



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks rose on bargain-hunting activity. Market breadth was positive with 469 gainers versus 399 losers. The telecommunications & media sector was the top percentage gainer surging by 2.9%, while the REIT sector was the only sector to finish in the red. Petronas Dagangan (5681) was the top gainer leaping by RM0.76 or 3.41%. The FBM KLCI rose by 0.98% to 1,518.78.

We expect Malaysian stock to remain volatile in the short-term due to uncertainty surrounding the global economy

ECONOMICS

- Moody's Analytics: Weakened trade patterns, persistent inflation to dampen APAC growth

COMPANY

- Guan Chong (5102) 2Q net profit rises 22.6% to RM44.6m on higher sales tonnage
- OKA Corp (7140) buys land in Johor for RM14.2m for expansion of operation
- Foreign shareholding in Petronas Dagangan (5681) up to 7.61% in July from lowest on record
- Teo Seng (7252) posts RM4m net profit for 2Q on improved contribution from poultry farming segment
- Malaysia's Treasure Global closes Nasdaq IPO

EXPRESSO FOR THE DAY

- Technical Watch – DIGI (6947)** – Entry Price RM3.86, Target Price RM4.25, Stop Loss RM3.30, Support RM3.67, Resistance RM3.67
- Technical Watch – Bonia (9288)** – Entry Price RM2.45, Target Price RM2.70, Stop Loss RM2.09, Support RM2.33, Resistance RM2.29

Local (%)

FBMKLCI	1,518.80	1.0
Volume (mil)	2,692.70	5.8
Value (RM'mil)	2,215.50	28.2
Gainers	469	
Losers	399	
Unchanged	443	

Foreign (%)

Dow Jones	34,152.0	0.7
Nasdaq CI	13,102.6	(0.2)
S&P 500	4,305.2	0.2
FTSE 100	7,536.1	0.4
Nikkei 225	28,868.9	(0.0)
Shanghai CI	3,277.9	0.1
HSI	19,830.5	(1.0)
STI	3,253.8	(0.1)

Most Active RM Chg

HARTA	1.770	(0.1)
TOPGLOV	0.835	0.0
MTRONIC	0.050	0.0
BORNOIL	0.025	0.0
DNEX-CU	0.035	0.0

Top Gainer RM Chg

PETDAG	23.020	0.760
BKAWAN	23.900	0.420
HEIM	25.000	0.300
BJFOOD	4.340	0.290
HAPSENG	7.500	0.260

Top Loser RM Chg

HARISON	5.500	(0.180)
BOXPAK	1.060	(0.160)
SUNMOW	0.750	(0.130)
MPI	32.280	(0.120)
HUMEIND-LA	1.300	(0.120)

Other Stats (%)

USD/MYR	4.47	0.20
USD/RMB	6.79	0.22
Brent (USD/barrel)	92.34	(2.90)
Gold (USD/troy oz)	1,755.90	(0.23)
CPO (RM/metric t)	4,231.0	(0.52)



DAILY NEWSWATCH

ECONOMICS

Weakened trade patterns and persistent inflation will dampen economic growth in the second half of this year, but 2022 will maintain its general pattern of economic recovery and expansion across the Asia Pacific region, said Moody's Analytics on Tuesday (Aug 16). (The Edge)

COMPANY

Guan Chong Bhd's (5102) net profit for the second quarter ended June 30, 2022 (2QFY22) rose 22.59% to RM44.61m from RM36.39m in the same period a year ago, in line with improving grinding margins, apart from being boosted by higher sales tonnage of cocoa ingredients, following a recovery in global chocolate consumption in post-pandemic era. (The Edge)

OKA Corp Bhd (7140) has proposed to acquire a piece of land in Senai, Johor for a total of RM14.24m for expansion of operation. (The Edge)

The foreign shareholding in Petronas Dagangan Bhd (5681) recovered to 7.61% in July 2022, from the lowest on record since 2018 of 7.5% in the month before, according to the company's latest update on its website. (The Edge)

Teo Seng Capital Bhd (7252) posted a net profit of RM3.93m for 2QFY22 against a net loss of RM10.53m in the same period a year ago on improved contribution from its poultry farming segment. (The Edge)

Malaysia's e-commerce platform company Treasure Global Inc on Tuesday (Aug 16) announced the closing of its upsized initial public offering of 2.3 million shares in its common stock at a public offering price of US\$4 (RM17.86) per share, for aggregate gross proceeds of about US\$9.2m. (The Edge)



DIGI.COM BHD

Technical Watch - “BUY on Potential Upside”

Bloomberg: DIGI MK | KLSE Stock Code: 6947

**Main Market
Telecommunications & Media
Subsector–Service Provider**

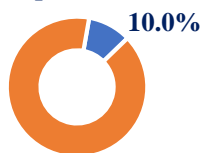
**Current Price: RM3.86
Target Price: RM4.25**

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 with a strong momentum on the stock (RSI > 70).

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: 9
Holds: 9
Sells: 2**

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	25.6	23.0	20.6
P/B	49.4	49.6	52.3
P/CF	12.1	13.4	13.7
P/S	4.8	4.9	4.7

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

Company Overview

DiGi.Com Berhad is an investment holding company. Through its subsidiaries, the Company establishes, maintains, and provides wireless telecommunication services through the global system for mobile telecommunications (GSM) network in Malaysia. DiGi.Com also has operation in property holding and other related services.



Ronnie Tan

ronnie-tan@mersec.com.my

Entry Price	RM3.86
Market Cap (m)	RM30,011.5
52w high	RM4.50
52w low	RM3.10
Stop Loss	RM3.30
Immediate Support	RM3.67
Immediate Resistance	RM3.67 (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)	4,092,007.8



Bonia Corporation Berhad

Technical Watch - "BUY on Potential Breakout"

Bloomberg: BON MK | KLSE Stock Code: 9288

Main Market
Consumer Products & Services
Subsector – Personal Goods

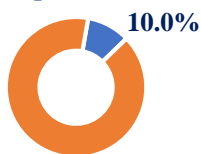
Current Price: RM2.45
Target Price: RM2.70

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think that there is a potential breakout supported by three white soldiers coupled with a strong momentum on the stock (RSI > 65).

With lower volatility as seen from an 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 hold moving forward.

Potential Upside



Bloomberg Analyst Ratings



Buys: 3
Holds: 0
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	25.8	15.7	12.7
P/BV	0.6	0.5	0.7
P/CF	3.1	3.4	5.3
P/S	0.9	0.5	0.5

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

Company Overview

Bonia Corporation Berhad operates as an investment holding and management company. The Company designs, manufactures, retails, and wholesales leather goods, menswear, watches, eyewear, and other accessories, as well as develops and invests in properties. Bonia Corporation serves customers worldwide.



Ronnie Tan
ronnie-tan@mersec.com.my

Entry Price	RM2.45
Market Cap (m)	RM491.0
52w high	RM2.86
52w low	RM0.80
Stop Loss	RM2.09
Immediate Support	RM2.33
Immediate Resistance	RM2.29 (Previous high)
Moving Average (EMA)	Bullish
Moving Average (SMA)	Bullish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	904,067.7



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
19/7/2022	PPBGroup	4065	16.380	16.960	14.000	18.020	1.3	3.5	-
19/7/2022	Genetec	0104	2.070	2.590	1.770	2.280	1.2	25.1	TP Achieved
21/7/2022	Bonia	9288	2.020	2.450	1.730	2.220	10.4	21.3	TP Achieved
21/7/2022	SKP	7155	1.560	1.640	1.330	1.720	0.0	5.1	-
22/7/2022	Vitrox	0097	7.470	7.500	6.390	8.220	-1.4	0.4	-
22/7/2022	Panamy	3719	26.680	26.560	22.810	29.350	0.2	-0.4	-
25/7/2022	Lctitan	5284	2.050	1.730	1.750	2.260	0.6	-15.6	-
25/7/2022	Maybank	1155	8.810	8.970	7.530	9.690	0.7	1.8	-
26/7/2022	Padini	7052	3.100	3.170	2.650	3.410	0.6	2.3	-
26/7/2022	Chin Hin	5273	4.230	5.110	3.610	4.640	2.2	20.8	TP Achieved
27/7/2022	Dayang	5141	0.970	0.975	0.830	1.060	0.0	0.5	-
27/7/2022	Bonia	9288	2.230	2.450	1.910	2.450	10.4	9.9	-
28/7/2022	AEONCR	5139	14.480	13.980	12.380	15.930	-0.1	-3.5	-
28/7/2022	BerjayaFood	5196	3.980	4.340	3.400	4.380	7.2	9.0	-
29/7/2022	Axiata	6888	2.850	3.080	2.440	3.140	5.8	8.1	-
29/7/2022	SAM	9822	3.500	4.470	2.990	3.850	0.9	27.7	TP Achieved
1/8/2022	Unisem	5005	3.000	3.030	2.570	3.300	0.7	1.0	-
1/8/2022	TNB	5347	8.260	8.890	7.060	9.090	1.9	7.6	-
2/8/2022	KLK	2445	22.540	22.460	19.270	24.790	0.6	-0.4	-
2/8/2022	F&N	3689	22.020	22.980	18.830	24.240	-0.3	4.4	-
3/8/2022	Heineken	3255	22.540	25.000	20.180	26.070	1.2	10.9	-
3/8/2022	HarnLen	7501	1.640	1.750	1.400	1.800	-1.7	6.7	-
4/8/2022	Vitrox	0097	7.790	7.500	6.660	8.570	-1.4	-3.7	-
4/8/2022	Axiata	6888	2.950	3.080	2.520	3.250	5.8	4.4	-
8/8/2022	Harrison	5008	5.750	N/A	4.920	6.330	N/A	N/A	-
8/8/2022	Hextar	5151	1.670	1.660	1.430	1.840	-1.2	-0.6	-
9/8/2022	DKSH	5908	4.330	4.300	3.640	4.760	-1.4	-0.7	-
9/8/2022	BIG	7008	0.760	0.840	0.710	0.840	1.8	10.5	TP Achieved
10/8/2022	Signature	7246	1.500	1.490	1.270	1.640	-3.2	-0.7	-
10/8/2022	PetGas	6033	17.280	17.300	14.790	19.030	0.0	0.1	-
11/8/2022	TexChem	8702	3.150	3.720	2.690	3.470	-1.3	18.1	TP Achieved
11/8/2022	SimePlt	5285	4.510	4.690	3.860	4.960	2.9	4.0	-
12/8/2022	SAM	9822	4.590	4.470	2.750	5.050	0.9	-2.6	-
12/8/2022	Heineken	3255	24.440	25.000	20.900	26.880	1.2	2.3	-
15/8/2022	Kobay	6971	3.220	3.060	2.750	3.540	-1.6	-5.0	-
15/8/2022	Guan	5102	2.410	2.450	2.060	2.650	1.7	1.7	-
16/8/2022	Signature	7246	1.520	1.490	1.300	1.670	-3.2	-2.0	-
16/8/2022	Carlsberg	2836	24.040	24.000	20.550	26.440	0.0	-0.2	-
17/8/2022	Digi	6947	3.860	3.860	3.300	4.250	5.8	0.0	-
17/8/2022	Bonia	9288	2.450	2.450	2.090	2.700	10.4	0.0	-

*TP=Target Price



STOCK SELECTION BASED ON DIVIDEND YIELD

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
AmFirst REIT	REIT	0.380	0.04	10.2
SHL Consolidated Bhd	Property	1.940	0.18	9.3
YTL Hospitality REIT	REIT	0.925	0.08	8.4
British American Tobacco Malay	Consumer	10.260	0.86	8.4
Al-Salam REIT	REIT	0.470	0.04	7.7
UOA REIT	REIT	1.130	0.09	7.6
Al-'Aqar Healthcare REIT	REIT	1.210	0.09	7.2
Capitaland Malaysia Trust	REIT	0.555	0.04	6.8
Amanahraya REIT	REIT	0.655	0.04	6.8
Pharmaniaga Bhd	Consumer	0.640	0.04	6.6
Uchi Technologies Bhd	Industrial	3.140	0.20	6.4
Matrix Concepts Holdings Bhd	Property	2.260	0.14	6.3
Malayan Banking Bhd	Finance	8.970	0.57	6.3
Magnum Bhd	Consumer	1.680	0.10	6.1
Malaysia Building Society Bhd	Finance	0.595	0.04	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	(3.1)	21.3	15.8	17.7	15.8	14.1	
Finance	8.0	13.0	11.5	12.5	13.0	7.7	
Property	(8.4)	13.8	11.2	12.3	12.3	9.6	
Plantation	10.8	94.6	9.2	43.4	9.2	9.8	
Consumer	0.6	25.6	12.1	21.5	12.1	16.5	
Technology	(30.4)	29.8	19.1	24.3	22.6	21.3	
Construction	4.0	22.2	14.5	18.1	14.5	11.7	
Energy	(6.6)	-	-	-	10.0	8.6	
Health care	(32.5)	52.6	11.9	32.2	11.9	22.5	
Ind Prod	(9.3)	38.6	10.2	23.7	10.2	12.1	
REIT	1.7	-	-	-	25.2	16.0	
Telco	(6.1)	25.7	25.1	25.4	25.7	18.8	
Transportations	(5.8)	-	-	-	-	3.5	
Utilities	(0.1)	-	-	-	14.7	12.6	

Source: Bloomberg



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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

Email: mercurykl@mersec.com.my
