



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks declined in line with weakness in major Asian equity markets. Market breadth was negative with 467 losers versus 407 gainers. The plantation sector was the top percentage loser falling by 1.56%, while the energy sector was the top percentage gainer surging by 7.14%. Kuala Lumpur Kepong (2445) was the top loser declining by RM0.84 or 3.72% in line with weakness in plantation counters. The FBM KLCI decreased by 0.32% to 1,482.57.

We expect Malaysian equities to trade sideways as investors wait for more information from the US Federal Reserve.

ECONOMICS

- Indonesia surprises with rate hike, raises inflation outlook

COMPANY

- IOI Corp (1961)** sees weaker FY23 ahead after closing FY22 with a 24% profit rise, declares eight sen dividend
- Matrix Concepts (5236)** 1Q net profit jumps 48% to RM47m, declares three sen dividend
- Rubberex (7803)** 2Q net profit nosedives
- Sime Darby Plantation (5285)** 2Q net profit at RM812m, declares 10 sen dividend
- Star Media (6084)** returns to profit in 2QFY22 after five quarters in the red
- UOA's (5200)** 2Q net profit falls 17% to RM45m on lower property sales

EXPRESSO FOR THE DAY

- Technical Watch – Atech (5302)** – Entry Price RM1.61, Target Price RM1.77, Stop Loss RM1.38, Support RM1.53, Resistance RM1.82
- Technical Watch – Hibiscus (5199)** – Entry Price RM0.97, Target Price RM1.29, Stop Loss RM0.83, Support RM0.93, Resistance RM1.50

Local		(%)
FBMKLCI	1,482.57	(0.3)
Volume (mil)	2,026.40	(7.4)
Value (RM'mil)	1,551.49	(0.6)
Gainers	407	
Losers	467	
Unchanged	416	
Foreign		(%)
Dow Jones	32,909.6	(0.5)
Nasdaq CI	12,381.3	(0.0)
S&P 500	4,128.7	(0.2)
FTSE 100	7,488.1	(0.6)
Nikkei 225	28,452.8	(1.2)
Shanghai CI	3,276.2	(0.0)
HSI	19,503.3	(0.8)
STI	3,246.2	(0.5)
Most Active		RM Chg
BORNOIL	0.025	0.000
HSI-CJC	0.260	(0.030)
HIBISCS	0.975	0.075
SAPNRG	0.045	0.005
DNEX	0.860	0.015
Top Gainer		RM Chg
HENGYUAN	5.590	1.290
PETRONM	5.860	1.020
CANONE	3.990	0.220
HENGYUANC25	0.335	0.220
HENGYUANC39	0.355	0.205
Top Loser		RM Chg
KLK	21.760	(0.840)
FANG-2XL	7.460	(0.830)
PANAMY	26.300	(0.600)
BKAWAN	23.700	(0.600)
CARLSBG	23.680	(0.300)
Other Stats		(%)
USD/MYR	4.49	0.04
USD/RMB	6.84	(0.19)
Brent (USD/barrel)	100.22	3.88
Gold (USD/troy oz)	1,748.15	0.68
CPO (RM/metric t)	4,175.0	(0.84)



DAILY NEWSWATCH

ECONOMICS

Indonesia's central bank unexpectedly raised borrowing costs for the first time since 2018 as policymakers conceded that inflation pressures have risen, revising their price forecasts higher. (The Edge)

COMPANY

IOI Corp Bhd's (1961) net profit for 4QFY22 jumped 50.75% to RM541.8m from RM359.4m in the corresponding quarter last year, thanks to higher contributions from its plantation and resource-based manufacturing segments. (The Edge)

Matrix Concepts Holdings Bhd's (5236) net profit for 1QFY23 jumped 48.44% to RM47.03m from RM31.69m a year ago, on the back of a 40.3% growth in revenue to RM229.3m from RM163.4m. (The Edge)

Rubberex Corp (M) Bhd's (7803) net profit tumbled 96.82% to RM2.06m in 2QFY22 from RM64.66m a year before, dragged down by a persistent easing of glove average selling price and low capacity utilisation amidst the continuing oversupply in the market. (The Edge)

Sime Darby Plantation Bhd's (5285) net profit for the second quarter ended June 30, 2022 rose 31.6% year-on-year to RM812m from RM617m, driven by its upstream and downstream segments and non-recurring activities. (The Edge)

Star Media Group Bhd (6084) returned to profit in 2QFY22, after incurring losses for five straight quarters, following the absence of impairment charges and as revenue rose. (The Edge)

UOA Development Bhd's (5200) net profit slipped 16.6% to RM45.3m in 2QFY22, from RM54.4m a year earlier. (The Edge)



Aurelius Technologies Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: ATECH MK | KLSE Stock Code: 5302

Main Market
Industrial Products
Subsector – EMS

Current Price: RM1.61

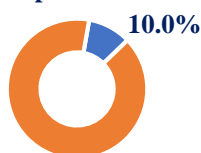
Target Price: RM1.77

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think there is a potential upside supported by a bullish hammer with a strong momentum on the stock (RSI > 50).

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: 3
Holds: 0
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	18.8	18.8	18.8
P/B	2.6	2.6	2.6
P/CF	101.1	101.1	101.1
P/S	1.4	1.4	1.4

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

Company Overview

Aurelius Technologies Berhad operates as a holding company. The Company, through its subsidiaries, focuses on industrial electronic products such as manufacturing of semiconductor components. Aurelius Technologies serves customer in Malaysia.



Ronnie Tan

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Entry Price	RM1.61
Market Cap (m)	RM576.7
52w high	RM2.88
52w low	RM1.33
Stop Loss	RM1.38
Immediate Support	RM1.53
Immediate Resistance	RM1.82 (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)	3,193,180.9



Hibiscus Petroleum Bhd

Technical Watch - "BUY on Potential Reversal"

Bloomberg: HIBI MK | KLSE Stock Code: 5199

Main Market

Oil & Gas

Subsector – Oil & Gas

Current Price: RM0.97

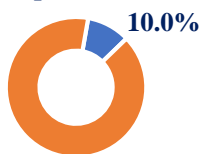
Target Price: RM1.29

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 > 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



Buy: 0

Hold: 0

Sell: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	9.4	11.4	10.4
P/BV	1.0	1.2	1.5
P/CF	5.3	12.8	18.1
P/S	1.8	2.3	21.7

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

Company Overview

Hibiscus Petroleum Berhad is an independent upstream exploration and production company that explores for oil and gas. The Company has operations in the Middle East, Norway and Oceania regions.



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Entry Price	RM0.97
Market Cap (m)	RM1,962.1
52w high	RM1.51
52w low	RM0.60
Stop Loss	RM0.83
Immediate Support	RM0.93
Immediate Resistance	RM1.50 (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)	88,020,757.1



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
27/7/2022	Dayang	5141	0.970	1.050	0.830	1.060	5.0	8.2	-
27/7/2022	Bonia	9288	2.230	2.300	1.910	2.450	0.0	3.1	-
28/7/2022	AEONCR	5139	14.480	13.900	12.380	15.930	-0.3	-4.0	-
28/7/2022	BerjayaFood	5196	3.980	4.070	3.400	4.380	-2.2	2.3	-
29/7/2022	Axiata	6888	2.850	3.050	2.440	3.140	1.7	7.0	-
29/7/2022	SAM	9822	3.500	4.330	2.990	3.850	4.6	23.7	TP Achieved
1/8/2022	Unisem	5005	3.000	2.870	2.570	3.300	-2.0	-4.3	-
1/8/2022	TNB	5347	8.260	8.580	7.060	9.090	-0.1	3.9	-
2/8/2022	KLK	2445	22.540	21.760	19.270	24.790	-3.7	-3.5	-
2/8/2022	F&N	3689	22.020	22.900	18.830	24.240	-0.4	4.0	-
3/8/2022	Heineken	3255	22.540	24.700	20.180	26.070	-1.1	9.6	TP Achieved
3/8/2022	HarnLen	7501	1.640	1.730	1.400	1.800	-2.8	5.5	-
4/8/2022	Vitrox	0097	7.790	7.320	6.660	8.570	0.1	-6.0	-
4/8/2022	Axiata	6888	2.950	3.050	2.520	3.250	1.7	3.4	-
8/8/2022	Harrison	5008	5.750	NA	4.920	6.330	NA	NA	-
8/8/2022	Hextar	5151	1.670	1.580	1.430	1.840	-2.5	-5.4	-
9/8/2022	DKSH	5908	4.330	4.330	3.640	4.760	0.0	0.0	-
9/8/2022	BIG	7008	0.760	0.745	0.710	0.840	3.5	-2.0	TP Achieved
10/8/2022	Signature	7246	1.500	1.480	1.270	1.640	-0.7	-1.3	-
10/8/2022	PetGas	6033	17.280	17.160	14.790	19.030	-0.2	-0.7	-
11/8/2022	TexChem	8702	3.150	3.440	2.690	3.470	-4.2	9.2	TP Achieved
11/8/2022	SimePlt	5285	4.510	4.400	3.860	4.960	-2.2	-2.4	-
12/8/2022	SAM	9822	4.590	4.330	2.750	5.050	4.6	-5.7	-
12/8/2022	Heineken	3255	24.440	24.700	20.900	26.880	-1.1	1.1	-
15/8/2022	Kobay	6971	3.220	2.800	2.750	3.540	1.1	-13.0	SL Triggered
15/8/2022	Guan	5102	2.410	2.390	2.060	2.650	-1.6	-0.8	-
16/8/2022	Signature	7246	1.520	1.480	1.300	1.670	-0.7	-2.6	-
16/8/2022	Carlsberg	2836	24.040	23.680	20.550	26.440	-1.3	-1.5	-
17/8/2022	Digi	6947	3.860	3.620	3.300	4.250	-0.3	-6.2	-
17/8/2022	Bonia	9288	2.450	2.300	2.090	2.700	0.0	-6.1	-
18/8/2022	KLK	2445	23.000	21.760	19.670	25.300	-3.7	-5.4	-
18/8/2022	SKP	7155	1.730	1.630	1.480	1.900	-0.6	-5.8	-
19/8/2022	CORAZA	0240	0.830	0.815	0.710	0.910	2.5	-1.8	-
19/8/2022	AMMB	1015	4.070	3.990	3.480	4.480	-0.5	-2.0	-
21/8/2022	Padini	7052	3.370	3.310	2.880	3.710	0.6	-1.8	-
21/8/2022	MPI	3867	34.480	32.780	29.480	37.930	-0.4	-4.9	-
22/8/2022	Pantech	5125	0.670	0.690	0.570	0.740	3.0	3.0	-
22/8/2022	Harbour	2062	1.170	1.180	1.000	1.290	0.9	0.9	-
23/8/2022	Atech	5302	1.610	1.610	1.380	1.770	0.0	0.0	-
23/8/2022	Hibiscus	5199	0.970	0.975	0.830	1.290	8.3	0.5	-

*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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