



## DAILY NEWSWATCH

## MARKET REVIEW

Malaysian stocks rose on bargain-hunting activity. Market breadth was positive with 589 gainers versus 302 losers. Every sector finished in the green with the industrial products & services sector being the top percentage gainer surging by 1.79%. Nestle (Malaysia) Berhad (4707) was the top gainer increasing by RM0.80 or 0.60%. The FBM KLCI rose by 0.93% to 1,450.32.

We expect Malaysian equities to continue its recovery after Wall Street rallied for a third straight day.

## ECONOMICS

- **ADB** lowers growth forecast for Malaysia to 5.8% for 2022 and 5.1% for 2023
- Industry group sees faster growth for **petrochemical sector**
- **MAA** ups Malaysia's car sales volume forecast, cites 'pent-up' demand

## COMPANY

- Vote in favour of bonus issue, **Berjaya Food (5196)** tells shareholders
- China fines **Didi Global** US\$1.2bn, fuelling hopes of thaw in regulatory crackdown
- **UOA REIT (5110)** 2Q rental income falls to RM21.72m, declares 4.3 sen distribution income

## EXPRESSO FOR THE DAY

- **Technical Watch – Vitrox (0097)** – Entry Price RM7.47, Target Price RM8.22, Stop Loss RM6.39, Support RM7.10, Resistance RM7.89
- **Technical Watch – Panamy (3719)** – Entry Price RM26.68, Target Price RM29.35, Stop Loss RM22.81, Support RM25.35, Resistance RM29.30

Local		(%)
<b>FBMKLCI</b>	1,450.32	0.9
<b>Volume (mil)</b>	2,128.43	(13.7)
<b>Value (RM'mil)</b>	1,379.94	(2.1)
<b>Gainers</b>	589	
<b>Losers</b>	302	
<b>Unchanged</b>	396	

Foreign		(%)
<b>Dow Jones</b>	32,036.9	0.5
<b>Nasdaq CI</b>	12,059.6	1.4
<b>S&amp;P 500</b>	3,999.0	1.0
<b>FTSE 100</b>	7,270.5	0.1
<b>Nikkei 225</b>	27,803.0	0.4
<b>Shanghai CI</b>	3,272.0	(1.0)
<b>HSI</b>	20,574.6	(1.5)
<b>STI</b>	3,152.3	(0.6)

Most Active	RM	Chg
<b>MMAG</b>	0.045	(0.005)
<b>FOCUS</b>	0.025	0.005
<b>HSI-CJA</b>	0.230	(0.035)
<b>MIRONIC-WB</b>	0.065	(0.055)
<b>BINTAI</b>	0.105	(0.015)

Top Gainer	RM	Chg
<b>NESTLE</b>	134.400	0.800
<b>PANAMY</b>	26.680	0.780
<b>UTDPLT</b>	14.640	0.640
<b>BKAWAN</b>	22.600	0.580
<b>FANG-2XL</b>	7.230	0.550

Top Loser	RM	Chg
<b>MFLOUR-LA</b>	1.160	(0.150)
<b>HSI-CJO</b>	0.935	(0.135)
<b>PADINI</b>	3.090	(0.130)
<b>HSI-CJR</b>	1.350	(0.120)
<b>HSI-CJQ</b>	0.195	(0.115)

Other Stats		(%)
<b>USD/MYR</b>	4.46	0.14
<b>USD/RMB</b>	6.77	0.16
<b>Brent (USD/barrel)</b>	103.86	(2.86)
<b>Gold (USD/troy oz)</b>	1,718.81	1.31
<b>CPO (RM/metric t)</b>	3,956.5	0.01



## **DAILY NEWSWATCH**

### **ECONOMICS**

**The Asian Development Bank** lowered its economic growth forecast for Malaysia to 5.8% for 2022 and 5.1% for 2023. (The Edge)

**The country's petrochemical industry** is poised to grow at a faster rate in future, considering petrochemical is an important element for the world to move towards energy efficiency and net zero emission, says the Malaysian Petrochemicals Association. (The Edge)

**The Malaysian Automotive Association** has raised its 2022 Malaysian automotive total industry volume forecast by 5% to 630,000 cars, from the previously estimated 600,000, following the pent-up demand for new cars in 1H22, taking into account the country's economic recovery from the impact of Covid-19-driven movement restrictions, which had hurt car sales after the pandemic began in early 2020. (The Edge)

### **COMPANY**

**Berjaya Food Bhd's (5196)** board of directors has recommended shareholders to approve the group's proposed bonus issue of up to 1.56 bn shares on the basis of four bonus shares for every one share held, saying it is in the best interest of the group. (The Edge)

China's cybersecurity regulator on Thursday fined **Didi Global Inc** US\$1.2 bn, concluding a probe that forced the ride-hailing leader to delist from New York within a year of its debut and made foreign investors wary about China's tech sector. (The Edge)

**UOA Real Estate Investment Trust (5110)** saw its net rental income for 2QFY22 fall by 1.5% to RM21.72m, from RM22.06m a year ago. (The Edge)

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## Vitrox Corporation Bhd

### Technical Watch - "BUY on Potential Upside"

Bloomberg: VITRO MK | KLSE Stock Code: 0097

Main Market  
Technology  
Subsector – Semiconductors

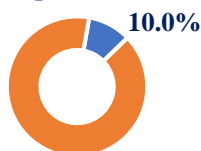
Current Price: RM7.47  
Target Price: RM8.22

#### Investment Highlights

On a downtrend the stock is currently trading above the MA20. We think there is a potential upside supported by a bullish marubozu combined with a strong momentum on the stock (RSI > 60).

With higher volatility as seen from an expanding bollinger band, we think that prices could potentially trade with higher downside risk moving forward. Trading within the 2SD, we project a 10% upside to the current price and expect EMA to hold and SMA to crossover moving forward.

#### Potential Upside



#### Bloomberg Analyst Ratings



**Buys: 7**  
**Holds: 2**  
**Sells: 1**

#### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	59.1	45.1	29.7
P/B	11.9	9.5	6.4
P/CF	79.5	58.9	54.7
P/S	13.7	10.9	7.4

\*CF – Cashflow per share, S – Sales per share

#### Company Overview

Vitrox Corporation Bhd, through its subsidiary, develops and produces automated vision inspection systems. The Company provides machine vision solutions for semiconductor integrated circuit inspection.



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Entry Price	RM7.47
Market Cap (m)	RM7,056.5
<b>52w high</b>	RM11.15
<b>52w low</b>	RM5.90
Stop Loss	RM6.39
Immediate Support	RM7.10
Immediate Resistance	RM7.89 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	1,415,965.9



# Panasonic Manufacturing Malaysia

## Technical Watch - "BUY on Potential Reversal"

Bloomberg: PMM MK | KLSE Stock Code: 3719

### Main Market Consumer Products Subsector – Household Goods

Current Price: RM26.68

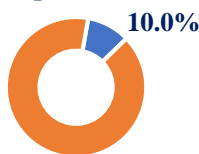
Target Price: RM29.35

#### Investment Highlights

On a downtrend, the stock is currently trading above the MA20. We think that there is a potential reversal supported by bullish marubozu coupled with a strong momentum on the stock (RSI > 50).

With lower volatility as seen from a contracting bollinger band, we think that prices could potentially trade with lower downside risk moving forward. Trading within 2SD, we project a 10% upside to the current price and expect EMA and SMA to crossover moving forward.

#### Potential Upside



#### Bloomberg Analyst Ratings



Buys: 0

Holds: 1

Sells: 2

#### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	19.8	17.5	14.1
P/BV	2.3	2.2	1.9
P/CF	21.5	16.1	12.1
P/S	1.9	1.7	1.4

\*CF – Cashflow per share, S – Sales per share

#### Company Overview

Panasonic Manufacturing Malaysia Berhad manufactures household electrical appliances. The Company offers electric and ceiling fans, blender, juicer, home shower, vacuum cleaner, dish dryer, food drinder, and other related products. Panasonic Manufacturing Malaysia serves customers worldwide.



Ronnie Tan

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Entry Price	RM26.68
Market Cap (m)	RM1,620.7
52w high	RM32.80
52w low	RM25.56
Stop Loss	RM22.81
Immediate Support	RM25.35
Immediate Resistance	RM29.30 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	6,232.5



## TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
21/6/2022	PIE	7095	3.170	3.170	2.710	3.490	6.4	0.0	-
21/6/2022	Sedania	0178	0.440	0.415	0.380	0.480	1.2	-5.7	SL Triggered
22/6/2022	DutchLady	3026	33.100	N/A	28.300	36.410	-	-	-
22/6/2022	Allianz	1163	12.800	12.720	10.940	14.080	0.2	-0.6	-
23/6/2022	TAFI	7211	0.490	0.435	0.420	0.540	14.5	-11.2	SL Triggered
23/6/2022	ChinHin	5273	3.410	3.450	2.920	3.750	9.9	1.2	-
24/6/2022	F&N	3689	20.480	20.520	17.510	22.530	-1.1	0.2	-
24/6/2022	UWC	5292	3.360	3.500	2.870	3.700	7.7	4.2	-
27/6/2022	NESTLE	4707	133.900	133.800	114.480	147.290	-0.1	-0.1	-
27/6/2022	HLFinancial	1082	18.620	18.560	15.920	20.480	-0.1	-0.3	-
28/6/2022	PPBGroup	4068	15.880	16.160	13.580	17.470	2.3	1.8	-
28/6/2022	PMBTech	7172	2.850	2.530	2.440	3.140	2.0	-11.2	-
30/6/2022	Pantech	5125	0.640	0.595	0.540	0.700	6.2	-7.0	-
30/6/2022	QL	7084	5.350	5.260	4.570	5.890	-1.7	-1.7	-
1/7/2022	BerjayaFood	5196	4.080	3.580	3.490	4.490	2.3	-12.3	-
1/7/2022	ShangRiLa	5517	3.280	NA	2.800	3.610	NA	NA	-
4/7/2022	HarnLen	7501	1.310	1.450	1.120	1.440	5.1	10.7	TP Achieved
4/7/2022	Scientex	4731	3.560	3.220	3.040	3.920	0.9	-9.6	-
5/7/2022	Boustead	2771	0.790	0.740	0.680	0.870	2.1	-6.3	-
5/7/2022	TSH	9059	1.090	1.010	0.930	1.200	5.2	-7.3	-
6/7/2022	TimeDotCom	5031	4.420	4.560	3.780	4.850	0.7	3.2	-
6/7/2022	PowerRoot	7237	1.770	1.810	1.510	1.950	2.3	2.3	-
7/7/2022	CIMBGroup	1023	5.100	5.080	4.360	4.850	0.6	-0.4	-
7/7/2022	Inari	0166	2.580	2.650	2.210	1.950	5.2	2.7	-
8/7/2022	AMMB	1015	3.850	3.850	3.290	4.240	0.0	0.0	-
8/7/2022	Boustead	2771	0.830	0.740	0.710	0.910	2.1	-10.8	-
12/7/2022	PetDag	5681	21.900	22.780	18.720	24.090	1.2	4.0	-
12/7/2022	PowerRoot	7237	1.850	1.810	1.580	2.040	2.3	-2.2	-
13/7/2022	PPBGroup	5681	16.000	16.160	13.680	17.600	2.3	1.0	-
13/7/2022	ChinHin	5273	3.370	3.450	2.880	3.710	9.9	2.4	-
14/7/2022	PIE	7095	2.850	3.170	2.440	3.140	6.4	11.2	TP Achieved
14/7/2022	Nestle	4707	134.400	133.800	114.910	147.840	-0.1	-0.4	-
15/7/2022	QLResources	7084	5.350	5.260	4.570	5.350	-1.7	-1.7	-
15/7/2022	HongLeongCapital	5274	5.780	6.070	4.940	5.970	4.3	5.0	-
18/7/2022	Frontken	0128	2.310	2.440	1.980	2.540	5.6	5.6	-
18/7/2022	Dufu	7233	2.640	2.890	2.260	2.900	9.9	9.5	-
19/7/2022	PPBGroup	4065	16.380	16.160	14.000	18.020	2.3	-1.3	-
19/7/2022	Genetec	0104	2.070	2.090	1.770	2.280	8.9	1.0	-
21/7/2022	Bonia	9288	2.020	2.020	1.730	2.220	12.2	0.0	-
21/7/2022	SKP	7155	1.560	1.560	1.330	1.720	7.6	0.0	-

\*TP=Target Price

**STOCK SELECTION BASED ON DIVIDEND YIELD**

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
AmFirst REIT	REIT	0.385	0.04	10.0
SHL Consolidated Bhd	Property	1.850	0.18	9.7
British American Tobacco Malay	Consumer	10.500	0.88	8.4
Al-Salam REIT	REIT	0.480	0.04	7.5
UOA REIT	REIT	1.160	0.09	7.4
Al-'Aqar Healthcare REIT	REIT	1.210	0.09	7.2
Matrix Concepts Holdings Bhd	Property	2.000	0.14	7.2
Pharmaniaga Bhd	Consumer	0.635	0.04	7.1
Amanahraya REIT	REIT	0.640	0.04	6.9
Uchi Technologies Bhd	Industrial	3.010	0.20	6.6
Malayan Banking Bhd	Finance	8.580	0.56	6.5
Tambun Indah Land Bhd	Property	0.815	0.05	6.5
Malaysia Building Society Bhd	Finance	0.555	0.03	6.3
Magnum Bhd	Consumer	1.650	0.10	6.2
Hong Leong Industries Bhd	Industrial	8.570	0.52	6.1

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	(8.8)	21.3	14.4	17.4	14.4	12.4	
Finance	2.9	13.0	11.5	12.4	12.3	9.6	
Property	(13.0)	13.8	11.2	12.2	11.8	8.9	
Plantation	3.4	94.6	8.7	43.3	8.7	7.8	
Consumer	(2.8)	25.6	11.9	21.4	11.9	16.7	
Technology	(37.7)	29.8	19.1	23.9	20.4	11.8	
Construction	(0.2)	22.2	13.9	17.9	13.9	11.4	
Energy	(10.7)	-	-	-	9.5	8.1	
Health care	(28.9)	52.6	8.8	30.7	8.8	22.8	
Ind Prod	(16.3)	38.6	9.3	23.5	9.3	10.8	
REIT	0.2	-	-	-	27.1	15.7	
Telco	(14.1)	25.1	23.0	24.0	23.0	16.7	
Transportations	(9.4)	-	-	-	-	15.7	
Utilities	(5.4)	-	-	-	14.3	12.2	

Source: Bloomberg



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