.0	-
1/10/2021	GCB	5102	2.800	2.790	2.600	3.100	-1.4	-0.4	-
1/11/2021	Technax	2739	0.100	0.095	0.085	0.120	5.6	-5.0	-
1/11/2021	Khind	7062	3.900	3.920	3.750	4.250	1.0	0.5	-

\*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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