



## DAILY NEWSWATCH

## MARKET REVIEW

Malaysian stocks fell yesterday in line with major Asian equity markets amid rising tensions between the US and China. Market breadth was broadly negative with 697 losers versus 228 gainers. The technology sector was the top percentage loser plunging by 2.88%, while the REIT sector was the only sector to finish in the green. Malaysian Pacific Industries (3867) was the top loser declining by RM0.58 or 1.81% in line with weakness in technology counters. The FBM KLCI decreased by 0.47% to 1,495.05.

We expect Malaysian stocks to remain volatile in the short-term due to rising tensions between the US and China.

## ECONOMICS

- **China stocks fall** as tensions mount before Pelosi visits Taiwan
- **Hong Kong's economy** seen contracting in 2022 as GDP slumps

## COMPANY

- **BP** boosts dividend after profit hits 14-year high
- **DNeX (4456)** partners Cerulean Winds to deliver offshore floating wind turbine in UK Avalon project
- **LPI (8621)** reports profit drop as insurance claims rise
- **Maersk** lifts 2022 guidance as congested supply chain boosts rates

## EXPRESSO FOR THE DAY

- **Technical Watch – Heineken (3255)** – Entry Price RM23.60, Target Price RM26.07., Stop Loss RM20.18, Support RM22.42, Resistance RM24.28
- **Technical Watch – Harn Lern (7501)** – Entry Price RM1.64, Target Price RM1.80, Stop Loss RM1.40, Support RM1.56, Resistance RM1.60

Local		(%)
FBMKLCI	1,495.05	(0.5)
Volume (mil)	2,855.40	19.7
Value (RM'mil)	1,597.01	6.6
Gainers	228	
Losers	697	
Unchanged	364	

Foreign		(%)
Dow Jones	32,396.2	(1.2)
Nasdaq CI	12,348.8	(0.2)
S&P 500	4,091.2	(0.7)
FTSE 100	7,409.1	(0.1)
Nikkei 225	27,594.7	(1.4)
Shanghai CI	3,186.3	(2.3)
HSI	19,689.2	(2.4)
STI	3,239.2	0.0

Most Active	RM	Chg
CSH	0.055	(0.020)
PUC	0.030	(0.015)
MTRONIC	0.100	(0.025)
BORNOIL	0.025	0.000
TOPGLOV	0.980	(0.010)

Top Gainer	RM	Chg
HEIM	23.600	1.100
CARLSBG	22.840	0.320
HSI-HEO	1.370	0.290
HSI-CJL	0.595	0.225
HSI-HEA	1.100	0.205

Top Loser	RM	Chg
MPI	31.520	(0.580)
KLK	21.960	(0.540)
LPI	13.340	(0.300)
MGRC	0.710	(0.300)
AEONCR	14.060	(0.280)

Other Stats		(%)
USD/MYR	4.46	0.05
USD/RMB	6.75	(0.24)
Brent (USD/barrel)	100.54	0.51
Gold (USD/troy oz)	1,760.39	(0.66)
CPO (RM/metric t)	3,957.0	(4.50)



## DAILY NEWSWATCH

### ECONOMICS

**Chinese stocks** posted their biggest fall in more than two months on Tuesday (Aug 2), as tensions between Washington and Beijing escalated on news US House of Representatives Speaker Nancy Pelosi is set to visit Taiwan during the day. (The Edge)

Economists downgraded their forecasts for **Hong Kong's economy**, predicting it could contract for the third time in four years, after data Monday showed growth is being weighed down by Covid restrictions and a slump in trade. (The Edge)

### COMPANY

**BP plc's** second quarter profit soared to US\$8.45 bn, its highest in 14 years, as strong refining margins and trading prompted it to boost its dividend and spending on new oil and gas production. (The Edge)

**Dagang NeXchange Bhd's (4456)** subsidiary Ping Petroleum UK plc will set up a joint-venture company with Cerulean Winds Ltd to deliver a dedicated offshore floating wind turbine for the Avalon development in the Central North Sea, the UK. (The Edge)

**LPI Capital Bhd's (8621)** second-quarter net profit dropped to RM56.77m, from RM83.92m a year earlier, as the general insurer incurred higher claims by policyholders, and as the company registered a decline in revenue on lower gross-earned premiums and investment income. (The Edge)

Shipping group **Maersk** on Tuesday raised its 2022 profit guidance after beating second-quarter revenue expectations as congested global supply chains boosted freight rates. (The Edge)

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# Heineken Malaysia Berhad

## Technical Watch - "BUY on Potential Upside"

Bloomberg: HEIM MK | KLSE Stock Code: 3255

Main Market  
Consumer Products & Services  
Subsector – Food & Beverages

Current Price: RM23.70

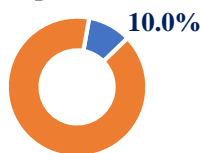
Target Price: RM26.07

### Investment Highlights

On a downtrend 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 > 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 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: 10**  
**Holds: 1**  
**Sells: 1**

### Fundamentals

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

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

### Company Overview

Heineken Malaysia Berhad produces, packages, markets and distributes a range of beer brands including the Guinness Stout, Anchor Special Beer, Anchor Pilsener Beer, Anchor Beer, Anchor Ice Beer, Tiger Beer, Heineken Lager Beer, Heineken Premium Lager Beer, Heineken Malta. Through its subsidiaries, the Company also holds real estate, property management, holding and land development.



**Ronnie Tan**  
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Entry Price	RM23.60
Market Cap (m)	RM7,129.5
52w high	RM25.18
52w low	RM19.78
Stop Loss	RM20.18
Immediate Support	RM22.42
Immediate Resistance	RM24.28 (Previous high)
Moving Average (EMA)	Bearish
Moving Average (SMA)	Bearish
Bollinger Bands (Long Run)	More volatile over the long run
RSI	Strong Momentum
Volume (4-Weeks Average)	273,462.4



# Harn Len Corporation Berhad

## Technical Watch - "BUY on Potential Breakout"

Bloomberg: HARN MK | KLSE Stock Code: 7501

Main Market  
Plantation

Subsector – Plantation

Current Price: RM1.64

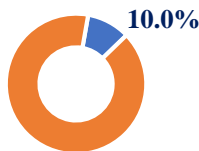
Target Price: RM1.80

### Investment Highlights

On an uptrend, 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 > 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 to crossover 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	1.5	7.3	27.2
P/BV	0.5	0.4	0.4
P/CF	2.8	4.9	6.6
P/S	0.9	0.7	0.7

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

### Company Overview

Harn Len Corporation Berhad is an investment hold through its subsidiaries, operates oil palm plantation bunches (FFB) into crude palm oil (CPO) and palm invests in properties, provides transportation service business.



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Entry Price	RM1.64
Market Cap (m)	RM334.0
52w high	RM1.72
52w low	RM0.60
Stop Loss	RM1.40
Immediate Support	RM1.56
Immediate Resistance	RM1.60 (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)	2,023,914.3



## TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
5/7/2022	Boustead	2771	0.790	0.795	0.680	0.870	2.6	0.6	-
5/7/2022	TSH	9059	1.090	1.080	0.930	1.200	2.9	-0.9	-
6/7/2022	TimeDotCom	5031	4.420	4.590	3.780	4.850	0.0	3.8	-
6/7/2022	PowerRoot	7237	1.770	1.790	1.510	1.950	-0.6	1.1	-
7/7/2022	CIMBGroup	1023	5.100	5.250	4.360	4.850	0.8	2.9	-
7/7/2022	Inari	0166	2.580	2.890	2.210	1.950	1.0	12.0	TP Achieved
8/7/2022	AMMB	1015	3.850	3.830	3.290	4.240	-1.8	-0.5	-
8/7/2022	Boustead	2771	0.830	0.795	0.710	0.910	2.6	-4.2	-
12/7/2022	PetDag	5681	21.900	22.680	18.720	24.090	1.3	3.6	-
12/7/2022	PowerRoot	7237	1.850	1.790	1.580	2.040	-0.6	-3.2	-
13/7/2022	PPBGroup	5681	16.000	16.280	13.680	17.600	0.0	1.8	-
13/7/2022	ChinHin	5273	3.370	5.110	2.880	3.710	3.4	51.6	TP Achieved
14/7/2022	PIE	7095	2.850	3.460	2.440	3.140	1.8	21.4	TP Achieved
14/7/2022	Nestle	4707	134.400	134.300	114.910	147.840	-0.3	-0.1	-
15/7/2022	QLResources	7084	5.350	5.200	4.570	5.350	-1.9	-2.8	-
15/7/2022	HongLeongCapital	5274	5.780	6.270	4.940	5.970	1.6	8.5	-
18/7/2022	Frontken	0128	2.310	2.900	1.980	2.540	0.7	25.5	TP Achieved
18/7/2022	Dufu	7233	2.640	3.150	2.260	2.900	1.6	19.3	TP Achieved
19/7/2022	PPBGroup	4065	16.380	16.280	14.000	18.020	0.0	-0.6	-
19/7/2022	Genetec	0104	2.070	2.430	1.770	2.280	-0.4	17.4	TP Achieved
21/7/2022	Bonia	9288	2.020	2.190	1.730	2.220	-0.5	8.4	TP Achieved
21/7/2022	SKP	7155	1.560	1.650	1.330	1.720	1.9	5.8	-
22/7/2022	Vitrox	0097	7.470	7.570	6.390	8.220	-1.6	1.3	-
22/7/2022	Panamy	3719	26.680	26.380	22.810	29.350	0.0	-1.1	-
25/7/2022	Lctitan	5284	2.050	1.880	1.750	2.260	-1.6	-8.3	-
25/7/2022	Maybank	1155	8.810	8.870	7.530	9.690	0.1	0.7	-
26/7/2022	Padini	7052	3.100	3.210	2.650	3.410	-0.9	3.5	-
26/7/2022	Chin Hin	5273	4.230	5.110	3.610	4.640	3.4	20.8	TP Achieved
27/7/2022	Dayang	5141	0.970	0.975	0.830	1.060	-2.0	0.5	-
27/7/2022	Bonia	9288	2.230	2.190	1.910	2.450	-0.5	-1.8	-
28/7/2022	AEONCR	5139	14.480	14.340	12.380	15.930	-0.1	-1.0	-
28/7/2022	BerjayaFood	5196	3.980	4.190	3.400	4.380	6.3	5.3	-
29/7/2022	Axiata	6888	2.850	2.870	2.440	3.140	0.0	0.7	-
29/7/2022	SAM	9822	3.500	4.460	2.990	3.850	17.7	27.4	TP Achieved
1/8/2022	Unisem	5005	3.000	2.990	2.570	3.300	-0.3	-0.3	-
1/8/2022	TNB	5347	8.260	8.500	7.060	9.090	2.9	2.9	-
2/8/2022	KLK	2445	22.540	22.500	19.270	24.790	2.6	-0.2	-
2/8/2022	F&N	3689	22.020	22.000	18.830	24.240	1.4	-0.1	-
3/8/2022	Heineken	3255	22.540	22.500	20.180	26.070	-0.9	-0.2	-
3/8/2022	HarnLen	7501	1.640	1.560	1.400	1.800	4.0	-4.9	-

\*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	1.930	0.18	9.3
YTL Hospitality REIT	REIT	0.960	0.08	8.1
British American Tobacco Malay	Consumer	10.840	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	0.560	0.04	6.8
Uchi Technologies Bhd	Industrial	3.030	0.20	6.6
Matrix Concepts Holdings Bhd	Property	2.250	0.14	6.4
Malayan Banking Bhd	Finance	8.860	0.56	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	0.575	0.04	6.1

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	(4.7)	21.3	15.0	17.5	15.0	13.8	
Finance	6.6	13.0	11.5	12.5	12.8	10.8	
Property	(9.6)	13.8	11.2	12.3	12.3	9.5	
Plantation	8.1	94.6	8.9	43.3	8.9	8.0	
Consumer	(0.4)	25.6	12.1	21.5	12.1	16.2	
Technology	(32.6)	29.8	19.1	24.2	21.9	12.8	
Construction	2.6	22.2	14.3	18.0	14.3	11.5	
Energy	(6.2)	-	-	-	10.1	8.6	
Health care	(27.1)	52.6	9.7	31.1	9.7	22.8	
Ind Prod	(9.1)	38.6	10.3	23.7	10.3	12.0	
REIT	2.3	-	-	-	25.3	16.0	
Telco	(10.7)	25.1	24.4	24.8	24.4	17.7	
Transportations	(7.3)	-	-	-	-	16.2	
Utilities	(2.2)	-	-	-	14.4	12.3	

Source: Bloomberg

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