



DAILY NEWSWATCH

MARKET REVIEW

The FBM KLCI rose on the back of strength in selected financial heavyweights. Market breadth was negative with 639 losers versus 357 gainers. The technology sector was the top percentage loser falling by 2.78% in line with weakness in technology stocks globally, sparked by fears of a more hawkish Fed. The financial services sector was the top percentage gainer surging by 1.96%. Malaysian Pacific Industries (3867) was the top loser declining by RM1.34 or 2.80%. The FBM KLCI rose by 0.91% to 1,564.29.

We expect Malaysian stocks to increase following strong gains on Wall Street overnight.

ECONOMICS

- **EPF** investment income for 9M21 up 7.7% y-o-y to RM48bn
- **Four Fed hikes** may be just the start as traders boost rate bets
- **Oil** jumps nearly 4% as Omicron impact seen as short-lived

COMPANY

- **Genetec (0104)** inks MoU for proposed partnership in energy storage system business in Thailand
- **HLT Global (0188)** plans to raise up to RM77m via private placement
- **Pharmaniaga** receives conditional letter for continuation of medical supply logistics
- **South Korea's LG Energy Solution IPO** attracts around US\$80bn in bids — sources

EXPRESSO FOR THE DAY

- **Technical Watch – DKSH (5908)** – Entry Price RM5.00, Target Price RM5.50, Stop Loss RM4.90, Support RM4.95, Resistance RM5.01
- **Technical Watch – Iocorp (1961)** – Entry Price RM3.90, Target Price RM4.25, Stop Loss RM3.75, Support RM3.80, Resistance RM3.98

Local	Close	(%)
FBMKLCI	1,564.29	0.9
Volume (mil)	4,153.9	(37.7)
Value (RM'mil)	2,838.1	19.3
Gainers	357	
Losers	639	
Unchanged	397	

Foreign		(%)
Dow Jones	36,252.0	0.5
Nasdaq CI	15,153.5	1.4
S&P 500	4,713.1	0.9
FTSE 100	7,491.4	0.6
Nikkei 225	28,222.5	NA
Shanghai CI	3,567.4	(0.7)
HSI	23,739.1	(0.0)
STI	3,246.4	0.6

Most Active	RM	Chg
AHB	0.290	0.035
Dnex	0.875	(0.010)
Mqtech	0.115	(0.005)
AT	0.030	0.000
Smtrack	0.300	0.000

Top Gainer	RM	Chg
Nestle	133.800	1.400
HLFG	18.880	1.040
Hlbank	19.900	0.700
Petdag	19.660	0.600
Allianz-PA	13.200	0.400

Top Loser	RM	Chg
MPI	46.560	(1.340)
Vitrox	18.300	(0.820)
Kesm	12.220	(0.380)
Greatec	5.880	(0.330)
UWC	5.420	(0.280)

Other Stats		(%)
USD/MYR	4.19	(0.24)
USD/RMB	6.37	(0.03)
WTI (USD/barrel)	83.72	3.52
Gold (USD/troy oz)	1,820.67	1.11
CPO (USD/metric t)	5347.0	0.21



DAILY NEWSWATCH

ECONOMICS

Employees Provident Fund's total gross investment income for 9M21 rose 7.7% y-o-y to RM48.02bn from RM44.6bn the year before. (The Edge)

The drumbeat for the **Federal Reserve** to implement four quarter-point interest-rate hikes this year is growing — and with the speed that markets have been moving, there's a possibility that traders may soon look to protect themselves against the risk of even faster tightening. (The Edge)

Comments: We think that concerns over a hawkish Fed will contribute to heightened volatility in the short-term for global equities, especially for growth and technology stocks.

Oil soared nearly 4% on Tuesday, supported by tight supply and expectations that rising coronavirus cases and the spread of the Omicron variant will not derail a global demand recovery. (The Star)

Comments: We opine that strong oil prices will eventually lead to an uptick in CAPEX in the O&G sector, which will benefit oil service providers. We think there may be opportunities in oil service providers with strong balance sheets whose share prices have been beaten down during the pandemic.

COMPANY

Genetec Technology Bhd (0104) has inked a memorandum of understanding with Thailand-based Asia Precision Public Company Ltd to study the feasibility of jointly developing factory automation for energy storage system business in Thailand. (The Edge)

HLT Global Bhd (0188) has proposed a private placement of between RM66.50m and RM76.84m to fund its rubber glove business expansion and for working capital requirement. (The Edge)

Pharmaniaga Bhd has received a letter from the Ministry of Health agreeing in principle for the continuation of medical supply logistics services to MOH facilities for a period of 10 years. (The Star)



TECHNICAL WATCH

DKSH (5908) – Current Price – RM5.01, Upside – 10%

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 10% 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	RM5.00	Moving Average (EMA)	Bullish
Target Price	RM5.50	Moving Average (SMA)	Bullish
Stop Loss	RM4.90	Bollinger Bands (Long Run)	More Volatile
Immediate Support	RM4.95	RSI	Rising Momentum
Resistance	RM5.01	Volume (4-Weeks Average)	55,170



TECHNICAL WATCH

IOICORP (1961) – Current Price – RM3.93, 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)	Bullish
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	RM3.98	Volume (4-Weeks Average)	1,743,625

**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
12/16/2021	MSM	5202	1.180	1.300	1.000	1.450	-1.5	10.2	Target Price Achieved
12/16/2021	Scope	0028	0.310	0.290	0.290	0.380	0.0	-6.5	-
12/17/2021	Ataims	8176	0.670	0.620	0.650	0.935	-1.6	-7.5	-
12/17/2021	VS	6963	1.300	1.280	1.220	1.650	-1.5	-1.5	-
12/20/2021	HLT	0188	0.510	0.490	0.440	0.600	-5.8	-3.9	-
12/20/2021	NCT	0056	0.460	0.505	0.440	0.510	-1.9	9.8	Target Price Achieved
12/21/2021	Tafi	7211	2.030	2.330	1.830	2.400	-1.7	14.8	Target Price Achieved
12/21/2021	MGRC	0155	0.870	1.060	0.725	1.000	1.9	21.8	Target Price Achieved
12/22/2021	Dufu	7233	4.210	3.990	3.900	4.580	-0.5	-5.2	-
12/22/2021	MGRC	0155	0.980	1.060	0.725	1.160	1.9	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	-1.6	-13.9	Stop Loss Triggered
12/24/2021	SCGM	7247	2.400	2.100	2.350	2.720	-7.6	-12.5	-
12/24/2021	Genting Bhd	3182	4.600	4.700	4.400	5.100	0.9	2.2	-
12/27/2021	GUH	3247	0.620	0.590	0.535	0.700	-3.3	-4.8	-
12/27/2021	Mcement	3794	2.600	2.260	2.400	3.000	-1.7	-13.1	-
12/28/2021	MGRC	0155	1.150	1.060	1.100	1.300	1.9	-7.8	Stop Loss Triggered
12/28/2021	Dialog	7277	2.520	2.770	2.400	2.960	2.6	9.9	-
12/29/2021	Scope	0028	0.270	0.290	0.250	0.300	0.0	7.4	-
12/29/2021	Hongseng	0041	2.800	2.700	2.500	3.100	-1.5	-3.6	-
12/30/2021	Ajiya	7609	1.000	1.170	0.950	1.100	8.3	17.0	Target Price Achieved
12/30/2021	Axiata	6888	3.850	3.850	3.600	4.150	1.3	0.0	-
12/31/2021	Pantech	5125	0.580	0.605	0.500	0.700	1.7	4.3	-
12/31/2021	MSM	5202	1.290	1.300	1.100	1.500	-1.5	0.8	-
1/3/2022	Y&G	7003	1.280	1.250	1.150	1.500	-1.6	-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	5.880	6.500	7.510	-5.3	-15.4	-
1/4/2022	Dnex	4456	0.800	0.875	0.750	0.900	-1.1	9.4	Target Price Achieved
1/5/2022	Atech	5302	2.680	2.550	2.500	2.900	-0.8	-4.9	-
1/5/2022	OMH	5298	2.950	2.790	2.850	3.250	-1.4	-5.4	-
1/6/2021	Jtiasa	4383	0.650	0.650	0.630	0.720	-0.8	0.0	-
1/6/2021	Vinvest	0069	0.465	0.455	0.450	0.500	-8.1	-2.2	-
1/7/2021	QL	7084	4.950	4.970	4.750	5.450	0.8	0.4	-
1/7/2021	Padini	7052	2.900	3.000	2.750	3.200	-0.3	3.4	-
1/10/2021	Hoover	7010	1.050	1.040	0.980	1.200	-1.0	-1.0	-
1/10/2021	GCB	5102	2.800	2.760	2.600	3.100	-1.1	-1.4	-
1/11/2021	Technax	2739	0.100	0.090	0.085	0.120	-5.3	-10.0	-
1/11/2021	Khind	7062	3.900	3.900	3.750	4.250	-0.5	0.0	-
1/12/2021	DKSH	5908	5.000	5.020	4.900	5.500	4.4	0.4	-
1/12/2021	Ioicorp	1961	3.900	3.980	3.750	4.250	2.6	2.1	-

*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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