



DAILY NEWSWATCH

MARKET REVIEW

Malaysian equities were mixed yesterday with 366 gainers versus 399 losers. The technology sector was the top percentage gainer leaping by 1.03% on bargain-hunting activity following Tuesday's steep decline. The financial services sector was the top percentage loser falling by 0.49%. SAM Engineering & Equipment (M) Bhd (9822) was the top gainer surging by RM0.30 or 6.93%. The FBM KLCI decreased by 0.30% to 1,490.57.

We expect Malaysian stocks to move higher following the rally on Wall Street overnight.

ECONOMICS

- As US eyes new **China chip curbs**, turmoil looms for global market
- **Dollar** stands tall as Fed doves talk tough
- **Malaysian glove makers** cut global demand forecast

COMPANY

- **Globaltec's (5220)** unit gets additional exploration time for Muralim gas field
- Singapore bank **OCBC's** 2Q profit jumps 28%, upbeat on outlook
- Frozen seafood processor **PT Resources** signs underwriting agreement with Mercury Securities for ACE Market IPO

EXPRESSO FOR THE DAY

- **Technical Watch – Coraza (0240)** – Entry Price RM0.70, Target Price RM0.76., Stop Loss RM0.59, Support RM0.66, Resistance RM0.60
- **Technical Watch – SAM Engineering (9822)** – Entry Price RM4.58, Target Price RM5.04, Stop Loss RM3.92, Support RM4.35, Resistance RM4.95

Local		(%)
FBMKLCI	1,490.57	(0.3)
Volume (mil)	1,908.22	(33.2)
Value (RM'mil)	1,354.20	(15.2)
Gainers	366	
Losers	399	
Unchanged	451	
Foreign		(%)
Dow Jones	32,812.5	1.3
Nasdaq CI	12,668.2	2.6
S&P 500	4,155.2	1.6
FTSE 100	7,445.7	0.5
Nikkei 225	27,741.9	0.5
Shanghai CI	3,163.7	(0.7)
HSI	19,767.1	0.4
STI	3,252.1	0.4
Most Active		RM
BORNOIL	0.025	0.000
GPACKET	0.060	0.010
ZENTECH	0.035	0.000
PUC	0.025	(0.005)
TOPGLOV	0.970	(0.010)
Top Gainer		RM
SAM	4.630	0.300
MPI	31.700	0.180
HSI-HE9	1.030	0.160
PETGAS	17.060	0.140
CBIP	1.390	0.130
Top Loser		RM
BKAWAN	23.100	(0.280)
AEONCR	13.840	(0.220)
DLADY	32.300	(0.200)
HEXTECH	3.610	(0.140)
CHINHIN	4.810	(0.120)
Other Stats		(%)
USD/MYR	4.46	0.01
USD/RMB	6.76	0.08
Brent (USD/barrel)	96.78	(3.74)
Gold (USD/troy oz)	1,765.29	0.28
CPO (RM/metric t)	3,982.5	0.91



DAILY NEWSWATCH

ECONOMICS

Export restrictions being considered by Washington to halt China's advances in semiconductor manufacturing could come at a substantial cost, experts have said, potentially disrupting fragile global chip supply chains — and hurting US businesses. (The Edge)

The dollar clung on in choppy trade on Wednesday, after its biggest surge for weeks as Federal Reserve officials talked up the potential for further aggressive interest rate hikes. (The Edge)

The Malaysian Rubber Glove Manufacturers Association has lowered its 2022 projection for global glove demand to about 399 bn pieces from the previously estimated 452 bn pieces, at a time when Covid-19-driven demand for gloves is now seen normalising as vaccine progress leads to expectation that risks associated with the outbreak, which began in early 2020, is now under control. (The Edge)

COMPANY

Globaltec Formation Bhd's (5220) 52%-owned Australia-listed subsidiary NuEnergy Gas Ltd has obtained approval for additional exploration time at the Muralim gas field. (The Edge)

Singapore's second-largest lender **Oversea-Chinese Banking Corp Ltd** reported a stronger-than-expected 28% jump in quarterly profit and gave a robust outlook as rising interest rates pushed up its net interest margins. (The Edge)

PT Resources Holdings Bhd has inked an underwriting agreement with Mercury Securities Sdn Bhd, in conjunction with its upcoming initial public offering on the ACE Market of Bursa Malaysia Securities Bhd. (The Edge)



Coraza Integrated Technology Berhad

Technical Watch - "BUY on Potential Upside"

Bloomberg: CORAZA MK | KLSE Stock Code: 0240

Main Market
Industrial Products & Services
Subsector – Industrial Engineer

Current Price: RM0.70

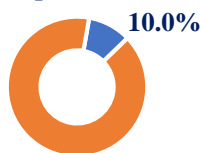
Target Price: RM0.76

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



Buy: 4
Hold: 0
Sell: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	16.2	16.2	16.2
P/B	6.8	6.8	6.8
P/CF	1646.9	1646.9	1646.9
P/S	2.0	2.0	2.0

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

Company Overview

Coraza Integrated Technology Berhad is a metal fabricating company. The Company specializes in fabrication of sheet metal, precision engineering, and electro-mechanical assembly, such as cutting, bending, welding, milling, turning, and tapping. Coraza Integrated Technology serves customers globally.



Ronnie Tan

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Entry Price	RM0.69
Market Cap (m)	RM295.5
52w high	RM0.98
52w low	RM0.51
Stop Loss	RM0.59
Immediate Support	RM0.66
Immediate Resistance	RM0.60 (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)	8,189,381.0



Sam Engineering & Equipment (M) Bhd

Technical Watch - "BUY on Potential Breakout"

Bloomberg: SEQB MK | KLSE Stock Code: 9822

Main Market
Industrial Products & Services
Subsector – Industrial Material

Current Price: RM4.58

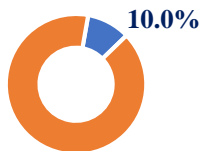
Target Price: RM5.04

Investment Highlights

On an uptrend, the stock is currently trading above the MA20. We think that there is a potential breakout supported by a bullish engulfing 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: 1

Holds: 0

Sells: 0

Fundamentals

	2Y Avg (x)	5Y Avg (x)	10Y Avg (x)
P/E	24.9	17.8	13.3
P/BV	2.6	2.1	1.5
P/CF	11.0	13.4	216.2
P/S	1.7	1.5	1.1

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

Company Overview

Sam Engineering & Equipment (M) Bhd manufactures production equipment and aerospace products. The Company produces manufacturing machinery including test handlers, laser mark handlers, material handling systems, vision inspection and automation solutions, and offers metal machining and sheet metal fabrication services.



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Entry Price	RM4.58
Market Cap (m)	RM2,479.6
52w high	RM6.43
52w low	RM2.63
Stop Loss	RM3.92
Immediate Support	RM4.35
Immediate Resistance	RM4.95 (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)	654,088.7



TECHNICAL ANALYSIS SCOREBOARD

Date	Stock	Code	Entry (RM)	Prev Close (RM)	Stop Loss (RM)	TP (RM)	Day Change (%)	Gain/Loss from TP (%)	Remark
6/7/2022	TimeDotCom	5031	4.420	4.490	3.780	4.850	-2.2	1.6	-
6/7/2022	PowerRoot	7237	1.770	1.750	1.510	1.950	-2.2	-1.1	-
7/7/2022	CIMBGroup	1023	5.100	5.250	4.360	4.850	0.0	2.9	-
7/7/2022	Inari	0166	2.580	2.830	2.210	1.950	-2.1	9.7	TP Achieved
8/7/2022	AMMB	1015	3.850	3.830	3.290	4.240	0.0	-0.5	-
8/7/2022	Boustead	2771	0.830	0.785	0.710	0.910	-1.3	-5.4	-
12/7/2022	PetDag	5681	21.900	22.720	18.720	24.090	0.2	3.7	-
12/7/2022	PowerRoot	7237	1.850	1.750	1.580	2.040	-2.2	-5.4	-
13/7/2022	PPBGroup	5681	16.000	16.200	13.680	17.600	-0.5	1.3	-
13/7/2022	ChinHin	5273	3.370	4.930	2.880	3.710	-3.5	46.3	TP Achieved
14/7/2022	PIE	7095	2.850	3.300	2.440	3.140	-4.6	15.8	TP Achieved
14/7/2022	Nestle	4707	134.400	134.300	114.910	147.840	0.0	-0.1	-
15/7/2022	QLResources	7084	5.350	5.140	4.570	5.350	-1.2	-3.9	-
15/7/2022	HongLeongCapital	5274	5.780	6.160	4.940	5.970	-1.8	6.6	-
18/7/2022	Frontken	0128	2.310	2.730	1.980	2.540	-5.9	18.2	TP Achieved
18/7/2022	Dufu	7233	2.640	3.150	2.260	2.900	0.0	19.3	TP Achieved
19/7/2022	PPBGroup	4065	16.380	16.200	14.000	18.020	-0.5	-1.1	-
19/7/2022	Genetec	0104	2.070	2.330	1.770	2.280	-4.1	12.6	TP Achieved
21/7/2022	Bonia	9288	2.020	2.150	1.730	2.220	-1.8	6.4	TP Achieved
21/7/2022	SKP	7155	1.560	1.560	1.330	1.720	-5.5	0.0	-
22/7/2022	Vitrox	0097	7.470	7.470	6.390	8.220	-1.3	0.0	-
22/7/2022	Panamy	3719	26.680	26.260	22.810	29.350	-0.5	-1.6	-
25/7/2022	Lctitan	5284	2.050	1.830	1.750	2.260	-2.7	-10.7	-
25/7/2022	Maybank	1155	8.810	8.880	7.530	9.690	0.1	0.8	-
26/7/2022	Padini	7052	3.100	3.220	2.650	3.410	0.3	3.9	-
26/7/2022	Chin Hin	5273	4.230	4.930	3.610	4.640	-3.5	16.5	TP Achieved
27/7/2022	Dayang	5141	0.970	0.945	0.830	1.060	-3.1	-2.6	-
27/7/2022	Bonia	9288	2.230	2.150	1.910	2.450	-1.8	-3.6	-
28/7/2022	AEONCR	5139	14.480	14.060	12.380	15.930	-2.0	-2.9	-
28/7/2022	BerjayaFood	5196	3.980	3.960	3.400	4.380	-5.5	-0.5	-
29/7/2022	Axiata	6888	2.850	2.830	2.440	3.140	-1.4	-0.7	-
29/7/2022	SAM	9822	3.500	4.330	2.990	3.850	-2.9	23.7	TP Achieved
1/8/2022	Unisem	5005	3.000	2.920	2.570	3.300	-2.3	-2.7	-
1/8/2022	TNB	5347	8.260	8.300	7.060	9.090	-2.4	0.5	-
2/8/2022	KLK	2445	22.540	21.960	19.270	24.790	-2.4	-2.6	-
2/8/2022	F&N	3689	22.020	22.020	18.830	24.240	0.1	0.0	-
3/8/2022	Heineken	3255	22.540	23.600	20.180	26.070	4.9	4.7	-
3/8/2022	HarnLen	7501	1.640	1.650	1.400	1.800	5.8	0.6	-
4/8/2022	Coraza	0240	0.700	0.625	0.590	0.760	-0.8	-17.8	-
4/8/2022	SAM	9822	4.590	4.330	2.630	5.050	-2.9	-5.7	-

*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	(5.1)	21.3	15.0	17.5	15.0	13.7	
Finance	6.3	13.0	11.5	12.5	12.7	10.7	
Property	(9.7)	13.8	11.2	12.3	12.3	9.5	
Plantation	7.2	94.6	8.9	43.3	8.9	7.9	
Consumer	(0.4)	25.6	12.2	21.5	12.2	16.3	
Technology	(32.4)	29.8	19.1	24.2	22.0	12.8	
Construction	2.3	22.2	14.2	18.0	14.2	11.4	
Energy	(6.5)	-	-	-	10.1	8.6	
Health care	(27.1)	52.6	9.7	31.1	9.7	22.9	
Ind Prod	(9.2)	38.6	10.3	23.7	10.3	11.9	
REIT	2.5	-	-	-	25.6	16.1	
Telco	(10.4)	25.1	24.5	24.8	24.5	17.8	
Transportations	(7.6)	-	-	-	-	16.1	
Utilities	(3.0)	-	-	-	14.3	12.2	

Source: Bloomberg

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