



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks rallied yesterday following strong gains on Wall Street on Wednesday after inflation came in lower than expected. Market breadth was broadly positive with 628 gainers versus 260 losers. The technology sector was the top percentage gainer surging by 4.25%, while the health care sector was the only sector to finish in the red declining by 0.72%. Malaysian Pacific Industries (3867) was the top gainer leaping by RM1.38 or 4.48%. The FBM KLCI increased by 0.89% to 1,505.56.

We expect Malaysian stocks to continue their recovery in the short-term on improving risk sentiment.

ECONOMICS

- DOSM: Malaysia wholesale, retail trade jumps as car sales spike over 1,000%
- IEA sees Russia oil output down 20% when EU ban takes effect
- Ringgit-Singapore dollar rate sees fresh record at 3.2517

COMPANY

- Johor Corp picks banks for IPO of palm oil unit Kulim, sources say
- KPower (7130) gets four-year extension for its solar project PPA
- MGB (7595) bags another housing contract from LBS unit worth RM172m
- Pentamaster (7160) 2Q net profit up 7% to RM19.2m

EXPRESSO FOR THE DAY

- Technical Watch – SAM (9822) – Entry Price RM4.59, Target Price RM5.05, Stop Loss RM2.69, Support RM2.99, Resistance RM4.63
- Technical Watch – Heineken (3255) – Entry Price RM24.44, Target Price RM26.88, Stop Loss RM20.90, Support RM23.28, Resistance RM23.69

Local (%)		
FBMKLCI	1,505.56	0.9
Volume (mil)	2,548.62	17.7
Value (RM'mil)	1,969.69	17.4
Gainers	628	
Losers	260	
Unchanged	379	
Foreign (%)		
Dow Jones	33,336.7	0.1
Nasdaq CI	12,779.9	(0.6)
S&P 500	4,207.3	(0.1)
FTSE 100	7,465.9	(0.5)
Nikkei 225	27,819.3	(0.6)
Shanghai CI	3,281.7	1.6
HSI	20,082.4	2.4
STI	3,302.0	0.5
Most Active RM Chg		
MTRONIC	0.050	(0.005)
SFPTECH	1.130	0.190
G3	0.030	(0.005)
FINTEC	0.010	0.000
GPACKET	0.055	0.005
Top Gainer RM Chg		
MPI	32.200	1.380
SAM	4.590	0.740
HEIM	24.380	0.620
F&N	23.020	0.520
NESTLE	135.800	0.500
Top Loser RM Chg		
SP500-H13	1.610	(0.210)
HARTA	2.280	(0.170)
HSI-HEI	0.695	(0.160)
HSI-HKA	1.510	(0.160)
HSI-HEN	0.625	(0.155)
Other Stats (%)		
USD/MYR	4.45	(0.23)
USD/RMB	6.74	0.31
Brent (USD/barrel)	99.60	2.26
Gold (USD/troy oz)	1,789.72	(0.15)
CPO (RM/metric t)	4,219.5	1.27



**DAILY NEWSWATCH**

**ECONOMICS**

**Malaysia's June 2022 wholesale and retail trade value** jumped 44% while its volume rose 35.8% from a year earlier, led by a spike in car sales value of 1,642.8% and volume of 1,529.9%, according to the Department of Statistics Malaysia on Thursday (Aug 11). (The Edge)

**Russia's oil output** is set to fall roughly 20% by the start of next year as a European Union import ban comes into force, according to the International Energy Agency. (The Edge)

**The ringgit** depreciated to its weakest level against the Singapore dollar at 3.2517 on Thursday (Aug 11). At the time of writing, the ringgit cut losses against the Singapore dollar at 3.2473. (The Edge)

**COMPANY**

**Johor Corp**, a Malaysian state-owned investment firm, has picked banks for an **IPO of its plantation unit**, according to people with knowledge of the matter. (The Edge)

**KPower Bhd (7130)** has secured a four-year extension of its power purchase agreement with Tenaga Nasional Bhd relating to the development of a 50-megawatt solar photovoltaic plant in Pekan, Pahang. (The Edge)

**MGB Bhd (7595)** has bagged another housing contract in Dengkil, Selangor from a unit of its major shareholder LBS Bina Group Bhd. The latest contract, worth RM172.34m, is for the development of two 24-storey blocks of affordable service apartments, said MGB in a Bursa Malaysia filing. (The Edge)

**Pentamaster Corporation Bhd's (7160)** second quarter net profit rose 7.05% to RM19.20m from RM17.94m a year earlier, underpinned by higher revenue. (The Edge)

---



## SAM Engineering & Equipment M Bhd

Technical Watch - “BUY on Potential Upside”

Bloomberg: SEQB MK | KLSE Stock Code: 9822

Main Market  
Industrial Products & Services  
Subsector–Industrial Materials

Current Price: RM4.59

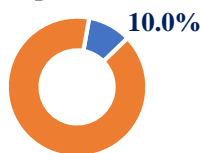
Target Price: RM5.05

### Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential upside supported by a bullish marubozu with a strong momentum on the stock (RSI > 65).

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 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	7.7	13.0	47.7
P/B	0.6	0.5	0.5
P/CF	3.9	9.8	10.1
P/S	0.1	0.1	0.1

\*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.



Ronnie Tan

ronnie-tan@mersec.com.my

Entry Price	RM4.62
Market Cap (m)	RM2,501.3
52w high	RM6.43
52w low	RM2.76
Stop Loss	RM3.95
Immediate Support	RM4.39
Immediate Resistance	RM4.63 (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



## Heineken Malaysia Berhad

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

Bloomberg: HEIM MK | KLSE Stock Code: 3255

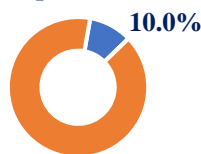
**Main Market  
Consumer Products & Services  
Subsector – Food & Beverages****Current Price: RM24.44****Target Price: RM26.88**

#### Investment Highlights

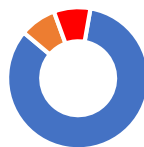
On a sideways, the stock is currently trading above the MA20. We think that there is a potential upside supported by a bullish marubozu coupled with a strong momentum on the stock (RSI > 60).

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: 10****Holds: 1****Sells: 1**

#### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
<b>P/E</b>	31.8	26.4	20.5
<b>P/BV</b>	18.0	17.6	13.4
<b>P/CF</b>	23.3	20.7	16.2
<b>P/S</b>	3.4	3.2	2.5

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

#### Company Overview

Heineken Malaysia Berhad produces, packages, markets and distributes beer under the Guinness Stout, Anchor Special Beer, Anchor Pilsener Beer, Lion Stout, Anchor Beer, Anchor Ice Beer, Tiger Beer, Heineken Beer, Anglia Shandy, and Malta. Through its subsidiaries, the Company also has operation in property holding and land development.

**Ronnie Tan**

ronnie-tan@mersec.com.my

Entry Price	RM24.44
Market Cap (m)	RM7,383.3
<b>52w high</b>	RM25.18
<b>52w low</b>	RM19.78
Stop Loss	RM20.90
Immediate Support	RM23.22
Immediate Resistance	RM23.96 (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)	12,247,544.2



## TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
14/7/2022	PIE	7095	2.850	3.130	2.440	3.140	-4.0	9.8	TP Achieved
14/7/2022	Nestle	4707	134.400	135.300	114.910	147.840	0.4	0.7	-
15/7/2022	QLResources	7084	5.350	5.050	4.570	5.350	0.0	-5.6	-
15/7/2022	HongLeongCapital	5274	5.780	6.170	4.940	5.970	-0.5	6.7	-
18/7/2022	Frontken	0128	2.310	2.710	1.980	2.540	-3.2	17.3	TP Achieved
18/7/2022	Dufu	7233	2.640	2.900	2.260	2.900	-2.4	9.8	TP Achieved
19/7/2022	PPBGroup	4065	16.380	16.400	14.000	18.020	0.0	0.1	-
19/7/2022	Genetec	0104	2.070	2.360	1.770	2.280	0.4	14.0	TP Achieved
21/7/2022	Bonia	9288	2.020	2.070	1.730	2.220	-3.3	2.5	TP Achieved
21/7/2022	SKP	7155	1.560	1.590	1.330	1.720	0.0	1.9	-
22/7/2022	Vitrox	0097	7.470	7.220	6.390	8.220	-3.7	-3.3	-
22/7/2022	Panamy	3719	26.680	26.100	22.810	29.350	0.0	-2.2	-
25/7/2022	Lctitan	5284	2.050	1.770	1.750	2.260	-2.2	-13.7	-
25/7/2022	Maybank	1155	8.810	8.900	7.530	9.690	0.1	1.0	-
26/7/2022	Padini	7052	3.100	3.150	2.650	3.410	-0.6	1.6	-
26/7/2022	Chin Hin	5273	4.230	4.920	3.610	4.640	-2.0	16.3	TP Achieved
27/7/2022	Dayang	5141	0.970	0.950	0.830	1.060	0.0	-2.1	-
27/7/2022	Bonia	9288	2.230	2.070	1.910	2.450	-3.3	-7.2	-
28/7/2022	AEONCR	5139	14.480	13.920	12.380	15.930	-0.9	-3.9	-
28/7/2022	BerjayaFood	5196	3.980	3.880	3.400	4.380	-2.5	-2.5	-
29/7/2022	Axiata	6888	2.850	2.900	2.440	3.140	-1.7	1.8	-
29/7/2022	SAM	9822	3.500	3.850	2.990	3.850	-5.6	10.0	TP Achieved
1/8/2022	Unisem	5005	3.000	2.820	2.570	3.300	-4.0	-6.0	-
1/8/2022	TNB	5347	8.260	8.430	7.060	9.090	-0.1	2.1	-
2/8/2022	KLK	2445	22.540	22.500	19.270	24.790	1.1	-0.2	-
2/8/2022	F&N	3689	22.020	22.500	18.830	24.240	-1.2	2.2	-
3/8/2022	Heineken	3255	22.540	23.760	20.180	26.070	-0.8	5.4	-
3/8/2022	HarnLen	7501	1.640	1.700	1.400	1.800	-1.7	3.7	-
4/8/2022	Vitrox	0097	7.790	7.220	6.660	8.570	-3.7	-7.3	-
4/8/2022	Axiata	6888	2.950	2.900	2.520	3.250	-1.7	-1.7	-
8/8/2022	Harrison	5008	5.750	N/A	4.920	6.330	N/A	N/A	-
8/8/2022	Hextar	5151	1.670	1.700	1.430	1.840	0.0	1.8	-
9/8/2022	DKSH	5908	4.330	4.160	3.640	4.760	-2.3	-3.9	-
9/8/2022	BIG	7008	0.760	0.800	0.710	0.840	-3.6	5.3	-
10/8/2022	Signature	7246	1.500	1.450	1.270	1.640	-2.7	-3.3	-
10/8/2022	PetGas	6033	17.280	17.080	14.790	19.030	-1.3	-1.2	-
11/8/2022	TexChem	8702	3.150	3.190	2.690	3.470	10.0	1.3	-
11/8/2022	SimePlt	5285	4.510	4.520	3.860	4.960	1.6	0.2	-
12/8/2022	SAM	9822	4.590	3.850	3.950	5.050	-5.6	-16.1	-
12/8/2022	Heineken	3255	24.440	23.760	20.900	26.880	-0.8	-2.8	-

\*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	1.930	0.18	9.3
British American Tobacco Malay	Consumer	10.280	0.86	8.4
YTL Hospitality REIT	REIT	0.965	0.08	8.1
Al-Salam REIT	REIT	0.470	0.04	7.7
UOA REIT	REIT	1.140	0.09	7.5
Al-'Aqar Healthcare REIT	REIT	1.220	0.09	7.1
Amanahraya REIT	REIT	0.640	0.04	6.9
Capitaland Malaysia Trust	REIT	0.570	0.04	6.7
Matrix Concepts Holdings Bhd	Property	2.230	0.14	6.4
Uchi Technologies Bhd	Industrial	3.120	0.20	6.4
Pharmaniaga Bhd	Consumer	0.665	0.04	6.3
Malayan Banking Bhd	Finance	8.950	0.56	6.3
Magnum Bhd	Consumer	1.690	0.10	6.0
Malaysia Building Society Bhd	Finance	0.585	0.04	6.0

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	(4.2)	21.3	15.7	17.6	15.7	13.9	
Finance	7.8	13.0	11.5	12.5	12.9	7.7	
Property	(8.9)	13.8	11.2	12.3	12.4	9.6	
Plantation	8.9	94.6	9.0	43.4	9.0	9.6	
Consumer	(0.7)	25.6	12.1	21.5	12.1	16.3	
Technology	(30.5)	29.8	19.1	24.3	22.6	21.2	
Construction	3.7	22.2	14.5	18.1	14.5	11.6	
Energy	(6.8)	-	-	-	10.0	8.6	
Health care	(29.5)	52.6	12.4	32.5	12.4	23.4	
Ind Prod	(9.5)	38.6	10.2	23.7	10.2	11.9	
REIT	2.3	-	-	-	25.2	16.0	
Telco	(9.3)	25.1	24.8	24.9	24.8	18.1	
Transportations	(5.9)	-	-	-	-	3.5	
Utilities	(1.8)	-	-	-	14.5	12.4	

Source: Bloomberg

**Disclaimers**

This report is prepared primarily for the use of Mercury Securities' clients in Malaysia and not for publication purposes, notwithstanding its public dissemination via external financial information providers such as Bloomberg LP. This report should not be reproduced, altered in any way, transmitted to, copied, or distributed to any other party in whole or in part in any form or manner without the prior express written consent of Mercury Securities. Mercury Securities, companies and individuals related to it accept no liability whatsoever for the actions of third parties in this respect.

This research report is prepared for general circulation and for information purposes, only and under no circumstances, should it be considered or intended as an offer to sell or a solicitation of an offer to buy the stocks or securities referred to in the report. Investors should note that the price, values or fundamentals of any securities may fluctuate over time. Past performance of any securities may not be an accurate guide to its future performance.

This report is not intended to provide personal investment advice and does not take into account the investment objectives, financial situation and risk appetite of persons who may receive or read this report. Investors are advised to trade at their own absolute discretion, and to seek financial, legal and other pertinent professional advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

Any information, views, opinions, recommendations, and advice in this report are given in good faith but without any legal responsibility or liability to Mercury Securities and connected parties. Information contained in this report has been obtained from public sources believed to be reliable, but such sources are not independently verified by Mercury Securities and consequently no representation is made as to the accuracy or completeness of this information, and it should not be relied upon as such. The views, recommendations and opinions in this research report are our own as of the date hereof and are subject to change without prior notice.

Mercury Securities expressly disclaims any obligation to update or revise any views, recommendations, forward looking statements, and forecasts in a timely manner to reflect new information, events, or circumstances after the date of this report publication or to reflect the occurrence of unanticipated events. Our views and recommendations are based on our own analysis of publicly available information. A subject company's fundamentals and prospects are subject to various risks and uncertainties that could cause its actual performance to differ from our opinion.

As such, Mercury Securities and its directors, officers, associates, connected parties and employees shall not be liable for any direct, indirect, or consequential losses or damages that may arise from the use of or reliance on this research report.

**Disclosures**

Mercury Securities Sdn Bhd Registration No. 198401000672 (113193-W) is a Participating Organisation of Bursa Malaysia Securities Berhad and a principal holding a Capital Markets Services Licence ("CMSL") issued by the Securities Commission ("SC") of Malaysia. Its research analysts hold a Capital Markets Services Representative's Licence ("CMSRL"). Principals holding a CMSL and representatives holding a CMSRL are regulated by SC in accordance with the Capital Markets and Services Act 2007 ("CMSA").

Mercury Securities, companies or individuals connected with it may have used research material before publication and may have positions in or may be materially interested in any stocks or securities in the markets mentioned. Some of the subject companies covered by Mercury Securities for research purposes may be a client of Mercury Securities in the past, current or may be a potential client in the future. Possible business dealings may include, but is not limited to share trading, market making, underwriting, corporate finance and corporate advisory services.

Published and printed by:

**MERCURY SECURITIES SDN BHD**

Registration No. 198401000672 (**113193-W**)

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

Telephone: (603) - 6203 7227 Website: [www.mercurysecurities.com.my](http://www.mercurysecurities.com.my)

Email: [mercurykl@mersec.com.my](mailto:mercurykl@mersec.com.my)