



## DAILY NEWSWATCH

## MARKET REVIEW

Malaysian stocks rose in line with strength in Asian equity markets. Market breadth was positive with 546 gainers versus 355 losers. The plantation sector was the top percentage gainer surging by 1.73%, while the telecommunications & media sector was the only sector to finish in the red. SAM Engineering & Equipment (M) Bhd (9822) was the top gainer leaping by RM0.67 or 17.68%. The FBM KLCI increased by 0.66% to 1,502.07.

We expect Malaysian equities to pullback on profit-taking following the recent strength in the market.

## ECONOMICS

- **German retail sales** plunge most since 1980 as inflation bites
- **Plantation stocks** rise as Indonesia lifts workers entry ban

## COMPANY

- **Agmo Holdings** to raise RM22.1m via IPO, debut on ACE Market on Aug 18
- **China's Alibaba** strives to keep New York listing amid audit dispute
- Chip designer **Oppstar** sets sights on ACE Market listing
- **YTL Hospitality REIT's (5109)** 4Q NPI rises 3.73%, declares 2.07 sen distribution

## EXPRESSO FOR THE DAY

- **Technical Watch – KLK (2445)** – Entry Price RM22.54, Target Price RM24., Stop Loss RM24.79, Support RM21.41, Resistance RM29.43
- **Technical Watch – F&N (3689)** – Entry Price RM22.02, Target Price RM24.24, Stop Loss RM18.83, Support RM20.92, Resistance RM21.13

Local		(%)
<b>FBMKLCI</b>	1,502.07	0.7
<b>Volume (mil)</b>	2,384.87	(14.6)
<b>Value (RM'mil)</b>	1,498.34	(24.3)
<b>Gainers</b>	546	
<b>Losers</b>	355	
<b>Unchanged</b>	407	

Foreign		(%)
<b>Dow Jones</b>	32,798.4	(0.1)
<b>Nasdaq CI</b>	12,369.0	(0.2)
<b>S&amp;P 500</b>	4,118.6	(0.3)
<b>FTSE 100</b>	7,413.4	(0.1)
<b>Nikkei 225</b>	27,993.4	0.7
<b>Shanghai CI</b>	3,260.0	0.2
<b>HSI</b>	20,165.8	0.0
<b>STI</b>	3,238.8	0.8

Most Active	RM	Chg
<b>CSH</b>	0.075	0.005
<b>MIRONIC</b>	0.125	(0.015)
<b>DNEX</b>	0.825	0.020
<b>HSI-CJG</b>	0.170	(0.005)
<b>SEDANIA</b>	0.420	(0.015)

Top Gainer	RM	Chg
<b>SAM</b>	4.460	0.670
<b>KLK</b>	22.500	0.580
<b>PMBTECH-WA</b>	2.600	0.310
<b>F&amp;N</b>	22.000	0.300
<b>PETDAG</b>	22.680	0.280

Top Loser	RM	Chg
<b>NESTLE</b>	134.300	(0.400)
<b>DLADY</b>	32.700	(0.300)
<b>HEIM</b>	22.500	(0.200)
<b>MPI</b>	32.100	(0.200)
<b>HLIND</b>	8.920	(0.180)

Other Stats		(%)
<b>USD/MYR</b>	4.45	0.05
<b>USD/RMB</b>	6.77	0.36
<b>Brent (USD/barrel)</b>	100.03	(9.07)
<b>Gold (USD/troy oz)</b>	1,772.17	0.35
<b>CPO (RM/metric t)</b>	4,126.5	(1.68)



## **DAILY NEWSWATCH**

### **ECONOMICS**

**German retail sales** plummeted in June as consumers cut spending on non-essential goods to cope with record inflation. (The Edge)

**Plantation stocks** on Bursa Malaysia were among the top gainers, after Indonesia lifted restrictions on its workers entering Malaysia starting from Monday (Aug 1), including the workers from the plantation sector. (The Edge)

### **COMPANY**

**Agmo Holdings Bhd**, which is slated to list on the ACE Market of Bursa Malaysia on Aug 18, aims to raise RM22.1m from its IPO. The home-grown digital solution and application development specialist said the IPO involves the public issue of 85 million shares at an issuance price of 26 sen per share. (The Edge)

**Alibaba Group Holding Ltd** said on Monday (Aug 1) it would work to maintain its New York Stock Exchange listing alongside its Hong Kong listing after the Chinese e-commerce giant was placed on a delisting watchlist by US authorities. (The Edge)

Integrated circuit design services and turnkey solutions provider **Oppstar Bhd** is seeking a listing on the ACE Market of Bursa Malaysia. (The Edge)

**YTL Hospitality REIT's (5109)** net property income for 4QFY22 rose 3.73% to RM56.8m from RM54.7m a year earlier, due to improved performance from its hotel segment. (The Edge)

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## Kuala Lumpur Kepong Bhd

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

Bloomberg: KLK MK | KLSE Stock Code: 2445

## Main Market Plantation

### Subsector – Plantation

**Current Price: RM22.54**

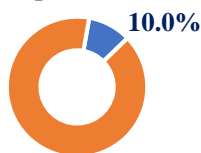
**Target Price: RM24.79**

#### Investment Highlights

On a downtrend the stock is currently trading above the MA20. We think there is a potential reversal supported by a bullish marubozu 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 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: 14**

**Holds: 2**

**Sells: 3**

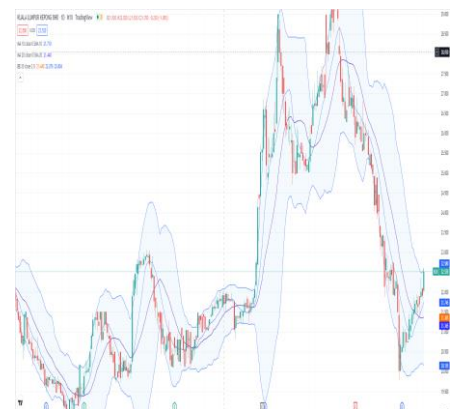
#### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
<b>P/E</b>	17.0	27.9	23.6
<b>P/B</b>	2.0	2.1	2.2
<b>P/CF</b>	15.0	16.4	18.8
<b>P/S</b>	1.3	1.3	1.5

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

#### Company Overview

Kuala Lumpur Kepong Berhad produces and processes palm products, natural rubber, and cocoa on its plantations. The Company, through its subsidiaries, mills and refines oil palm products, cultivates ramie, and manufactures oleochemicals, soap, esters, latex gloves, toiletries, and parquet flooring products. Kuala Lumpur Kepong also develops properties and operates holiday bungalows.



**Ronnie Tan**

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Entry Price	RM22.54
Market Cap (m)	RM24,301.6
<b>52w high</b>	RM29.80
<b>52w low</b>	RM18.52
Stop Loss	RM19.27
Immediate Support	RM21.41
Immediate Resistance	RM29.43 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	Less volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	4,542,411.7



## Fraser & Neave Holdings Berhad

### Technical Watch - “BUY on Potential Breakout”

Bloomberg: FNV MK | KLSE Stock Code: 3689

Main Market  
Consumer Products & Services  
Subsector – Food & Beverages

Current Price: RM22.02

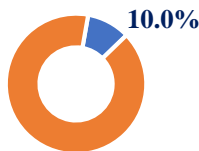
Target Price: RM24.24

#### Investment Highlights

On a downtrend, the stock is currently trading above the MA20. We think that there is a potential breakout supported by a three white soldier 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 to crossover and SMA to hold moving forward.

#### Potential Upside



#### Bloomberg Analyst Ratings



Buys: 6

Holds: 0

Sells: 0

#### Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	24.6	28.0	24.1
P/BV	3.4	4.2	3.8
P/CF	22.4	24.8	22.2
P/S	2.4	2.6	2.1

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

#### Company Overview

Fraser & Neave Holdings Berhad is an investment holding company which provides management services. The Company, through its subsidiaries, manufactures and sells glass containers, soft drinks, and dairy products. Fraser & Neave also operates in property development and investment.



Ronnie Tan

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Entry Price	RM22.02
Market Cap (m)	RM8,076.5
<b>52w high</b>	RM28.82
<b>52w low</b>	RM19.24
Stop Loss	RM18.83
Immediate Support	RM20.92
Immediate Resistance	RM21.13 (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)	145,500.9



## TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
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	-
2/8/2022	KLK	2445	22.540	21.920	19.270	24.790	-0.4	-2.8	-
2/8/2022	F&N	3689	22.020	21.700	18.830	24.240	1.6	-1.5	-

\*TP=Target Price



## STOCK SELECTION BASED ON DIVIDEND YIELD

Company	Sector	Price RM	Dividend / Share RM	Dividend Yield (%)
AmFirst REIT	REIT	0.390	0.04	9.9
SHL Consolidated Bhd	Property	1.950	0.18	9.2
British American Tobacco Malay	Consumer	10.920	0.86	7.9
Al-Salam REIT	REIT	0.455	0.04	7.8
UOA REIT	REIT	1.150	0.09	7.5
Al-'Aqar Healthcare REIT	REIT	1.220	0.09	7.1
Amanahraya REIT	REIT	0.640	0.04	6.9
Capitaland Malaysia Trust	REIT	0.570	0.04	6.7
Uchi Technologies Bhd	Industrial	3.030	0.20	6.6
Malayan Banking Bhd	Finance	8.860	0.56	6.3
Matrix Concepts Holdings Bhd	Property	2.280	0.14	6.3
Magnum Bhd	Consumer	1.670	0.10	6.1
Malaysia Building Society Bhd	Finance	0.590	0.03	5.9
Pharmaniaga Bhd	Consumer	0.710	0.04	5.9
Tambun Indah Land Bhd	Property	0.910	0.05	5.8

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	(4.3)	21.3	15.1	17.5	15.1	13.8	
Finance	7.0	13.0	11.5	12.5	12.8	10.8	
Property	(9.2)	13.8	11.2	12.3	12.3	9.5	
Plantation	8.7	94.6	9.0	43.4	9.0	8.0	
Consumer	(0.1)	25.6	12.2	21.5	12.2	16.4	
Technology	(30.9)	29.8	19.1	24.3	22.5	13.2	
Construction	3.3	22.2	14.4	18.0	14.4	11.8	
Energy	(3.9)	-	-	-	10.4	8.8	
Health care	(26.5)	52.6	9.8	31.2	9.8	22.9	
Ind Prod	(8.3)	38.6	10.4	23.7	10.4	12.2	
REIT	2.3	-	-	-	25.1	16.0	
Telco	(10.3)	25.1	24.5	24.8	24.5	17.8	
Transportations	(6.3)	-	-	-	-	16.3	
Utilities	(1.7)	-	-	-	14.5	12.4	

Source: Bloomberg

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