



DAILY NEWSWATCH

MARKET REVIEW

Malaysian stocks fell as pessimism returned to the market. Market breadth was negative with 506 losers versus 359 gainers. The plantation sector was the top percentage loser plunging by 2.82%, while the utilities sector was the top percentage gainer increasing by 0.18%. Nestle (Malaysia) Berhad (4707) was the top loser declining by RM0.70 or 0.52%. The FBM KLCI decreased by 1.03% to 1,467.26.

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

ECONOMICS

- **China's** unemployment insurance payouts hit record high in June

COMPANY

- **Amway (6351)** 2Q net profit soars 91% y-o-y; declares five sen dividend
- **Hap Seng Plantations (5138)** pays five sen dividend after 41% profit rise in 2Q; warns CPO price will soften more in 2H
- **Hibiscus Petroleum (5199)** 4Q net profit jumps four-fold, driven by contributions from newly acquired assets
- **Sunway Construction (5263)** posts threefold jump in 2Q net profit, declares three sen dividend
- **TM (4863)** posts highest quarterly net profit in 10 years, declares 9 sen dividend

EXPRESSO FOR THE DAY

- **Technical Watch – PMBTech (7172)** – Entry Price RM3.49, Target Price RM3.84, Stop Loss RM2.98, Support RM3.32, Resistance RM3.15
- **Technical Watch – DRBHCOM (1619)** – Entry Price RM1.40, Target Price RM1.54, Stop Loss RM1.20, Support RM1.33, Resistance RM1.50

Local		(%)
FBMKLCI	1,467.26	(1.0)
Volume (mil)	2,892.32	42.7
Value (RM'mil)	1,738.23	12.0
Gainers	359	
Losers	506	
Unchanged	400	

Foreign		(%)
Dow Jones	32,969.2	0.2
Nasdaq CI	12,431.5	0.4
S&P 500	4,140.8	0.3
FTSE 100	7,471.5	(0.2)
Nikkei 225	28,313.5	(0.5)
Shanghai CI	3,215.2	(1.9)
HSI	19,268.7	(1.2)
STI	3,233.5	(0.4)

Most Active	RM	Chg
SERBADK	0.045	(0.035)
EURO	0.125	(0.005)
TECHNAX	0.030	(0.005)
MTRONIC	0.065	0.005
HIBISCS	0.960	(0.015)

Top Gainer	RM	Chg
KHIND	3.210	0.320
HSI-HKD	0.945	0.245
MPI	33.000	0.220
PMBTECH	3.510	0.210
UTDPLT	14.480	0.180

Top Loser	RM	Chg
NESTLE	133.500	(0.700)
PPB	16.000	(0.460)
PEIDAG	21.940	(0.400)
DLADY	32.400	(0.320)
HEIM	24.400	(0.300)

Other Stats		(%)
USD/MYR	4.49	(0.06)
USD/RMB	6.86	0.36
Brent (USD/barrel)	101.22	1.00
Gold (USD/troy oz)	1,751.19	0.17
CPO (RM/metric t)	4,262.00	1.57



DAILY NEWSWATCH

ECONOMICS

China's unemployment insurance payouts hit a record high in June, adding to signs of a struggling labour market as the economy has been badly hit by COVID-19 outbreaks and a property crisis. (The Edge)

COMPANY

Amway (Malaysia) Holdings Bhd's (6351) net profit for 2QFY22 jumped nearly 91% year-on-year to RM14.98m, from RM7.86m a year ago, boosted by a price hike and normalisation of Amway Business Owners' sales incentives. (The Edge)

Hap Seng Plantations Holdings Bhd's (5138) net profit for 2QFY22 jumped 41.08% to RM66.9m from RM47.42m a year ago, on the back of higher selling prices for crude palm oil and palm kernel, despite lower sales. (The Edge)

Hibiscus Petroleum Bhd (5199) posted a four-fold spike in its net profit for 4QFY22 to RM215.51m from RM49.6m a year ago, underpinned by contributions from its newly acquired assets as well as a strong oil price environment. (The Edge)

Sunway Construction Group Bhd's (5263) net profit for 2QFY22 jumped threefold to RM32.3m from RM8.32m a year earlier, due to a low base and higher revenue from all segments. (The Edge)

Telekom Malaysia Bhd (4863) saw a nearly 73% surge in its net profit for 2QFY22 to RM378.06m from RM218.59m a year ago as revenue from all lines of services came in higher, particularly data and Internet services. (The Edge)



PMB Technology Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: PMBT MK | KLSE Stock Code: 7172

Main Market
Industrial Products & Services
Subsector – Metal

Current Price: RM3.49

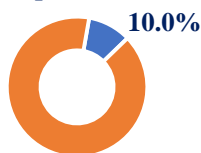
Target Price: RM3.84

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 > 70).

With lower volatility as seen from a contracting bollinger band, we think that prices could potentially trade with lower 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: 0
Holds: 0
Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	35.3	44.0	29.6
P/B	3.5	2.6	1.8
P/CF	80.5	50.4	29.3
P/S	2.3	1.7	1.0

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

Company Overview

PMB Technology Berhad is an investment holding company. The Company, through its subsidiaries, designs, fabricates and installs aluminum curtain wall, cladding system as well as manufactures and trades aluminum related products.



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Entry Price	RM3.49
Market Cap (m)	RM4,366.6
52w high	RM4.40
52w low	RM1.13
Stop Loss	RM2.98
Immediate Support	RM3.32
Immediate Resistance	RM3.15 (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)	269,643.0



DRB-Hicom Berhad

Technical Watch - "BUY on Potential Reversal"

Bloomberg: DRB MK | KLSE Stock Code: 1619

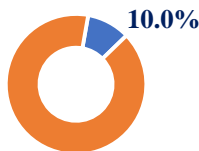
**Main Market
Consumer Products & Services
Subsector – Automotive****Current Price: RM1.40
Target Price: RM1.54**

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 hammer coupled with a strong momentum on the stock (RSI >75).

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: 0
Holds: 0
Sells: 0**

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	5.2	12.2	11.3
P/BV	0.5	0.5	0.5
P/CF	8.9	5.1	5.9
P/S	0.3	0.3	0.3

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

Company Overview

DRB-Hicom Berhad is an investment holding company. The Company, through its subsidiaries, develops, assembles, and sells motor vehicles and military vehicles as well as operates in property development and construction work. DRB-Hicom also trades electrical and engineering products, manages hotel and resort, provides airline and transportation services, and underwrites general insurance.

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Entry Price	RM1.40
Market Cap (m)	RM2,706.5
52w high	RM1.71
52w low	RM1.11
Stop Loss	RM1.20
Immediate Support	RM1.33
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
28/7/2022	AEONCR	5139	14.480	14.000	12.380	15.930	0.7	-3.3	-
28/7/2022	BerjayaFood	5196	3.980	4.080	3.400	4.380	0.2	2.5	-
29/7/2022	Axiata	6888	2.850	2.980	2.440	3.140	-2.3	4.6	-
29/7/2022	SAM	9822	3.500	4.240	2.990	3.850	-2.1	21.1	TP Achieved
1/8/2022	Unisem	5005	3.000	2.820	2.570	3.300	-1.7	-6.0	-
1/8/2022	TNB	5347	8.260	8.530	7.060	9.090	-0.6	3.3	-
2/8/2022	KLK	2445	22.540	21.840	19.270	24.790	0.4	-3.1	-
2/8/2022	F&N	3689	22.020	23.000	18.830	24.240	0.4	4.5	-
3/8/2022	Heineken	3255	22.540	24.560	20.180	26.070	-0.6	9.0	TP Achieved
3/8/2022	HarnLen	7501	1.640	1.620	1.400	1.800	-6.4	-1.2	-
4/8/2022	Vitrox	0097	7.790	7.270	6.660	8.570	-0.7	-6.7	-
4/8/2022	Axiata	6888	2.950	2.980	2.520	3.250	-2.3	1.0	-
8/8/2022	Harrison	5008	5.750	NA	4.920	6.330	NA	NA	-
8/8/2022	Hextar	5151	1.670	1.550	1.430	1.840	-1.9	-7.2	-
9/8/2022	DKSH	5908	4.330	4.330	3.640	4.760	0.0	0.0	-
9/8/2022	BIG	7008	0.760	0.725	0.710	0.840	-2.7	-4.6	TP Achieved
10/8/2022	Signature	7246	1.500	1.450	1.270	1.640	-2.0	-3.3	-
10/8/2022	PetGas	6033	17.280	17.060	14.790	19.030	-0.6	-1.3	-
11/8/2022	TexChem	8702	3.150	3.440	2.690	3.470	0.0	9.2	TP Achieved
11/8/2022	SimePlt	5285	4.510	4.250	3.860	4.960	-3.4	-5.8	-
12/8/2022	SAM	9822	4.590	4.240	2.750	5.050	-2.1	-7.6	-
12/8/2022	Heineken	3255	24.440	24.560	20.900	26.880	-0.6	0.5	-
15/8/2022	Kobay	6971	3.220	2.740	2.750	3.540	-2.1	-14.9	SL Triggered
15/8/2022	Guan	5102	2.410	2.420	2.060	2.650	1.3	0.4	-
16/8/2022	Signature	7246	1.520	1.450	1.300	1.670	-2.0	-4.6	-
16/8/2022	Carlsberg	2836	24.040	23.640	20.550	26.440	-0.2	-1.7	-
17/8/2022	Digi	6947	3.860	3.550	3.300	4.250	-1.9	-8.0	-
17/8/2022	Bonia	9288	2.450	2.330	2.090	2.700	1.3	-4.9	-
18/8/2022	KLK	2445	23.000	21.840	19.670	25.300	0.4	-5.0	-
18/8/2022	SKP	7155	1.730	1.640	1.480	1.900	0.6	-5.2	-
19/8/2022	CORAZA	0240	0.830	0.810	0.710	0.910	-0.6	-2.4	-
19/8/2022	AMMB	1015	4.070	4.000	3.480	4.480	0.3	-1.7	-
21/8/2022	Padini	7052	3.370	3.300	2.880	3.710	-0.3	-2.1	-
21/8/2022	MPI	3867	34.480	32.440	29.480	37.930	-1.0	-5.9	-
22/8/2022	Pantech	5125	0.670	0.690	0.570	0.740	0.0	3.0	-
22/8/2022	Harbour	2062	1.170	1.200	1.000	1.290	1.7	2.6	-
23/8/2022	Atech	5302	1.610	1.580	1.380	1.770	-1.9	-1.9	-
23/8/2022	Hibiscus	5199	0.970	0.990	0.830	1.290	1.5	2.1	-
24/8/2022	PMB	7172	3.490	3.480	2.980	3.840	5.5	-0.3	-
24/8/2022	DRBHicom	1619	1.400	1.570	1.200	1.540	21.7	12.1	-

*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	1.960	0.18	9.2
YTL Hospitality REIT	REIT	0.920	0.08	8.5
British American Tobacco Malay	Consumer	10.280	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
Pharmaniaga Bhd	Consumer	0.565	0.04	7.1
Capitaland Malaysia Trust	REIT	0.540	0.04	7.0
Amanahraya REIT	REIT	0.655	0.04	6.8
Uchi Technologies Bhd	Industrial	3.100	0.20	6.5
Malayan Banking Bhd	Finance	8.820	0.57	6.4
Tambun Indah Land Bhd	Property	0.865	0.05	6.1
Malaysia Building Society Bhd	Finance	0.580	0.04	6.0
Matrix Concepts Holdings Bhd	Property	2.330	0.13	5.7

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	(6.0)	21.3	15.4	17.6	15.4	13.7	
Finance	6.4	13.0	11.5	12.5	12.8	7.6	
Property	(8.1)	13.8	11.2	12.1	11.6	9.7	
Plantation	6.2	94.6	8.8	43.3	8.8	9.4	
Consumer	(1.2)	25.6	11.7	21.4	11.7	16.2	
Technology	(34.0)	29.8	19.1	24.1	21.6	20.1	
Construction	1.9	22.2	14.0	18.0	14.0	11.5	
Energy	1.8	-	-	-	11.7	9.7	
Health care	(33.0)	52.6	13.6	33.1	13.6	23.1	
Ind Prod	(11.2)	38.6	10.1	23.7	10.1	10.9	
REIT	1.3	-	-	-	24.4	15.9	
Telco	(9.5)	25.1	24.8	24.9	24.8	18.1	
Transportations	(6.9)	-	-	-	-	3.5	
Utilities	0.2	-	-	-	14.7	12.6	

Source: Bloomberg

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Published and printed by:

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