



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks declined last Friday in line with weakness in most ASEAN markets. Market breadth was negative with 383 losers versus 557 gainers. Bursa Malaysia’s semiconductor counters were among the top gainers in Thursday’s trading session, as Malaysia saw muted impact from the US Chips Act.

We expect FBMKLCI equities to trade higher this week.

ECONOMICS

- **Indonesia blocks Yahoo, Paypal, gaming websites over licenses breaches**
- **US Senate passes bill to boost computer chip production to counter China**

COMPANY

- **Mynews (5275) warns tobacco bills will hit revenues**
- **Lion Industries (4235) Amsteel Mills to acquire land buildings for RM47.13 million**

EXPRESSO FOR THE DAY

- **Technical Watch – UNISEM (5005) – Entry Price RM3.00, Target Price RM3.30, Stop Loss RM2.57, Support RM2.85, Resistance RM3.00**
- **Technical Watch – TNB (5347) – Entry Price RM8.26, Target Price RM9.09, Stop Loss RM7.06, Support RM7.85, Resistance RM9.25**

Local (%)		
FBMKLCI	1,492.23	0.1
Volume (mil)	2,791.82	(1.3)
Value (RM'mil)	1,980.20	9.2
Gainers	557	
Losers	383	
Unchanged	412	
Foreign (%)		
Dow Jones	32,845.1	1.0
Nasdaq CI	12,390.7	1.9
S&P 500	4,130.3	1.4
FTSE 100	7,423.4	1.1
Nikkei 225	27,801.6	0.0
Shanghai CI	3,253.2	(0.9)
HSI	20,156.6	(2.3)
STI	3,211.6	(0.3)
Most Active RM Chg		
CSH	0.070	(0.020)
LGMS	0.840	0.040
MTRONIC	0.140	(0.005)
SAPNRG	0.040	(0.005)
MYEG	0.775	0.010
Top Gainer RM Chg		
FANG-2XL	7.800	0.350
F&N	21.700	0.340
SAM	3.790	0.290
UNISEM	3.000	0.240
HSI-HEB	1.790	0.210
Top Loser RM Chg		
PETDAG	22.400	(0.500)
SP500-H13	1.950	(0.230)
HSI-CJR	1.150	(0.220)
CHINAETF-MYR	5.260	(0.180)
HSI-CJO	0.790	(0.145)
Other Stats (%)		
USD/MYR	4.45	(0.05)
USD/RMB	6.74	(0.04)
Brent (USD/barrel)	103.22	2.68
Gold (USD/troy oz)	1761.98	0.58
CPO (RM/metric t)	4,022.0	(4.76)



DAILY NEWSWATCH

ECONOMICS

Indonesia has blocked search engine website Yahoo, payment firm PayPal and several gaming websites, due to failure to comply with licensing rules, an official said on Saturday (July 30), sparking a backlash on social media. (The Edge)

The United States (US) Senate overwhelmingly approved a US\$280 billion measure Wednesday to boost US computer chip production in a bid to counter China, reported Anadolu Agency. "This will create good-paying jobs, make microchips in the US, alleviate clogged supply chains, boost America's security interests, & lower costs," Senate Majority Leader Chuck Schumer, the bill's sponsor, said on Twitter. The House Rules Committee will next take up the CHIPS and Science Act, and Pelosi said the House would "proudly pass this essential legislation." (The Edge)

COMPANY

myNEWS Retail Sdn Bhd, a wholly-owned subsidiary of MyNews Holdings Bhd, said revenues for over 500 of its outlets will be affected if the Control of Tobacco Product and Smoking Bill 2022 is approved. (The Edge)

Lion Industries Corporation Bhd's unit Amsteel Mills Sdn Bhd (AMSB) entered into a sale and purchase agreement with Yinson Corporation Sdn Bhd for the proposed acquisition of land together with buildings erected thereon worth RM47.13 million. The property is a leasehold industrial land measuring 3.23 hectares (or 7.98 acres) located in Klang, Selangor together with buildings erected thereon. (The Edge)



UNISEM (M) BERHAD

Technical Watch - "BUY on Potential Breakout"

Bloomberg: UNI MK | KLSE Stock Code: 5005

Main Market
Technology
Subsector – Semiconductors

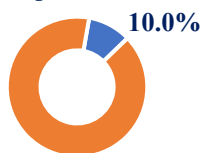
Current Price: RM3.00
Target Price: RM3.30

Investment Highlights

On a downtrend the stock is currently trading above the MA20. We think there is a potential breakout 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 outside of 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



Buy: 8
Hold: 1
Sell: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	36.6	28.9	22.9
P/B	2.5	1.9	1.4
P/CF	15.8	10.8	7.4
P/S	3.5	2.2	1.6

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

Company Overview

Unisem (M) Berhad manufactures semiconductor devices. The Company provides turnkey solutions to its customers in wafer grinding, packaging and testing of integrated circuits, tape and reel, and dropship services. Unisem also provides packaging and testing wide range of lead frame packages.



Ronnie Tan

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Entry Price	RM3.00
Market Cap (m)	RM4,839.2
52w high	RM4.70
52w low	RM2.07
Stop Loss	RM2.57
Immediate Support	RM2.85
Immediate Resistance	RM3.00 (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)	3,156,172.0



Tenaga Nasional Berhad

Technical Watch - "BUY on Potential Reversal"

Bloomberg: TNB MK | KLSE Stock Code: 5347

Main Market Utilities

Subsector – Electricities

Current Price: RM8.26

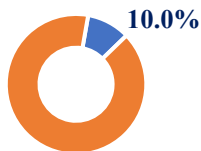
Target Price: RM9.09

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 > 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: 9

Holds: 5

Sells: 6

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	14.7	14.1	10.9
P/BV	1.0	1.0	1.1
P/CF	4.3	4.7	4.6
P/S	1.1	1.2	1.2

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

Company Overview

Tenaga Nasional Berhad transmits, distributes, and sells electricity under license issued by the Director General of Electricity Supply. Through its subsidiaries, the Company manufactures, sells and repairs transformers and switchgears. Tenaga Nasional also provides project management and consultancy, engineering works and energy project development services.



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Entry Price	RM8.26
Market Cap (m)	RM47,520.4
52w high	RM10.56
52w low	RM7.89
Stop Loss	RM7.06
Immediate Support	RM7.85
Immediate Resistance	RM9.25 (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)	5,805,682.0



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
1/7/2022	BerjayaFood	5196	4.080	3.940	3.490	4.490	-2.2	-3.4	-
1/7/2022	ShangRiLa	5517	3.280	3.360	2.800	3.610	-0.3	2.4	-
4/7/2022	HarnLen	7501	1.310	1.500	1.120	1.440	3.4	14.5	TP Achieved
4/7/2022	Scientex	4731	3.560	3.430	3.040	3.920	0.9	-3.7	-
5/7/2022	Boustead	2771	0.790	0.775	0.680	0.870	2.0	-1.9	-
5/7/2022	TSH	9059	1.090	1.050	0.930	1.200	2.9	-3.7	-
6/7/2022	TimeDotCom	5031	4.420	4.590	3.780	4.850	0.2	3.8	-
6/7/2022	PowerRoot	7237	1.770	1.800	1.510	1.950	0.0	1.7	-
7/7/2022	CIMBGroup	1023	5.100	5.210	4.360	4.850	-1.3	2.2	-
7/7/2022	Inari	0166	2.580	2.860	2.210	1.950	-0.3	10.9	-
8/7/2022	AMMB	1015	3.850	3.900	3.290	4.240	0.5	1.3	-
8/7/2022	Boustead	2771	0.830	0.775	0.710	0.910	2.0	-6.6	-
12/7/2022	PetDag	5681	21.900	22.400	18.720	24.090	-2.2	2.3	-
12/7/2022	PowerRoot	7237	1.850	1.800	1.580	2.040	0.0	-2.7	-
13/7/2022	PPBGroup	5681	16.000	16.280	13.680	17.600	0.2	1.8	-
13/7/2022	ChinHin	5273	3.370	4.940	2.880	3.710	2.3	46.6	TP Achieved
14/7/2022	PIE	7095	2.850	3.400	2.440	3.140	-2.9	19.3	TP Achieved
14/7/2022	Nestle	4707	134.400	134.700	114.910	147.840	-0.1	0.2	-
15/7/2022	QLResources	7084	5.350	5.300	4.570	5.350	0.0	-0.9	-
15/7/2022	HongLeongCapital	5274	5.780	6.170	4.940	5.970	0.0	6.7	-
18/7/2022	Frontken	0128	2.310	2.880	1.980	2.540	5.9	24.7	-
18/7/2022	Dufu	7233	2.640	3.100	2.260	2.900	0.3	17.4	TP Achieved
19/7/2022	PPBGroup	4065	16.380	16.280	14.000	18.020	0.2	-0.6	-
19/7/2022	Genetec	0104	2.070	2.440	1.770	2.280	1.2	17.9	-
21/7/2022	Bonia	9288	2.020	2.200	1.730	2.220	-2.7	8.9	TP Achieved
21/7/2022	SKP	7155	1.560	1.620	1.330	1.720	-0.6	3.8	-
22/7/2022	Vitrox	0097	7.470	7.690	6.390	8.220	1.1	2.9	-
22/7/2022	Panamy	3719	26.680	26.380	22.810	29.350	0.2	-1.1	-
25/7/2022	Lctitan	5284	2.050	1.910	1.750	2.260	-5.0	-6.8	-
25/7/2022	Maybank	1155	8.810	8.860	7.530	9.690	0.1	0.6	-
26/7/2022	Padini	7052	3.100	3.240	2.650	3.410	-0.3	4.5	-
26/7/2022	Chin Hin	5273	4.230	4.940	3.610	4.640	2.3	16.8	-
27/7/2022	Dayang	5141	0.970	0.995	0.830	1.060	2.6	2.6	-
27/7/2022	Bonia	9288	2.230	2.200	1.910	2.450	-2.7	-1.3	-
28/7/2022	AEONCR	5139	14.480	14.360	12.380	15.930	0.7	-0.8	-
28/7/2022	BerjayaFood	5196	3.980	3.940	3.400	4.380	-2.2	-1.0	-
29/7/2022	Axiata	6888	2.850	2.870	2.440	3.140	0.7	0.7	-
29/7/2022	SAM	9822	3.500	3.790	2.990	3.850	8.3	8.3	-
1/8/2022	Unisem	5005	3.000	3.000	2.570	3.300	8.7	0.0	-
1/8/2022	TNB	5347	8.260	8.260	7.060	9.090	2.5	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	1.920	0.18	9.4
British American Tobacco Malay	Consumer	10.920	0.86	7.9
Al-Salam REIT	REIT	0.460	0.04	7.8
UOA REIT	REIT	1.160	0.09	7.4
Al-'Aqar Healthcare REIT	REIT	1.210	0.09	7.2
Amanahraya REIT	REIT	0.635	0.04	7.0
Capitaland Malaysia Trust	REIT	0.570	0.04	6.7
Uchi Technologies Bhd	Industrial	3.040	0.20	6.6
Malayan Banking Bhd	Finance	8.860	0.56	6.3
Matrix Concepts Holdings Bhd	Property	2.270	0.14	6.3
Pharmaniaga Bhd	Consumer	0.680	0.04	6.2
Magnum Bhd	Consumer	1.660	0.10	6.1
Malaysia Building Society Bhd	Finance	0.580	0.04	6.0
Tambun Indah Land Bhd	Property	0.900	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	(4.8)	21.3	15.0	17.5	15.0	13.8	
Finance	6.9	13.0	11.5	12.5	12.8	10.8	
Property	(9.3)	13.8	11.2	12.3	12.3	9.5	
Plantation	6.8	94.6	8.8	43.3	8.8	7.8	
Consumer	(0.6)	25.6	12.1	21.5	12.1	16.3	
Technology	(31.2)	29.8	19.1	24.3	22.3	13.1	
Construction	3.1	22.2	14.3	18.0	14.3	11.8	
Energy	(4.6)	-	-	-	10.3	8.8	
Health care	(27.0)	52.6	9.7	31.1	9.7	22.8	
Ind Prod	(9.0)	38.6	10.3	23.7	10.3	12.1	
REIT	2.4	-	-	-	25.1	16.0	
Telco	(9.8)	25.1	24.7	24.9	24.7	17.9	
Transportations	(6.8)	-	-	-	-	16.3	
Utilities	(2.0)	-	-	-	14.4	12.3	

Source: Bloomberg



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