



## DAILY NEWSWATCH

## MARKET REVIEW

The FBM KLCI declined last Friday in line with weakness in Asian equity markets. Market breadth was mixed with 362 gainers versus 390 losers. The telecommunications & media sector was the top percentage loser falling by 0.87%, while the technology sector was the top percentage gainer increasing by 0.72%. Malaysian Pacific Industries (3867) was the top gainer surging by RM2.40 or 7.48% in line with strength in technology counters. The FBM KLCI decreased by 0.80% to 1,504.44.

We expect Malaysian equities to fall in line with the sell-off on Wall Street last Friday.

## ECONOMICS

- **Europe** slips toward recession as ECB mulls steps ahead
- Another volatile session projected for **ringgit** next week

## COMPANY

- **Carlsberg's (2836)** 2Q profit more than doubles year-on-year as operations, consumer activities normalise
- Higher motorcycle sales drive **Hong Leong Industries' (3301)** 4Q net profit to RM73m
- **Inari (0166)** posts record earnings for FY22 despite lower 4Q figures
- **Pharmaniaga's (7081)** 2Q net profit slumps 95% to RM722,000, declares 0.5 sen dividend
- **Sentral REIT (5123)** posts lower 2Q net property income at RM28m, declares 3.4 sen DPU

## EXPRESSO FOR THE DAY

- **Technical Watch – Padini (7052)** – Entry Price RM3.37, Target Price RM3.71, Stop Loss RM2.88, Support RM3.20, Resistance RM3.79
- **Technical Watch – MPI (3867)** – Entry Price RM34.48, Target Price RM37.93, Stop Loss RM29.48, Support RM32.76, Resistance RM39.56

Local		(%)
<b>FBMKLCI</b>	1,504.44	(0.8)
<b>Volume (mil)</b>	2,109.01	(16.1)
<b>Value (RM'mil)</b>	1,530.52	(21.6)
<b>Gainers</b>	362	
<b>Losers</b>	390	
<b>Unchanged</b>	518	

Foreign		(%)
<b>Dow Jones</b>	33,706.7	(0.9)
<b>Nasdaq CI</b>	12,705.2	(2.0)
<b>S&amp;P 500</b>	4,228.5	(1.3)
<b>FTSE 100</b>	7,550.4	0.1
<b>Nikkei 225</b>	28,930.3	(0.0)
<b>Shanghai CI</b>	3,258.1	(0.6)
<b>HSI</b>	19,773.0	0.0
<b>STI</b>	3,246.5	(0.8)

Most Active	RM	Chg
<b>AGMO</b>	0.810	0.025
<b>JAKS</b>	0.310	0.035
<b>TOPGLOV</b>	0.870	0.005
<b>HSI-HB9</b>	0.250	0.005
<b>HARTA</b>	1.810	0.010

Top Gainer	RM	Chg
<b>MPI</b>	34.480	2.400
<b>HEIM</b>	25.180	0.580
<b>ALLIANZ-PA</b>	13.600	0.580
<b>F&amp;N</b>	23.100	0.380
<b>BKAWAN</b>	24.300	0.220

Top Loser	RM	Chg
<b>NESTLE</b>	135.000	(1.100)
<b>PANAMY</b>	26.620	(0.380)
<b>PEIDAG</b>	22.660	(0.360)
<b>PPB</b>	16.860	(0.280)
<b>CHINTEK</b>	8.800	(0.250)

Other Stats		(%)
<b>USD/MYR</b>	4.48	0.09
<b>USD/RMB</b>	6.82	0.46
<b>Brent (USD/barrel)</b>	96.72	0.13
<b>Gold (USD/troy oz)</b>	1,747.06	(0.66)
<b>CPO (RM/metric t)</b>	4,158.5	0.01



**DAILY NEWSWATCH**

**ECONOMICS**

**Europeans** returning from their summer breaks will find a more fragile economy that risks buckling under the threats of energy rationing, record inflation, and tighter monetary policy. (The Edge)

**The ringgit** is likely to see another wild session next week, as the robust US dollar may continue to dim the local unit's lustre until certainty emerges. (The Edge)

**COMPANY**

**Carlsberg Brewery Malaysia Bhd's (2836)** net profit for 2QFY22 more than doubled to RM88.95m from RM37.14m a year before, as revenue jumped along with normalising operations and consumer activities due to Covid-19's transition to endemicity. (The Edge)

**Hong Leong Industries Bhd's (3301)** net profit for 4QFY22 rose 82.43% to RM72.68m from RM39.84m a year ago, on higher motorcycle sales after supply chain disruptions gradually recovered. (The Edge)

**Inari Amertron (0166)** reported record profit and revenue for FY22, despite a decline in fourth quarter earnings. Full-year net profit rose 18.29% to RM390.92m, from RM330.47m for FY21, on higher revenue growth at its radio frequency business segment, the group said in a stock exchange filing. (The Edge)

**Pharmaniaga Bhd's (7081)** net profit for 2QFY22 slumped 94.7% to RM722,000, from RM13.7m a year earlier, mainly due to lower sales for its non-concession segment, due to the timing of orders from the Ministry of Health for products under the tender business. (The Edge)

**Sentral Real Estate Investment Trust's (5123)** net property income for 2QFY22 slipped 3.8% to RM27.94m, from RM29.04m a year earlier, on lower revenue. (The Edge)

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## Padini Holdings Bhd

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

Bloomberg: PAD MK | KLSE Stock Code: 7052

## Main Market Consumers

### Subsector – Retailers

Current Price: RM3.37

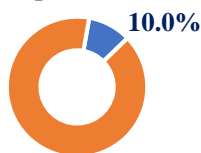
Target Price: RM3.71

### Investment Highlights

On a trend reversal, the stock is currently trading above the MA20. We think there is a potential upside supported by three white soldiers 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: 7**  
**Holds: 2**  
**Sells: 1**

### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	46.9	28.3	19.3
P/B	2.3	3.2	2.8
P/CF	17.5	15.7	12.1
P/S	1.8	1.6	1.4

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

### Company Overview

Padini Holdings Berhad is an investment holding company. The Company, through its subsidiaries, manufactures and retails garments, shoes, ancillary products, and accessories.



Ronnie Tan

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Entry Price	RM3.37
Market Cap (m)	RM2,217.2
52w high	RM3.79
52w low	RM2.63
Stop Loss	RM2.88
Immediate Support	RM3.20
Immediate Resistance	RM3.79 (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)	997,175.8



## Malaysian Pacific Industries

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

Bloomberg: MPI MK | KLSE Stock Code: 3867

## Main Market Technology Subsector – Semiconductors

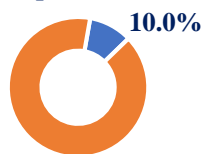
**Current Price: RM34.48****Target Price: RM37.93**

#### Investment Highlights

On a trend reversal, 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 > 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 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: 8****Holds: 1****Sells: 0**

#### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
<b>P/E</b>	26.9	18.9	18.7
<b>P/BV</b>	4.0	2.6	1.9
<b>P/CF</b>	12.1	7.8	5.5
<b>P/S</b>	3.4	2.1	1.4

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

#### Company Overview

Malaysian Pacific Industries Berhad is an investment holding company. The Company, through its subsidiaries, manufactures and sells semiconductor devices, electronic components, and lead frames.

**Ronnie Tan**

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Entry Price	RM34.48
Market Cap (m)	RM6,857.9
<b>52w high</b>	RM51.50
<b>52w low</b>	RM26.12
Stop Loss	RM29.48
Immediate Support	RM32.76
Immediate Resistance	RM39.56 (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)	624,099.3



## TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
25/7/2022	Lctitan	5284	2.050	1.750	1.750	2.260	0.6	-14.6	SL Triggered
25/7/2022	Maybank	1155	8.810	8.920	7.530	9.690	-0.3	1.2	-
26/7/2022	Padini	7052	3.100	3.370	2.650	3.410	1.5	8.7	-
26/7/2022	Chin Hin	5273	4.230	2.400	3.610	4.640	-0.8	-43.3	TP Achieved
27/7/2022	Dayang	5141	0.970	1.050	0.830	1.060	6.1	8.2	-
27/7/2022	Bonia	9288	2.230	2.420	1.910	2.450	-0.4	8.5	-
28/7/2022	AEONCR	5139	14.480	14.140	12.380	15.930	0.4	-2.3	-
28/7/2022	BerjayaFood	5196	3.980	4.150	3.400	4.380	1.7	4.3	-
29/7/2022	Axiata	6888	2.850	3.000	2.440	3.140	-3.8	5.3	-
29/7/2022	SAM	9822	3.500	4.330	2.990	3.850	0.5	23.7	TP Achieved
1/8/2022	Unisem	5005	3.000	3.010	2.570	3.300	-0.7	0.3	-
1/8/2022	TNB	5347	8.260	8.700	7.060	9.090	-0.9	5.3	-
2/8/2022	KLK	2445	22.540	22.800	19.270	24.790	-0.3	1.2	-
2/8/2022	F&N	3689	22.020	23.100	18.830	24.240	1.7	4.9	-
3/8/2022	Heineken	3255	22.540	25.180	20.180	26.070	2.4	11.7	TP Achieved
3/8/2022	HarnLen	7501	1.640	1.780	1.400	1.800	1.7	8.5	-
4/8/2022	Vitrox	0097	7.790	7.340	6.660	8.570	0.5	-5.8	-
4/8/2022	Axiata	6888	2.950	3.000	2.520	3.250	-3.8	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	1.630	1.430	1.840	0.6	-2.4	-
9/8/2022	DKSH	5908	4.330	4.270	3.640	4.760	0.5	-1.4	-
9/8/2022	BIG	7008	0.760	0.785	0.710	0.840	-1.3	3.3	TP Achieved
10/8/2022	Signature	7246	1.500	1.450	1.270	1.640	0.0	-3.3	-
10/8/2022	PetGas	6033	17.280	17.200	14.790	19.030	-0.6	-0.5	-
11/8/2022	TexChem	8702	3.150	3.560	2.690	3.470	0.8	13.0	TP Achieved
11/8/2022	SimePlt	5285	4.510	4.610	3.860	4.960	-2.1	2.2	-
12/8/2022	SAM	9822	4.590	4.330	2.750	5.050	0.5	-5.7	-
12/8/2022	Heineken	3255	24.440	25.180	20.900	26.880	2.4	3.0	-
15/8/2022	Kobay	6971	3.220	2.930	2.750	3.540	-5.8	-9.0	-
15/8/2022	Guan	5102	2.410	2.510	2.060	2.650	-0.4	4.1	-
16/8/2022	Signature	7246	1.520	1.450	1.300	1.670	0.0	-4.6	-
16/8/2022	Carlsberg	2836	24.040	24.220	20.550	26.440	0.9	0.7	-
17/8/2022	Digi	6947	3.860	3.660	3.300	4.250	-2.4	-5.2	-
17/8/2022	Bonia	9288	2.450	2.420	2.090	2.700	-0.4	-1.2	-
18/8/2022	KLK	2445	23.000	22.800	19.670	25.300	-0.3	-0.9	-
18/8/2022	SKP	7155	1.730	1.670	1.480	1.900	-0.6	-3.5	-
19/8/2022	CORAZA	0240	0.830	0.790	0.710	0.910	-3.7	-4.8	-
19/8/2022	AMMB	1015	4.070	4.050	3.480	4.480	-0.5	-0.5	-
21/8/2022	Padini	7052	3.370	3.370	2.880	3.710	1.5	0.0	-
21/8/2022	MPI	3867	34.480	34.480	29.480	37.930	7.5	0.0	-

\*TP=Target Price

**STOCK SELECTION BASED ON DIVIDEND YIELD**

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
AmFirst REIT	REIT	0.375	0.04	10.3
SHL Consolidated Bhd	Property	1.940	0.18	9.3
YTL Hospitality REIT	REIT	0.930	0.08	8.4
British American Tobacco Malay	Consumer	10.360	0.86	8.3
Al-Salam REIT	REIT	0.445	0.04	8.1
UOA REIT	REIT	1.130	0.09	7.6
Al-'Aqar Healthcare REIT	REIT	1.210	0.09	7.2
Capitaland Malaysia Trust	REIT	0.545	0.04	7.0
Amanahraya REIT	REIT	0.660	0.04	6.7
Pharmaniaga Bhd	Consumer	0.655	0.04	6.4
Uchi Technologies Bhd	Industrial	3.110	0.20	6.4
Matrix Concepts Holdings Bhd	Property	2.250	0.14	6.4
Malayan Banking Bhd	Finance	8.950	0.56	6.3
Magnum Bhd	Consumer	1.670	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	(3.3)	21.3	15.9	17.7	15.9	14.0	
Finance	8.0	13.0	11.5	12.5	12.9	7.7	
Property	(8.3)	13.8	11.2	12.3	12.3	9.5	
Plantation	11.1	94.6	9.4	43.4	9.4	9.8	
Consumer	0.8	25.6	12.2	21.5	12.2	16.5	
Technology	(31.4)	29.8	19.1	24.3	22.2	21.0	
Construction	3.8	22.2	14.5	18.1	14.5	11.6	
Energy	(5.7)	-	-	-	10.1	8.7	
Health care	(31.0)	52.6	12.2	32.4	12.2	22.9	
Ind Prod	(9.8)	38.6	10.2	23.7	10.2	11.2	
REIT	1.6	-	-	-	25.2	16.0	
Telco	(7.8)	25.2	25.1	25.1	25.2	18.5	
Transportations	(6.2)	-	-	-	-	3.5	
Utilities	0.3	-	-	-	14.8	12.6	

Source: Bloomberg

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