

NEWS HIGHLIGHTS

DOMESTIC

- **Batu Kawan** now controls 92% of CCM, does not intend to maintain latter's listing
- **Daya Materials** unit bags RM24m construction job
- **Genting Malaysia** unit permanently shuts casino in English town
- **Hartalega** extends assistance to underprivileged communities amid pandemic
- **Kanger** takes over six construction projects worth RM496m
- **KNM** to raise RM54.93m via placement to repay borrowings, fund ongoing projects
- **Samaiden** unit bags RM25.8m EPCC job for power plant
- **Seacera** sells land in Taiping to AT Systematization's glove unit
- **SKP** temporarily shuts JB ops to screen employees for Covid-19
- **Top Glove** says employees in four factories test positive for Covid-19

FOREIGN

- **Samsung's** Lee faces sentencing for bribery charge after four years of trials
- **Tesla** asks U.S. safety agency to declare speed display issue inconsequential

ECONOMY / CURRENCY / COMMODITY

- **Oil** steadies in Asia after slumping on weak U.S. economic data

LOCAL	Close	Day Chg
FBMKLCI	1,627.0	(8.7)
Volume (mil)	5,850.1	(640.2)
Value (RM'mil)	4,062.9	(805.9)
Up	512	
Down	571	
Unchanged	480	

FOREIGN		
Dow Jones	30,814.3	(177.3)
Nasdaq CI	12,998.5	(114.1)
S&P 500	3,768.3	(27.3)
FTSE 100	6,735.7	(66.3)
Nikkei 225	28,191.9	(327.3)
Shanghai CI	3,566.4	0.5
HSI	28,573.9	77.0
STI	3,004.9	4.9

Other Stats		
USD/MYR	4.05	0.01
WTI (USD/barrel)	54.91	(0.19)
Gold (USD/troy oz)	1,819.83	(8.62)

Most Active	RM	Chg
PRG	0.285	0.055
PNEPCB	0.420	(0.080)
XOX	0.105	(0.005)
AT	0.185	0.010
SEALINK	0.180	0.015

Top Gainer	RM	Chg
MPI	28.720	0.740
KOBAY	4.350	0.700
NESTLE	138.900	0.700
EURO	5.620	0.620
JFTECH	6.020	0.500

Top Loser	RM	Chg
PBBANK	21.200	(0.500)
HSI-HGS	1.140	(0.210)
CGB	0.620	(0.185)
HLFG	17.160	(0.180)
HENGYUAN	5.400	(0.170)

CONSENSUS TARGET PRICE

User guide: To complement the top down approach, Mercury Securities will be compiling the **top three underpriced equities** of the respective bursa indices based on the consensus target price premium over the current price on a weekly basis.

Methodology: These consensus target prices are sourced from Bloomberg and the equities are covered by at least 3 research houses, excluding Mercury Securities. The purpose is to ensure the credibility, conformity and objectivity of the consensus target prices is maintained for the reader.

Sector	Company	last Price	Target Price	Premium
Finance	Malaysia Building Society Bhd	0.63	0.79	26.4%
	LPI Capital Bhd	13.52	16.50	22.0%
	Allianz Malaysia Bhd	14.50	17.39	19.9%
Property	IOI Properties Group Bhd	1.38	1.75	26.8%
	Mah Sing Group Bhd	0.87	1.10	26.6%
	Matrix Concepts Holdings Bhd	1.70	2.08	22.4%
Plantation	Sarawak Oil Palms Bhd	4.34	5.28	21.7%
	Ta Ann Holdings Bhd	2.91	3.54	21.6%
	Hap Seng Plantations Holdings	1.80	2.18	20.8%
Consumer	DRB-Hicom Bhd	1.91	2.50	30.9%
	MBM Resources BHD	3.21	4.10	27.7%
	Bermaz Auto Bhd	1.41	1.70	20.6%
Technology	My EG Services Bhd	1.84	2.43	32.1%
	Inari Amertron Bhd	2.91	3.07	5.5%
	Globetronics Technology BHD	2.95	2.99	1.4%
Construction	Econpile Holdings Bhd	0.43	0.65	51.2%
	Gabungan AQRS Bhd	0.60	0.90	50.8%
	Kerjaya Prospek Group Bhd	1.00	1.39	38.6%

Energy	Serba Dinamik Holdings Bhd	1.65	2.24	35.8%
	Dialog Group Bhd	3.29	4.35	32.2%
	Bumi Armada Bhd	0.36	0.43	21.1%
Healthcare	Kossan Rubber Industries	4.22	7.90	87.2%
	Supermax Corp Bhd	6.70	11.92	77.8%
	Hartalega Holdings Bhd	12.20	19.20	57.4%
Industrial Production	Malayan Cement Bhd	2.15	2.82	31.4%
	Sunway Bhd	1.50	1.74	16.0%
	VS Industry Bhd	2.60	2.96	13.8%
REIT	Sentral REIT	0.87	0.95	9.8%
	Sunway Real Estate Investment	1.41	1.52	7.8%
	IGB Real Estate Investment Trust	1.63	1.75	7.4%
Telco	OCK Group Bhd	0.46	0.59	27.9%
	Astro Malaysia Holdings Bhd	0.90	1.08	20.0%
	TIME dotCom Bhd	13.30	15.82	18.9%
Transportation	MMC Corp Bhd	0.83	1.30	56.6%
	MISC Bhd	6.58	8.11	23.3%
	Lingkaran Trans Kota Holdings	3.90	4.74	21.4%
Utilities	Ranhill Utilities Bhd	0.85	1.24	46.5%
	Tenaga Nasional Bhd	10.18	12.95	27.2%
	Mega First Corp BHD	6.82	8.30	21.7%

Source: Bloomberg as of 18th Jan 2021

NEWS HEADLINES

Economic News, Currency & Commodity

Oil steadied near \$52 a barrel in Asia after slumping the most in almost four weeks on a combination of a stronger dollar, weak U.S. economic data and a still-surging coronavirus. (Bloomberg)

Global and Local Headlines

Batu Kawan Bhd has updated that it now controls 92.14% of Chemical Company of Malaysia Bhd (CCM), after receiving more acceptances for its RM3.10 takeover offer. (Edge)

Daya Materials Bhd, a Practice Note 17 (PN17) company, said its subsidiary has secured a RM23.86 million construction sub-contract in Banting, Selangor. (Edge)

Genting Malaysia Bhd's (GenM) wholly-owned subsidiary Genting UK plc permanently closed its Genting Casino Southport, in the north west of England, with 38 staff members facing redundancy. (Edge)

Hartalega Holdings Bhd, via its corporate social responsibility foundation Yayasan Hartalega, has been extending support to underprivileged communities during the Covid-19 pandemic. (Edge)

Kanger International Bhd has diversified into the construction business by signing six deals totalling RM495.9 million today. (Edge)

KNM Group Bhd plans to raise up to RM54.93 million via a private placement to pay off its bank borrowings and to fund some ongoing projects. (Edge)

Samaiden Group Bhd's wholly-owned subsidiary Samaiden Sdn Bhd has secured a RM25.8 million contract from Gimzan Plywood Sdn Bhd to develop a biomass-based power plant in Terengganu. (Edge)

Seacera Group Bhd is selling a 72,770 square metre land in Taiping, Perak, to AT Systematization Bhd's glove unit for RM10.5 million. (Edge)

SKP Resources Bhd is temporarily closing its Johor Bahru operations from Jan 16 till Jan 29, to facilitate Covid-19 screening of its employees after five of them tested positive last week. (Edge)

Top Glove Corp Bhd, which has had half its production capacity halted for over a month in November due to a severe Covid-19 outbreak among its workers, today said several more across four factories in Port Dickson, Sungai Puloh, Kulim and Shah Alam have tested positive for Covid-19. (Edge)

A South Korean court will sentence **Samsung Electronics Co Ltd** heir Jay Y. Lee on a bribery charge on Monday, a ruling likely to have ramifications for his leadership of the tech giant as well as South Korea's views toward big business. (Reuters)

Tesla Inc filed a petition with U.S. auto safety regulators saying that 612,000 vehicles produced since 2012 do not fully comply with federal safety standards because displays can be switched from miles per hour to only metric measurements, documents released on Friday show. (Reuters)

ECONOMIC CALENDER

Date & Time	Event	Period	Survey	Actual	Prior
MALAYSIA					
01/20 15:00	BNM Overnight Policy Rate	Jan 20	1.75%	--	1.75%
UNITED STATES					
01/20 20:00	MBA Mortgage Applications	Jan 15	--	--	16.7%
01/21 21:30	Initial Jobless Claims	Jan 16	923k	--	965k
01/21 21:30	Housing Starts	Dec	1560k	--	1547k
01/22 22:45	Markit US Manufacturing PMI	Jan P	56.5	--	57.1
01/22 23:00	Existing Home Sales	Dec	6.55m	--	6.69m
EUROZONE					
01/20 18:00	CPI YoY	Dec F	-0.3%	--	-0.3%
01/21 20:45	ECB Deposit Facility Rate	Jan 21	-0.500%	--	-0.500%
01/21 20:45	ECB Main Refinancing Rate	Jan 21	0.000%	--	0.000%
01/22 17:00	Markit Eurozone Manufacturing PMI	Jan P	54.50	--	55.20

Source: Bloomberg as at 18th Jan 2021

DIVIDEND STOCKS

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)

Sector	Company	Last Price (RM)	Dividend Per Share (Estimate)	Dividend Yield (%) (Estimate)
FINANCE	Malayan Banking Bhd	8.190	0.33	4.05
	Malaysia Building Society Bhd	0.610	0.05	8.03
	RCE Capital Bhd	2.430	0.12	4.94
PROPERTY	Matrix Concepts Holdings Bhd	1.690	0.11	6.51
	KLCCP Stapled Group	7.120	0.33	4.62
	UOA Development Bhd	1.610	0.12	7.76
	LBS Bina Group Bhd	0.405	0.01	1.98
	SHL Consolidated Bhd	1.900	0.18	9.47
	Tambun Indah Land Bhd	0.620	0.02	3.23
	I-Bhd	0.220	0.00	0.45
Utilities	YTL Power International Bhd	0.690	0.04	5.51
	YTL Corp Bhd	1.630	0.04	2.17
Telco	Star Media Group Bhd	0.335	0.01	2.39
	Media Prima Bhd	0.245	0.00	0.00
Ind Prod	Hong Leong Industries Bhd	8.380	0.42	5.01
	Uchi Technologies Bhd	2.480	0.14	5.85
Technology	Globetronics Technology BHD	2.690	0.07	2.45
	Unisem M Bhd	6.220	0.07	1.17
CONSUMER	British American Tobacco Malay	12.860	0.81	6.27
	Carlsberg Brewery Malaysia Bhd	20.940	0.49	2.32
	Heineken Malaysia Bhd	22.140	0.53	2.40

	Magnum Bhd	2.200	0.08	3.41
	Pharmaniaga Bhd	5.040	0.13	2.48
	Padini Holdings Bhd	2.700	0.08	2.81
REITs	IGB REIT	1.680	0.06	3.75
	Pavilion REIT	1.490	0.04	2.55
	Sunway REIT	1.400	0.07	5.21
	Capitaland Malaysia Mall Trust	0.610	0.03	4.26
	Axis REIT	2.030	0.09	4.24
	YTL Hospitality REIT	0.825	0.03	3.39
	Al-'Aqar Healthcare REIT	1.310	0.07	5.42
	MRCB-QUILL REIT	0.870	0.07	7.70
	UOA REIT	1.100	0.09	8.18
	Al-Salam REIT	0.555	0.02	3.78
	AmFirst REIT	0.400	0.03	7.00
	Amanahraya REIT	0.640	0.09	13.84
	Tower REIT	0.580	0.02	4.07

Source: Bloomberg as at 12th Jan 2021

SECTORIAL RETURN

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 2015 and 2019 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 13.3 times against 5 year average P/E of 12.0 times, suggesting financials valuation is trading below average P/E. For a significant impact to reduce market noise, overview of sectorial performance will be updated on a monthly basis.

Index	Return (%)	Valuation P/E				
		5 - Years			Current	1 Yr - Fwd
		High	Low	Avg		
KLCI	(0.6)	18.0	16.6	19.1	23.0	14.1
Finance	(3.2)	13.3	12.3	12.8	13.3	12.0
Property	(7.0)	148.0	4.5	37.6	148.0	12.6
Plantation	2.5	74.0	19.4	36.1	35.2	28.1
Consumer	(2.1)	25.6	20.3	23.1	-	24.5
Technology	(2.9)	51.4	18.8	27.5	51.4	32.7
Construction	(9.1)	78.5	15.5	30.2	78.5	13.0
Energy	(5.6)	-	-	-	-	17.8
Healthcare	0.8	-	-	-	-	8.9
Ind Prod	(3.4)	91.8	19.3	39.8	91.8	18.9
REIT	(2.5)	-	-	-	27.6	17.9
Telco	(3.9)	-	-	-	-	23.5
Transportations	(7.6)	-	-	-	-	19.7
Utilities	(4.5)	-	-	-	20.5	14.2

Source: Bloomberg as at 12th Jan 2021



MERCURY SECURITIES

SDN BHD (113193-W)

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For any enquiries, please contact us at:

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

Tel: 603-6203 7227
or E-mail:

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