



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks finished higher last Friday in line with strength in Asian equity markets. Market breadth was positive with 580 gainers versus 278 losers. The financial services sector was the top percentage gainer leaping by 1.44%, while the plantation sector was the only sector to finish in the red. Batu Kawan (1899) was a major gainer increasing by RM0.40 or 1.77%. The FBM KLCI increased by 1.07% to 1,465.80.

We expect Malaysian equities to fall following steep losses on Wall Street last Friday.

ECONOMICS

- **CPO futures** end lower as Indonesia mulls waiving domestic policy requirements
- **September OPR hike** seen imminent as Malaysia's core inflation in June rose the most in six years

COMPANY

- **CapitaLand Malaysia Trust's (5180)** 2Q NPI up 42% on better retail sentiment
- **Gabungan AQRS (5226)** bags RM66.59m construction job from Public Works Dept
- **Hextar Industries' (0161)** 3Q net profit jumps on higher demand for fertilisers
- **HPP (0228)** 4Q net profit down 30% on weaker revenue, higher tax
- **LBS Bina (5789)** buys Bentong land plots for RM97.85m, plans RM9bn mixed development

EXPRESSO FOR THE DAY

- **Technical Watch – Lctitan (5284)** – Entry Price RM2.05, Target Price RM2.26, Stop Loss RM1.75, Support RM1.95, Resistance RM2.43
- **Technical Watch – Maybank (1155)** – Entry Price RM8.81, Target Price RM9.69, Stop Loss RM7.53, Support RM8.37, Resistance RM9.12

Local		(%)
FBMKLCI	1,465.80	1.1
Volume (mil)	2,047.59	(3.8)
Value (RM'mil)	1,545.56	12.0
Gainers	580	
Losers	278	
Unchanged	414	

Foreign		(%)
Dow Jones	31,899.3	(0.4)
Nasdaq CI	11,834.1	(1.9)
S&P 500	3,961.6	(0.9)
FTSE 100	7,276.4	0.1
Nikkei 225	27,914.7	0.4
Shanghai CI	3,270.0	(0.1)
HSI	20,609.1	0.2
STI	3,181.3	0.9

Most Active	RM	Chg
MTRONIC-WB	0.050	(0.015)
HONGSENG-WB	0.080	0.025
BINTAI	0.110	0.005
CYPARK	0.365	0.010
MYEG	0.770	(0.005)

Top Gainer	RM	Chg
DIN045801028	103.300	1.200
DIN040000223	102.100	1.000
BKAWAN	23.000	0.400
ALLIANZ-PA	12.980	0.380
MPI	30.800	0.360

Top Loser	RM	Chg
CARLSBG	22.440	(0.240)
HSI-CJP	0.190	(0.210)
HAPSENG	7.290	(0.210)
CARZO	1.080	(0.180)
PETGAS	16.800	(0.180)

Other Stats		(%)
USD/MYR	4.45	(0.12)
USD/RMB	6.75	(0.23)
Brent (USD/barrel)	103.20	(0.64)
Gold (USD/troy oz)	1,727.64	0.51
CPO (RM/metric t)	3,824.0	0.35



DAILY NEWSWATCH

ECONOMICS

Crude palm oil futures contract on Bursa Malaysia Derivatives closed lower amid news that the Indonesian government is mulling to waive its domestic policy requirements for palm oil exports, said palm oil trader David Ng. (The Edge)

Malaysia's inflation reading in June, as measured by the consumer price index, beat economists' expectations by breaching the 3% mark for the first time this year as it rose 3.4% y-o-y, while core inflation grew 3% y-o-y — its fastest pace of increase since March 2016. (The Edge)

COMPANY

CapitaLand Malaysia Trust (5180) logged a 41.63% rise in net property income to RM37.43m for 2QFY22, from RM26.43m in the corresponding quarter last year, underpinned by retail sentiment recovery as tenants' businesses gradually normalised. (The Edge)

Gabungan AQRS Bhd's (5226) wholly-owned unit Gabungan Strategik Sdn Bhd has secured a RM66.59m contract from the Public Works Department to build 24 classrooms for Sekolah Menengah Kebangsaan Pendidikan Khas Bandar Enstek in Negeri Sembilan. (The Edge)

Hextar Industries Bhd's (0161) net profit for 3QFY22 rose 93.4% to RM1.82m, from RM940,000 a year earlier, driven by higher demand for fertilisers. (The Edge)

HPP Holdings Bhd (0228) saw its earnings decline 30% y-o-y to RM3.5m in 4QFY22, down from RM5m a year ago, due to higher effective tax rate and lower revenue. (The Edge)

LBS Bina Group Bhd (5789) has proposed to purchase two pieces of land in Bentong, Pahang for a total consideration of RM97.85m. (The Edge)



Lotte Chemical Titan Holding Berhad

Technical Watch - "BUY on Potential Reversal"

Bloomberg: TTNP MK | KLSE Stock Code: 5284

Main Market
Industrial Products
Subsector – Chemicals

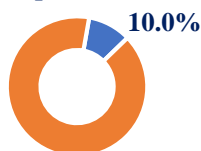
Current Price: RM2.05
Target Price: RM2.26

Investment Highlights

On a downtrend the stock is currently trading above the MA20. We think there is a potential reversal 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 and SMA to crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buy: 0
Hold: 3
Sell: 4

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	12.7	12.2	12.2
P/B	0.4	0.5	0.5
P/CF	3.8	4.4	4.4
P/S	0.6	0.6	0.6

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

Company Overview

Lotte Chemical Titan Holding Berhad operates as a holding company. The Company, through its subsidiaries, offers polyethylene, ethylene, benzene, toluene, and other chemicals. Lotte Chemical Titan Holding serves customers in Southeast Asia.



Ronnie Tan

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Entry Price	RM2.05
Market Cap (m)	RM4,669.0
52w high	RM2.76
52w low	RM1.90
Stop Loss	RM1.75
Immediate Support	RM1.95
Immediate Resistance	RM2.43 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	2,898,790.3



Malayan Banking Berhad

Technical Watch - “BUY on Potential Upside”

Bloomberg: MAY MK | KLSE Stock Code: 1155

Main Market Financial Services Subsector – Banking

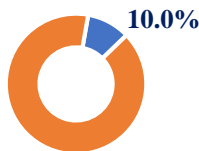
Current Price: RM8.81
Target Price: RM9.69

Investment Highlights

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

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 to hold and SMA to crossover moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 12
Holds: 6
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

Malayan Banking Berhad operates as a bank. The Company provides financial services such as insurance, asset management, stock broking, nominee services, venture capital, leasing, and Internet banking. Malayan Banking Berhad serves customers in South East Asia.



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Entry Price	RM8.81
Market Cap (m)	RM105,455.8
52w high	RM9.18
52w low	RM7.87
Stop Loss	RM7.53
Immediate Support	RM8.37
Immediate Resistance	RM9.12 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	14,155,455.9



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
23/6/2022	TAFI	7211	0.490	0.420	0.420	0.540	-3.4	-14.3	SL Triggered
23/6/2022	ChinHin	5273	3.410	4.100	2.920	3.750	5.1	20.2	TP Achieved
24/6/2022	F&N	3689	20.480	20.800	17.510	22.530	-0.1	1.6	-
24/6/2022	UWC	5292	3.360	3.710	2.870	3.700	2.2	10.4	TP Achieved
27/6/2022	NESTLE	4707	133.900	134.600	114.480	147.290	0.1	0.5	-
27/6/2022	HLFinancial	1082	18.620	18.700	15.920	20.480	0.9	0.4	-
28/6/2022	PPBGroup	4068	15.880	16.200	13.580	17.470	0.5	2.0	-
28/6/2022	PMBTech	7172	2.850	2.700	2.440	3.140	0.7	-5.3	-
30/6/2022	Pantech	5125	0.640	0.595	0.540	0.700	0.0	-7.0	-
30/6/2022	QL	7084	5.350	5.220	4.570	5.890	0.0	-2.4	-
1/7/2022	BerjayaFood	5196	4.080	3.840	3.490	4.490	0.3	-5.9	-
1/7/2022	ShangRiLa	5517	3.280	3.300	2.800	3.610	1.5	0.6	-
4/7/2022	HarnLen	7501	1.310	1.600	1.120	1.440	9.6	22.1	TP Achieved
4/7/2022	Scientex	4731	3.560	3.330	3.040	3.920	1.5	-6.5	-
5/7/2022	Boustead	2771	0.790	0.765	0.680	0.870	0.0	-3.2	-
5/7/2022	TSH	9059	1.090	0.985	0.930	1.200	-3.4	-9.6	-
6/7/2022	TimeDotCom	5031	4.420	4.490	3.780	4.850	-1.5	1.6	-
6/7/2022	PowerRoot	7237	1.770	1.780	1.510	1.950	-0.6	0.6	-
7/7/2022	CIMBGroup	1023	5.100	5.250	4.360	4.850	1.7	2.9	-
7/7/2022	Inari	0166	2.580	2.740	2.210	1.950	1.5	6.2	-
8/7/2022	AMMB	1015	3.850	3.900	3.290	4.240	0.8	1.3	-
8/7/2022	Boustead	2771	0.830	0.765	0.710	0.910	0.0	-7.8	-
12/7/2022	PetDag	5681	21.900	23.000	18.720	24.090	0.0	5.0	-
12/7/2022	PowerRoot	7237	1.850	1.780	1.580	2.040	-0.6	-3.8	-
13/7/2022	PPBGroup	5681	16.000	16.200	13.680	17.600	0.5	1.3	-
13/7/2022	ChinHin	5273	3.370	4.100	2.880	3.710	5.1	21.7	TP Achieved
14/7/2022	PIE	7095	2.850	3.280	2.440	3.140	-0.3	15.1	TP Achieved
14/7/2022	Nestle	4707	134.400	134.600	114.910	147.840	0.1	0.1	-
15/7/2022	QLResources	7084	5.350	5.220	4.570	5.350	0.0	-2.4	-
15/7/2022	HongLeongCapital	5274	5.780	6.200	4.940	5.970	0.5	7.3	-
18/7/2022	Frontken	0128	2.310	2.520	1.980	2.540	2.4	9.1	-
18/7/2022	Dufu	7233	2.640	2.910	2.260	2.900	-1.4	10.2	TP Achieved
19/7/2022	PPBGroup	4065	16.380	16.200	14.000	18.020	0.5	-1.1	-
19/7/2022	Genetec	0104	2.070	2.250	1.770	2.280	5.6	8.7	-
21/7/2022	Bonia	9288	2.020	2.140	1.730	2.220	-6.1	5.9	-
21/7/2022	SKP	7155	1.560	1.560	1.330	1.720	0.0	0.0	-
22/7/2022	Vitrox	0097	7.470	7.400	6.390	8.220	-0.9	-0.9	-
22/7/2022	Panamy	3719	26.680	26.600	22.810	29.350	-0.3	-0.3	-
25/7/2022	Lctitan	5284	2.050	2.050	1.750	2.260	6.2	0.0	-
25/7/2022	Maybank	1155	8.810	8.810	7.530	9.690	1.3	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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