



**DAILY NEWSWATCH**

**MARKET REVIEW**

Malaysian stocks surged yesterday in lock-step with strong gains on Wall Street on Wednesday as there were no negative surprises in the Fed's interest rate hike decision. Market breadth was broadly positive with 653 gainers versus 264 losers. The energy sector was the top percentage gainer leaping by 3.32% as crude oil prices rose during the Bursa trading session. The health care sector was the only sector to finish in the red. Malaysian Pacific Industries (3867) was the top gainer jumping by RM1.36 or 4.40% in line with strength in technology counters. The FBM KLCI increased by 1.39% to 1,491.20.

We expect Malaysian equities to continue their recovery as Wall Street continued to move higher last night.

**ECONOMICS**

- **India's palm oil imports** from Malaysia to remain stable in 2H22 — IVPA

**COMPANY**

- Global inflationary pressure drags **Bursa's (1818)** 2Q net profit down 33% to RM59.5m
- **Frontken (0128)** declares 1.6 sen dividend as 2Q net profit jumps 30.2% to RM32.2m
- **Nestlé (4707)** 2Q net profit climbs 26% to RM170m on higher sales; declares 70 sen dividend
- **Samchem (5147)** 2Q earnings down 5%
- **Vitrox (0097)** posts higher 2Q profit on stronger US dollar
- **Westports (5246)** declares 6.91 sen dividend as fuel costs drag 2Q profit by 8.8%

**EXPRESSO FOR THE DAY**

- **Technical Watch – Axiata (6888)** – Entry Price RM2.85, Target Price RM3.14, Stop Loss RM2.44, Support RM2.71, Resistance RM4.15
- **Technical Watch – SAM (9822)** – Entry Price RM3.50, Target Price RM3.85, Stop Loss RM2.99, Support RM3.33, Resistance RM4.15

Local (%)		
<b>FBMKLCI</b>	1,491.20	1.4
<b>Volume (mil)</b>	2,827.49	29.3
<b>Value (RM'mil)</b>	1,812.91	33.1
<b>Gainers</b>	653	
<b>Losers</b>	264	
<b>Unchanged</b>	391	
Foreign (%)		
<b>Dow Jones</b>	32,529.6	1.0
<b>Nasdaq CI</b>	12,162.6	1.1
<b>S&amp;P 500</b>	4,072.4	1.2
<b>FTSE 100</b>	7,345.3	(0.0)
<b>Nikkei 225</b>	27,815.5	0.4
<b>Shanghai CI</b>	3,282.6	0.2
<b>HSI</b>	20,622.7	(0.2)
<b>STI</b>	3,220.7	0.5
Most Active RM Chg		
<b>MTRONIC-WB</b>	0.035	0.000
<b>MTRONIC</b>	0.130	0.030
<b>SAPNRG</b>	0.045	0.000
<b>SERBADK</b>	0.110	0.000
<b>MYEG</b>	0.745	(0.010)
Top Gainer RM Chg		
<b>MPI</b>	30.900	0.400
<b>HLBANK</b>	21.080	0.400
<b>NESTLE</b>	134.500	0.400
<b>PETGAS</b>	16.940	0.300
<b>PETDAG</b>	22.800	0.300
Top Loser RM Chg		
<b>PANAMY</b>	26.040	(0.320)
<b>GENP</b>	6.300	(0.160)
<b>CEPCO</b>	0.850	(0.125)
<b>DLADY</b>	32.900	(0.100)
<b>KESM</b>	7.000	(0.100)
Other Stats (%)		
<b>USD/MYR</b>	4.45	(0.11)
<b>USD/RMB</b>	6.75	(0.17)
<b>Brent (USD/barrel)</b>	107.14	0.49
<b>Gold (USD/troy oz)</b>	1,755.84	1.25
<b>CPO (RM/metric t)</b>	4,010.0	2.95



**DAILY NEWSWATCH**

**ECONOMICS**

The Indian Vegetable Oil Producers' Association estimated **India's palm oil imports from Malaysia** to remain stable in the second half of the year, making up about 55% of the country's total palm oil imports despite Indonesia's move to accelerate palm oil exports. (The Edge)

**COMPANY**

Weaker revenue impacted by domestic and global developments, including global inflationary pressures, led **Bursa Malaysia Bhd (1818)** to report lower net profit for 2QFY22, down 33.16% y-o-y to RM59.47m, from RM88.97m a year ago. (The Edge)

**Frontken Corporation Bhd's (0128)** net profit for 2QFY22 rose by 30.17% to RM32.2m, compared with RM24.74m a year earlier, on the back of improved revenue and better profit margins. (The Edge)

**Nestlé (Malaysia) Bhd's (4707)** net profit rose 26.11% to RM169.65m for 2QFY22, from RM134.53m a year ago, on the back of increased sales. (The Edge)

**Samchem Holdings Bhd's (5147)** net profit for 2QFY22 decreased by 5.4% to RM18.21m, down from RM19.24m a year ago, due to narrower margin as a result of challenging business environment. (The Edge)

**Vitrox Corp Bhd (0097)** said its second quarter net profit rose slightly to RM51.35m, from RM50.64m a year ago, thanks to the stronger US dollar. (The Edge)

**Westports Holdings Bhd's (5246)** net profit for 2QFY22 slipped 8.81% to RM162.29m, from RM177.97m a year earlier, as higher fuel costs more than offset container revenue. (The Edge)

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## Axiata Group Berhad

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

Bloomberg: AXIATA MK | KLSE Stock Code: 6888

**Main Market  
Telecommunication  
Subsector – Telecom Service**

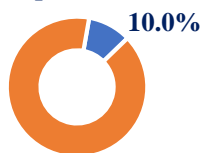
**Current Price: RM2.85  
Target Price: RM3.14**

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

#### Potential Upside



#### Bloomberg Analyst Ratings



**Buys: 12  
Holds: 6  
Sells: 1**

#### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	66.2	60.4	40.8
P/B	1.9	1.9	2.0
P/CF	3.8	4.9	6.6
P/S	1.3	1.4	1.9

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

#### Company Overview

Axiata Group Berhad is a telecommunication company. The Company's main activities are the establishment, maintenance, and provision of telecommunications and related services.



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Entry Price	RM2.85
Market Cap (m)	RM26,153.9
<b>52w high</b>	RM4.19
<b>52w low</b>	RM2.61
Stop Loss	RM2.44
Immediate Support	RM2.71
Immediate Resistance	RM4.15 (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)	3,718,452.4



## SAM Engineering & Equipment (M) Berhad

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

Bloomberg: SEQB MK | KLSE Stock Code: 9822

Main Market  
Industrial Products & Services  
Subsector – Industrial Materials

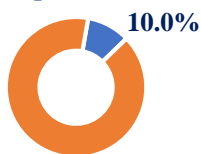
Current Price: RM3.50  
Target Price: RM3.85

#### Investment Highlights

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

#### Potential Upside



#### Bloomberg Analyst Ratings



Buys: 1  
Holds: 0  
Sells: 0

#### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	24.8	17.8	13.2
P/BV	2.6	2.1	1.5
P/CF	10.9	13.4	215.9
P/S	1.7	1.5	1.1

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

#### Company Overview

Sam Engineering & Equipment (M) Bhd manufactures production equipment and aerospace products. The Company produces manufacturing machinery including test handlers, laser mark handlers, material handling systems, vision inspection and automation solutions, and offers metal machining and sheet metal fabrication services.



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Entry Price	RM3.50
Market Cap (m)	RM1,894.9
52w high	RM6.43
52w low	RM1.92
Stop Loss	RM2.99
Immediate Support	RM3.33
Immediate Resistance	RM4.15 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	654,088.7



## TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
30/6/2022	Pantech	5125	0.640	0.595	0.540	0.700	-0.8	-7.0	-
30/6/2022	QL	7084	5.350	5.230	4.570	5.890	0.0	-2.2	-
1/7/2022	BerjayaFood	5196	4.080	3.980	3.490	4.490	4.7	-2.5	-
1/7/2022	ShangRiLa	5517	3.280	3.370	2.800	3.610	0.0	2.7	-
4/7/2022	HarnLen	7501	1.310	1.430	1.120	1.440	0.0	9.2	TP Achieved
4/7/2022	Scientex	4731	3.560	3.260	3.040	3.920	-1.2	-8.4	-
5/7/2022	Boustead	2771	0.790	0.780	0.680	0.870	-1.9	-1.3	-
5/7/2022	TSH	9059	1.090	1.020	0.930	1.200	2.5	-6.4	-
6/7/2022	TimeDotCom	5031	4.420	4.580	3.780	4.850	0.0	3.6	-
6/7/2022	PowerRoot	7237	1.770	1.780	1.510	1.950	1.1	0.6	-
7/7/2022	CIMBGroup	1023	5.100	5.220	4.360	4.850	0.4	2.4	-
7/7/2022	Inari	0166	2.580	2.780	2.210	1.950	2.6	7.8	-
8/7/2022	AMMB	1015	3.850	3.890	3.290	4.240	-0.5	1.0	-
8/7/2022	Boustead	2771	0.830	0.780	0.710	0.910	-1.9	-6.0	-
12/7/2022	PetDag	5681	21.900	22.800	18.720	24.090	1.3	4.1	-
12/7/2022	PowerRoot	7237	1.850	1.780	1.580	2.040	1.1	-3.8	-
13/7/2022	PPBGroup	5681	16.000	16.200	13.680	17.600	0.0	1.3	-
13/7/2022	ChinHin	5273	3.370	4.600	2.880	3.710	2.7	36.5	TP Achieved
14/7/2022	PIE	7095	2.850	3.380	2.440	3.140	2.4	18.6	TP Achieved
14/7/2022	Nestle	4707	134.400	134.500	114.910	147.840	0.3	0.1	-
15/7/2022	QLResources	7084	5.350	5.230	4.570	5.350	0.0	-2.2	-
15/7/2022	HongLeongCapital	5274	5.780	6.140	4.940	5.970	1.5	6.2	-
18/7/2022	Frontken	0128	2.310	2.670	1.980	2.540	6.8	15.6	-
18/7/2022	Dufu	7233	2.640	3.000	2.260	2.900	2.0	13.6	TP Achieved
19/7/2022	PPBGroup	4065	16.380	16.200	14.000	18.020	0.0	-1.1	-
19/7/2022	Genetec	0104	2.070	2.350	1.770	2.280	1.7	13.5	-
21/7/2022	Bonia	9288	2.020	2.220	1.730	2.220	-0.9	9.9	TP Achieved
21/7/2022	SKP	7155	1.560	1.620	1.330	1.720	1.3	3.8	-
22/7/2022	Vitrox	0097	7.470	7.400	6.390	8.220	2.8	-0.9	-
22/7/2022	Panamy	3719	26.680	26.040	22.810	29.350	-1.2	-2.4	-
25/7/2022	Lctitan	5284	2.050	1.990	1.750	2.260	-0.5	-2.9	-
25/7/2022	Maybank	1155	8.810	8.800	7.530	9.690	0.1	-0.1	-
26/7/2022	Padini	7052	3.100	3.200	2.650	3.410	0.6	3.2	-
26/7/2022	Chin Hin	5273	4.230	4.600	3.610	4.640	2.7	8.7	-
27/7/2022	Dayang	5141	0.970	0.970	0.830	1.060	0.5	0.0	-
27/7/2022	Bonia	9288	2.230	2.220	1.910	2.450	-0.9	-0.4	-
28/7/2022	AEONCR	5139	14.480	14.400	12.380	15.930	1.8	-0.6	-
28/7/2022	BerjayaFood	5196	3.980	3.980	3.400	4.380	4.7	0.0	-
29/7/2022	Axiata	6888	2.850	2.710	2.440	3.140	0.4	-4.9	-
29/7/2022	SAM	9822	3.500	2.920	2.990	3.850	-0.7	-16.6	-

\*TP=Target Price

**STOCK SELECTION BASED ON DIVIDEND YIELD**

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
AmFirst REIT	REIT	0.390	0.04	9.9
SHL Consolidated Bhd	Property	1.920	0.18	9.4
British American Tobacco Malay	Consumer	10.800	0.86	8.0
Al-Salam REIT	REIT	0.475	0.04	7.6
UOA REIT	REIT	1.160	0.09	7.4
Al-'Aqar Healthcare REIT	REIT	1.210	0.09	7.2
Amanahraya REIT	REIT	0.640	0.04	6.9
Capitaland Malaysia Trust	REIT	0.570	0.04	6.7
Uchi Technologies Bhd	Industrial	3.040	0.20	6.6
Matrix Concepts Holdings Bhd	Property	2.260	0.14	6.3
Malayan Banking Bhd	Finance	8.850	0.56	6.3
Pharmaniaga Bhd	Consumer	0.665	0.04	6.3
Magnum Bhd	Consumer	1.630	0.10	6.3
Malaysia Building Society Bhd	Finance	0.585	0.04	6.0
Tambun Indah Land Bhd	Property	0.895	0.05	5.9

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	(4.9)	21.3	15.0	17.5	15.0	13.0	
Finance	7.1	13.0	11.5	12.5	12.8	9.9	
Property	(9.6)	13.8	11.2	12.3	12.3	9.4	
Plantation	5.9	94.6	8.9	43.3	8.9	7.9	
Consumer	(0.5)	25.6	12.1	21.5	12.1	17.1	
Technology	(32.3)	29.8	19.1	24.2	22.1	12.9	
Construction	3.1	22.2	14.4	18.0	14.4	11.8	
Energy	(5.3)	-	-	-	10.2	8.7	
Health care	(27.2)	52.6	10.0	31.3	10.0	23.4	
Ind Prod	(9.4)	38.6	10.1	23.7	10.1	11.9	
REIT	2.1	-	-	-	26.5	15.9	
Telco	(10.4)	25.1	24.0	24.6	24.0	17.5	
Transportations	(6.6)	-	-	-	-	16.1	
Utilities	(2.0)	-	-	-	14.6	12.4	

Source: Bloomberg

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